

FTSE4Good IBEX Index

v3.9



**FTSE
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Section 1

Introduction

1. Introduction

- 1.1 This document sets out the Ground Rules for the construction and management of the FTSE4Good IBEX Index. Much of the governance and methodology is drawn from the FTSE4Good Index Series and as such this methodology is to be read in conjunction with the FTSE4Good Index Series Ground Rules which are available at www.lseg.com/en/ftse-russell/.
- 1.2 The index has been designed to measure the performance of Spanish companies that have an ESG score above a specific threshold.
- 1.3 The FTSE4Good IBEX Index takes account of ESG factors in its index design. Please see further details in Section 5.
- 1.4 The FTSE4Good IBEX Index is calculated in Euro on a real time basis.
- 1.5 Capital and total return indices are available on an end of day basis in Euro.
- 1.6 The base value for the Capital and total return indices is 5000 as at 31 December 2002.
- 1.7 FTSE Russell**
- 1.7.1 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.
- 1.8 IOSCO**
- 1.8.1 FTSE considers that the FTSE4Good IBEX Index meets the IOSCO Principles for Financial Benchmarks as published in July 2013.
- Full details can be accessed at www.iosco.org.
- Details of FTSE Russell's Statement of Compliance with respect to the IOSCO Principles can be accessed using the following link:
- [IOSCO Statement of Compliance](#)
- 1.9 FTSE Russell hereby notifies users of the index 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 and therefore, any financial contracts or other financial instruments that reference the index or investment funds which use the index to measure their performance should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index.

- 1.10 Index users who choose to follow this index or to buy products that claim to follow this index 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 index¹.

2.1.2 FTSE carry out an audit function on the FTSE4Good IBEX Index. This includes ensuring the correct calculation of the index and the correct implementation of corporate events and actions according to the Ground Rules.

2.2 Bolsas y Mercados Españoles (BME)

2.2.1 Bolsas y Mercados Españoles (BME) is responsible for the calculation and dissemination of the FTSE4Good IBEX Index.

2.3 Amendments to these Ground Rules

2.3.1 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. 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.

2.3.2 As provided for in the statement of principles for FTSE Russell Equity 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 Ground 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 Statement of principles for FTSE Russell Equity 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 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 can be accessed using the following link:

[Statement_of_Principles.pdf](#)

3.2 Queries, Complaints and Appeals

A constituent or prospective constituent company (or professional advisor acting on behalf of the company), a national organisation or a group of no fewer than ten users of the Indices from different organisations acting in their professional capacity may appeal against decisions taken by FTSE Russell.

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

[Benchmark_Determination_Complaints_Handling_Policy.pdf](#)

FTSE Russell's appeal process can be accessed using the following link:

[Appeals_Against_Decisions.pdf](#)

3.3 Index Policy for Trading Halts and Market Closures

3.3.1 Guidance for the treatment of index changes in the event of trading halts or market closures can be found using the following link:

[Index_Policy_for_Trading_Halts_and_Market_Closures.pdf](#)

3.4 Index Policy in the Event Clients are Unable to Trade a Market or a Security

3.4.1 Details of FTSE Russell's treatment can be accessed using the following link:

[Index_Policy_in_the_Event_Clients_are_Unable_to_Trade_a_Market_or_a_Security.pdf](#)

3.5 Recalculation Policy and Guidelines

3.5.1 Where an inaccuracy is identified, FTSE Russell will follow the steps set out in the FTSE Russell Index recalculation guidelines when determining whether an index or index series should be recalculated and/or associated data products reissued. Users of the FTSE4Good Index Series will be notified through appropriate media.

For further information refer to the FTSE Russell recalculation policy and guidelines document which is available from the FTSE Russell website using the link below or by contacting info@ftserussell.com.

[Recalculation Policy and Guidelines Equity Indices.pdf](#)

3.6 Recalculation Policy and Guidelines – ESG data and scores

Where an inaccuracy in an ESG data product is identified, FTSE Russell will follow the guidelines set out in this document when determining if an ESG data product should be recalculated.

[Recalculation Policy and Guidelines ESG Products.pdf](#)

3.7 Policy for Benchmark Methodology Changes

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

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

3.8 FTSE Russell Governance Framework

3.8.1 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 defence 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](#)

3.9 Real Time Status Definitions

3.9.1 For indices that are calculated in real time, please refer to the following guide for details of real time status definitions:

[Real Time Status Definitions.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

Eligible companies

4. Eligible companies

- 4.1 The FTSE4Good IBEX Index is based on the constituents of the FTSE Spain All Cap Index and the constituents of BME's IBEX 35 Index.
- 4.2 Companies whose business is only that of holding equity and other investments (e.g. investment trusts) which are classified by the Industry Classification Benchmark as Subsector Closed End Investments (30204000) and non-equity investment instruments classified by the Industry Classification Benchmark as Subsector Open End and Miscellaneous Investment Vehicles (30205000) will be excluded. Exchange Traded Funds and companies whose share price is a direct derivation of the values of the underlying holdings (e.g. mutual funds) are also excluded.
- 4.3 The entire quoted equity capital of a constituent company is included in the calculation of its market capitalisation, subject to the following free float restrictions.
- 4.4 Details on free float restrictions can be accessed using the following link:
[Free Float Restrictions.pdf](#)
- 4.5 Free float will be calculated using available published information rounded to 12 decimal places. Companies with a free float of 5% or below are excluded from the index.
- 4.6 For more information regarding eligibility please refer to the FTSE4Good Index Series and FTSE Global Equity Index Series Ground Rules.

Section 5

Eligibility criteria

5. Eligibility criteria

- 5.1 Constituents of the FTSE Spain All Cap Index or the IBEX 35 Index that pass the eligibility criteria detailed in the FTSE4Good Index Series Ground Rules qualify as constituent members of the index.
- 5.1.1 The inclusion criteria for the constituents of the FTSE4Good Index Series aims to align with evolving corporate sustainability practices and expectations of investors and the wider stakeholder community while maintaining broad representation of their underlying indices (e.g. around half of the companies in the underlying index measured by free-float market capitalisation). Over time, FTSE Russell intends to gradually raise the addition and deletion thresholds for both developed and emerging markets and reduce the difference between the two groups to ensure consistency with market expectations and developments in corporate sustainability practices⁵.

⁵ Since 2001, the FTSE4Good Developed Index has seen approximately half of the companies in the underlying index qualify for index inclusion. This has been achieved through improvements in corporate sustainability practices and gradual changes to the index inclusion methodology that have raised the bar for inclusion over time. See [FTSE Russell Sustainable Investment Consultation - 2019](#) and [FTSE4Good Index Series - Inclusion Criteria - Ground Rule Update 2019](#)

Section 6

ESG data inputs

6. ESG data inputs

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

ESG data inputs	Details	Used for selection, weighting or exclusion ⁶
FTSE ESG Scores	FTSE Russell's ESG Scores and data model allows investors to understand a company's exposure to, and management of, ESG issues in multiple dimensions. More information can be found here: https://www.lseg.com/en/ftse-russell/esg-scores and Guide to FTSE and Third Party ESG Data used in FTSE Russell Indices	Selection
Product related data – FTSE Russell	FTSE exclusion lists on the activities of companies with exposure to the products or services that are listed in Section 7 here: Guide to the Construction and Maintenance of FTSE Exclusion Lists.pdf	Exclusion
Product related data – Sustainalytics	Sustainalytics Product Involvement data identifies the nature and extent of a company's involvement in a range of product and business activities. More information can be found here: https://www.sustainalytics.com/investor-solutions/esg-research/esg-screening/esg-criteria	Exclusion
Conduct related data- FTSE Russell	FTSE exclusion lists on the activities of companies that are directly or indirectly linked to controversial conduct and diversity. More information can be found: Section 7 of the Guide to the Construction and Maintenance of FTSE Exclusion Lists.pdf	Exclusion
Conduct related data – RepRisk	The RepRisk Index (RRI) captures and quantifies a company's reputational risk exposure to ESG issues. More information can be found here: https://www.reprisk.com/news-research/resources/methodology	Exclusion

6.1.2 Further information on ESG data provided by FTSE Russell and third parties used in this index (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.

⁶ 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

6.2 Sustainable Investment Metrics

6.2.1 Please see the FTSE Russell [ESG Metrics](#) website for the scores and values of the environmental, social and governance (ESG) factors listed in Annex II to Delegated Regulation (EU) 2020/1816.

Further details on the metrics methodology and calculation are available using the following links:

[Sustainability and ESG data](#)

[ESG Disclosures Methodology and Calculation Guide](#)

Section 7

Periodic review of constituents

7. Periodic review of constituents

7.1 Review process

- 7.1.1 The FTSE4Good IBEX Index is reviewed semi-annually in June and December, using market data as at the close of the last trading day in May and November respectively. The data cut-off dates for ESG data inputs are in the [Guide to FTSE and Third Party ESG Data used in FTSE Russell Indices](#).
- 7.1.2 The semi-annual review and capping will be implemented after the close of business on the third Friday in June and December, in-line with the FTSE4Good Index Series.

7.2 Capping dates

- 7.2.1 The constituents of the FTSE4Good IBEX Index are capped using prices adjusted for corporate actions as at the close of business on the second Friday in June and December. The capping is implemented after close of business on the third Friday in June and December based on the constituents, shares in issue and free float on the next trading day following the third Friday of the capping month.

See Appendix A for more details on the capping methodology.

Section 8

Changes to constituent companies

8. Changes to constituent companies

8.1 Intra-review additions and deletions

- 8.1.1 When a constituent is added to the underlying universe (Section 3), it will only be considered for inclusion at the next semi-annual review. For more information regarding new issues intra-review please refer to the FTSE4Good Index Series Ground Rules.
- 8.1.2 If a constituent of the FTSE4Good IBEX Index ceases to be a constituent of the FTSE4Good Index Series it will be removed from the FTSE4Good IBEX Index.

8.2 Mergers and take-overs

- 8.2.1 If a constituent is acquired by a non-constituent, the company will be removed from the FTSE4Good IBEX Index.
- 8.2.2 Where two index constituents merge, or one index constituent is acquired by another constituent, the resulting new company will be eligible for inclusion in the FTSE4Good IBEX Index.
- 8.2.3 In the case of a constituent taken over by a non-constituent, the resultant entity will not be eligible for inclusion in the FTSE4Good IBEX Index, unless it was a member of the eligible universe at the last period review. The eligibility of the resultant entity will be assessed in full at the next semi-annual review.

8.3 Spin-off

- 8.3.1 If an index constituent has a complex reorganisation or demerger, the newly spun-off company will remain eligible for inclusion into the index as long as it remains a constituent in the FTSE4Good Index Series. The eligibility of the resulting companies will be assessed in full at the next semi-annual review.

8.4 Suspension of dealing

- 8.4.1 Please see treatment in the following guide:
[Corporate Actions and Events Guide for Market Cap Weighted Indices.pdf](#)

8.5 Changes to constituent weights

- 8.5.1 For the purposes of computing the FTSE4Good IBEX Index, the number of shares in issue for each constituent security is expressed to the nearest share and, to prevent a large number of insignificant weighting changes, the number of shares in issue for each constituent security is amended only when the total shares in issue held within the index system changes by more than 1% on a cumulative basis.
- 8.5.2 Adjustments to reflect a change in the amount or structure of a constituent company's issued capital must be made before the start of the Index calculation on the day on which the change takes effect (e.g. the ex date for a rights or capitalisation issue). Announcements after close of the Index calculation are normally deemed to be made on the following business day.
- 8.5.3 All adjustments are made before the start of the index calculation on the day concerned unless market conditions prevent this occurring. If this is the case, the adjustment will be made at the earliest practical opportunity.

Appendix A

Application of capping at the semi-annual reviews

Capping is applied semi-annually to the constituents of the FTSE4Good IBEX Index, if required, by the following methodology:

The constituents in the appropriate sector index are ranked by investible market capitalisation and the weight for each constituent in the Index is determined.

Stage 1

Any companies whose weights are greater than 10% are capped at 10%. The weights of all lower ranking companies are increased correspondingly. The weights of lower ranking companies are then checked and if they exceed 10% they are also capped at 10%. This process is repeated until no constituent weight exceeds 10%.

Stage 2

(a) Capping the largest company at 10%

If more than one company is capped at 10% in Stage 1, then weights of all subsequent companies previously capped at 10% are changed in accordance with the rules detailed below.

For example, if the second largest company is capped at 10% its weight will be reduced to 9% as detailed in Stage 2b below. Thus only one company will have a 10% weight in the index.

(b) Capping the second largest company at 9%

If the weight of the second largest company is greater than 9% the company's weight is capped at 9% and the weights of the remaining companies are increased correspondingly.

Following this procedure if the total index weight of those companies whose individual weights exceed 5%, is **NOT** greater than 40% then no further capping is required.

However, if the total index weight of those companies whose individual weights exceed 5%, **IS** greater than 40% then the procedure moves onto stage 2c.

Please note: Where the 40% threshold is breached we move to stage 2c even if the second largest company has not been capped.

(c) Capping the third largest company at 8%

If the weight of the third largest company is greater than 8% the company's weight is capped at 8% and the weights of the remaining companies are increased correspondingly.

Following this procedure if the total index weight of those companies whose individual weights exceed 5%, is **NOT** greater than 40% then no further capping is required.

However, if the total index weight of those companies whose individual weights exceed 5%, **IS** greater than 40% then the procedure moves onto stage 2d.

Please note: Where the 40% threshold is breached we move to stage 2d even if the third largest company has not been capped.

(d) Capping the fourth largest company at 7%

If the weight of the fourth largest company is greater than 7% the company's weight is capped at 7% and the weights of the remaining companies are increased correspondingly.

Following this procedure if the total index weight of those companies whose individual weights exceed 5%, is **NOT** greater than 40% then no further capping is required.

However, if the total index weight of those companies whose individual weights exceed 5%, **IS** greater than 40% then the procedure moves onto stage 2e.

Please note: Where the 40% threshold is breached we move to stage 2e even if the fourth largest company has not been capped.

(e) Capping the fifth largest company at 6%

If the weight of the fifth largest company is greater than 6% the company's weight is capped at 6% and the weights of the remaining companies are increased correspondingly.

Following this procedure if the total index weight of those companies whose individual weights exceed 5%, is **NOT** greater than 40% then no further capping is required.

However, if the total index weight of those companies whose individual weights exceed 5%, **IS** greater than 40% then the procedure moves onto stage 2f.

Please note: Where the 40% threshold is breached we move to stage 2f even if the fifth largest company has not been capped.

(f) Capping the sixth largest company at 4%

If the weights of the sixth largest company and any lower ranking companies are greater than 4% those companies' weights are capped at 4% and the weights of lower ranking companies are increased correspondingly.

The process then moves to Stage 3.

Stage 3

Following the application of Stage 2, the weights of each company are checked. If the total index weight of those companies whose individual weights exceed 5% is greater than 40% in aggregate, then further capping is required and Stage 2 is repeated.

Companies are capped using prices as at the close of business on the second Friday in March, June, September and December and shares in issue and free float adjusted for corporate actions as at the Monday after the third Friday. The capping is implemented after the close of business on the third Friday of March, June, September and December.

Appendix B

Further information

A glossary of terms used in FTSE Russell's Ground Rule documents can be found using the following link:

[Glossary.pdf](#)

[Glossary - ESG.pdf](#)

The FTSE Russell Sustainable Investment Metrics website can be found using the following link:

[ESG Metrics](#)

Further information on the FTSE4Good IBEX Index is available from FTSE Russell.

For contact details please visit the FTSE Russell website or contact FTSE Russell client services at info@ftserussell.com.

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