

FTSE EMU Government Green Bond Select Index

v1.2



**FTSE
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Section 1

Introduction

1. Introduction

1.1 FTSE EMU Government Green Bond Select Index

- 1.1.1 The FTSE EMU Government Green Bond Select Index measures the performance of fixed-rate, EUR-denominated, investment-grade sovereign bonds that are classified as a 'Green bond' by the Climate Bond Initiative (CBI) data, used to identify eligible Green Bonds whose use of proceeds are in line with the Paris Agreement.
- 1.1.2 The FTSE EMU Government Green Bond Select Index takes account of ESG factors in its index design.
- 1.1.3 The categorisation of underlying bonds is based on the examination of the use of proceeds and/or the self-claimed label of each bond. Green bonds are bonds that carry green and/or equivalent labels such as climate or environmental and whose proceeds are applied to finance or re-finance eligible green projects.

1.2 FTSE Russell

- 1.2.1 FTSE Russell is a trading name of FTSE International Limited, Frank Russell Company, FTSE Global Debt Capital Markets Limited (and its subsidiaries FTSE Global Debt Capital Markets Inc. and FTSE Fixed Income Europe Limited), FTSE Fixed Income LLC, FTSE (Beijing) Consulting Limited, Refinitiv Benchmark Services (UK) Limited, Refinitiv Limited and Beyond Ratings.
- 1.2.2 FTSE Russell hereby notifies users of the index series that it is possible that circumstances, including external events beyond the control of FTSE Russell, may necessitate changes to, or the cessation of, the index series and therefore, any financial contracts or other financial instruments that reference the index series or investment funds which use the index series to measure their performance should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index.
- 1.2.3 Index users who choose to follow this index series or to buy products that claim to follow this index series should assess the merits of the index's rules-based methodology and take independent investment advice before investing their own or client funds. No liability whether as a result of negligence or otherwise is accepted by FTSE Russell for any losses, damages, claims and expenses suffered by any person as a result of:
- any reliance on these Ground Rules, and/or
 - any inaccuracies in these Ground Rules, and/or
 - any non-application or misapplication of the policies or procedures described in these Ground Rules, and/or
 - any inaccuracies in the compilation of the index or any constituent data.

Section 2

Management responsibilities

2. Management responsibilities

2.1 FTSE International Limited (FTSE)

2.1.1 FTSE is the benchmark administrator of the index series¹.

2.1.2 FTSE is responsible for the daily calculation, production and operation of the index series and will:

- maintain records of the index weightings of all constituents;
- make changes to the constituents and their weightings in accordance with the Ground Rules;
- carry out the periodic index reviews of the index series and apply the changes resulting from the reviews as required by the Ground Rules;
- disseminate the indices.

2.2 Amendments to these Ground Rules

2.2.1 These Ground Rules shall be subject to regular review (at least once a year) by FTSE Russell to ensure that they continue to best reflect the aims of the index series. Any proposals for significant amendments to these Ground Rules will be subject to consultation with FTSE Russell advisory committees and other stakeholders if appropriate. The feedback from these consultations will be considered by the FTSE Russell Index Governance Board before approval is granted.

2.2.2 As provided for in the statement of principles for FTSE Russell Indices, where FTSE Russell determines that the Ground Rules are silent or do not specifically and unambiguously apply to the subject matter of any decision, any decision shall be based as far as practical on the statement of principles. After making any such determination, FTSE Russell shall advise the market of its decision at the earliest opportunity. Any such treatment will not be considered as an exception or change to the Ground Rules, or to set a precedent for future action, but FTSE Russell will consider whether the Rules should subsequently be updated to provide greater clarity.

¹ The term administrator is used in this document in the same sense as it is defined in [Regulation \(EU\) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds](#) (the European Benchmark Regulation) and [The Benchmarks \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019](#) (the UK Benchmark Regulation).

Section 3

FTSE Russell index policies

3. FTSE Russell index policies

These Ground Rules should be read in conjunction with the following policy documents which can be accessed using the links below:

3.1 Queries and Complaints

FTSE Russell's complaints procedure can be accessed using the following link:

[FTSE Russell Benchmark Determination Complaints Handling Policy.pdf](#)

3.2 Statement of Principles for FTSE Fixed Income Indices (the Statement of Principles)

Indices need to keep abreast of changing markets and the Ground Rules cannot anticipate every eventuality. Where the Rules do not fully cover a specific event or development, FTSE Russell will determine the appropriate treatment by reference to the statement of principles for FTSE Fixed Income Indices which summarises the ethos underlying FTSE Russell's approach to index construction. The statement of principles is reviewed annually and any changes proposed by FTSE Russell are presented to the FTSE Russell Policy Advisory Board for discussion before approval by the FTSE Russell Index Governance Board.

The statement of principles for fixed income indices can be accessed using the following link:

[Statement of Principles Fixed Income Indices.pdf](#)

3.3 Recalculation Policy and Guidelines

The recalculation policy and guidelines for fixed income indices document is available from the FTSE Russell website using the link below or by contacting fi.index@lseg.com.

[Fixed Income Recalculation Policy and Guidelines.pdf](#)

3.4 Policy for Benchmark Methodology Changes

Details of FTSE Russell's policy for making benchmark methodology changes can be accessed using the following link:

[Policy for Benchmark Methodology Changes.pdf](#)

3.5 FTSE Russell Governance Framework

To oversee its indices, FTSE Russell employs a governance framework that encompasses product, service and technology governance. The framework incorporates the London Stock Exchange Group's three lines of defense risk management framework and is designed to meet the requirements of the IOSCO Principles for Financial Benchmarks², the European benchmark regulation³ and the UK benchmark regulation⁴. The FTSE Russell Governance Framework can be accessed using the following link:

[FTSE Russell Governance Framework.pdf](#)

² IOSCO Principles for Financial Benchmarks Final Report, FR07/13 July 2013.

³ Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.

⁴ The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019.

Section 4

Index design and methodology

4. Eligible securities

4.1.1 The FTSE EMU Government Green Bond Select Index measures the performance of fixed-rate, EUR-denominated, investment-grade sovereign bonds that are classified as a 'Green bond' by the Climate Bond Initiative (CBI) data, used to identify eligible Green Bonds whose use of proceeds are in line with the Paris Agreement.

4.2 The FTSE EMU Government Green Bond Select Index: Index design and eligibility criteria

Coupon	Fixed-rate
Minimum maturity	At least one year
Minimum issue size	Eurozone sovereign issues: EUR 2.5 billion or the equivalent for non-redenominated bonds
Minimum credit quality	Entry: A- by S&P and A3 by Moody's. Exit: Below BBB- by S&P and Baa3 by Moody's.
Security Types	Included: Included: Sovereign debt denominated in the domestic currency. Eligible security types by market are listed in the below table. Excluded: Variable rate, fixed-to-floating rate, index-linked, treasury bills, stripped zero coupon bonds, savings bonds, bonds with equity-like features (eg, convertibles), structured notes, private placements, retail bonds and securities where reliable pricing is unavailable.

4.3 FTSE EMU Government Green Bond Select Index calculation methodology

Weighting	Market capitalization
Rebalancing	Once a month at the end of the month
Reinvestment of cash flow	Intra-month cash flows from interest and principal payments are not reinvested as part of monthly index total return calculations.
Pricing	Tradeweb FTSE Benchmark Closing Prices
Calculation frequency	Daily
Settlement date	Monthly – Settlement is on the last calendar day of the month. Daily – Same day settlement except if the last business day of the month is not the last calendar day of the month; then, settlement is on the last calendar day of the month.
Fixing date	Each month, the upcoming month's index constituents are "fixed" on the profile fixing date. Each year's scheduled fixing dates are published on the website.
Base date	February 28, 2017

Section 5

Green Bond Eligibility

5. Green Bond eligibility criteria

5.1 Green bond eligibility criteria

5.1.1 The FTSE EMU Government Green Bond Select Index incorporates data from Refinitiv and the Climate Bonds Initiative (CBI) to identify securities that are in compliance with corresponding international guidelines.

5.1.2 CBI data is used to identify eligible green bonds whose use of proceeds are in line with the Paris Agreement. The ICMA Principles and Guidelines can be accessed using the following link:

[The Principles, Guidelines and Handbooks » ICMA](#)

5.1.3 The ICMA's Green Bond Principles (GBP) has four core components to ensure the transparency and governance of green bond issuance, respectively.

- a. **Use of proceeds:** GBP recommend that green projects should be appropriately described in the legal documentation of the bond. All designated eligible green projects should provide clear green benefits, which will be assessed and, where feasible, quantified by the issuer. The eligible categories defined by GBP include but are not limited to climate change mitigation, climate change adaptation, biodiversity, natural resource conservation and pollution prevention and control.
- b. **Process for project evaluation and selection: GBP** encourages issuer to provide information about the process for project evaluation and selection, which should be supplemented by an external reviewer.
- c. **Management of proceeds:** GBP suggest high level of transparency and recommend that an issuer's management of proceeds be supplemented by the use of an external auditor or reviewer.
- d. **Reporting:** GBP suggest the issuer to release post issuance report at least annually. The reports should include the lists of green projects to which the bond proceeds have been allocated, amounts allocated, and their expected green and/or social impact.

5.1.4 Index review of post issuance reporting

On an ongoing basis, the availability of post issuance reports, which bond issuers have committed to comply with in accordance with relevant ICMA principles, will be confirmed for index inclusion purposes. The search for a post issuance report will be conducted approaching the 12th month since a bond was issued. For example, if a bond is issued on 15 January, the search will take place in January of the following year.

Index handling for the availability of post issuance reports is described as follows:

- Post issuance report is available.
- If the post issuance report is available and all net proceeds has been fully allocated, the bond will be considered to have fulfilled the reporting commitment permanently.
- If the latest post issuance report is available and the proceeds have not been fully allocated, the bond will be subject to follow-up post issuance report confirmations on an annual basis until the proceeds are fully allocated.

- Post issuance report is not available.
- If its first post issuance report is not available immediately after the 12th month since a bond issued, it will be placed on a watch list for an additional six months. For example, if a bond is issued on 15 January and the post issuance report is not available in January of the following year, the bond will remain index eligible subject to a subsequent search for a post issuance report in July of the same year.
- A bond will be removed from the index if the issuer fails to release a post issuance report publicly in the 18 month period since the issue date. For example, if a bond is issued on 15 January and the post issuance report is not available by the end July in the following year, it will be removed from the index at the July month-end rebalance.
- If an issuer fails to release a report for an 18-month period since its latest post issuance report where proceeds had not been fully allocated, the bond will also be removed from the index.
- When an index bond is removed, it's no longer considered eligible for inclusion in the future.

Section 6

ESG data inputs

6. ESG data inputs

The following ESG datasets are used in the construction of indices in the Index Series.

ESG data inputs	Details	Used for selection, weighting or exclusion ⁵
Climate Bond Initiate (CBI)	Climate Bonds Initiative (CBI) screens self-labelled debt instruments to identify bonds and similar debt instruments as eligible for inclusion in the Climate Bonds Initiative Green Bond Database. This references the Climate Bonds Taxonomy. More information can be found: https://www.climatebonds.net/files/files/cbi-gb-methodology-061020.pdf	Selection
Refinitiv ESG data – Green Bonds	Refinitiv ESG Bond data covers the four main classification types of Green Bonds.	Selection

- 6.1.1 Further information on ESG data provided by FTSE Russell and third parties used in this index series can be found in the following guide:
- [Guide to FTSE and Third Party ESG Data used in FTSE Russell Indices](#)
- This includes information on the data and standards used for these ESG data inputs. These data sets may include estimated data.

⁵ Definitions
Selection – ESG data is used to select or rank constituents, or calculate minimum scores or thresholds.
Weighting – ESG data is used to calculate the weight of a constituent in an index.
Exclusion – ESG data is used to exclude companies from the index.

Section 7

Chronological summary of events

7. Chronological summary of events

7.1 FTSE EMU Government Green Bond Select Index event summary

Year	Highlights
2024	May: EMU Government Green Bond Select Index launched.

7.2 Tickers for FTSE EMU Government Green Bond Select Index

Ticker	Index
CFIIEGGB	FTSE EMU Government Green Bond Select Index, in EUR terms

Appendix A

Further information

For contact details please visit the FTSE Russell website or contact FTSE Russell client services at fi.index@lseg.com.

Website: www.lseg.com/en/ftse-russell/

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