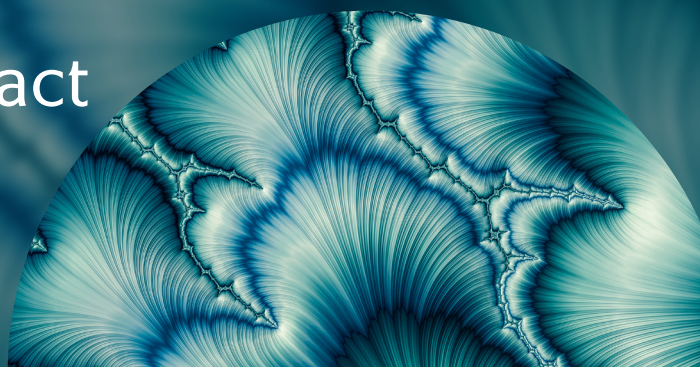


## SOLUTION OVERVIEW

# FTSE Canada Green Impact Bond Index Series

Investing in green and sustainable investment opportunities



### Overview

Enabling Canadian fixed income investors to participate in this rapidly growing market while generating a positive environmental impact.

The sustainable bond market plays a crucial role in directing private capital towards improved social and environmental outcomes. Compared to traditional bonds, green (impact) bonds offer greater transparency regarding the use of issuance proceeds and the impact of the projects being financed. Green bonds therefore provide a vehicle for fixed income investors seeking to deliver environmental or social benefits.

The global green bond market is growing exponentially, with cumulative issuance passing US\$1 trillion since the market's inception in 2007.

Combining FTSE Russell's index construction expertise with data expertise from across the broader LSEG, FTSE Russell is developing a comprehensive range of green, social, and sustainability impact bond indices to cover this rapidly growing market.

The new FTSE Canada Green Impact Bond Index Series tracks the performance of investment-grade, high-yield and Maple (CAD-denominated) green debt issued by Canadian governments, government agencies and corporations.

The Index Series consists of the following:

- **FTSE Canada Green Impact Bond Index:** A multi-sector benchmark of investment-grade and high-yield CAD green bonds and a superset of the other green impact bond indices.
- **FTSE Canada Green Impact Universe Bond Index:** A benchmark of CAD-denominated investment-grade green bonds that belong to the FTSE Canada Universe Bond Index.
- **FTSE Canada Green Impact Maple Bond Index:** A benchmark of CAD-denominated investment-grade green bonds that belong to the FTSE Canada Maple Bond Index.

### Features

The FTSE Canada Green Impact Bond Series provides in-depth coverage of the rapidly growing Canadian green bond market

#### Comprehensive

Covering all CBI-certified/CBI-aligned green bond issuance based on established FTSE indices, including the FTSE Canada Universe Bond Index.

#### Accessible

The index universe and review schedule follow the FTSE Canada Universe Bond Index Series, with bond-level and index-level analytics published daily.

#### Rich content

A comprehensive set of term and sector sub-indices, with more than seven years of history available.

#### Customized solutions

The index is fully customizable based on a wide range of attributes.



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## Green Bond Principles

Bonds within the Index Series are labelled “green” if their proceeds are specifically earmarked for projects that have environmental and/or climate benefits. To prevent “greenwashing”, the FTSE Canada Green Impact Bond Index Series benchmarks are aligned to the Climate Bond Initiative (CBI) and the International Capital Markets Association’s (ICMA’s) Green Bond Principles (GBP).

The GBP have four core components to ensure the transparency and governance of green bond issuance:

- 1. Use of Proceeds:** The GBP specify the following ten categories for a green bond’s environmental objectives:
  - Renewable energy
  - Energy efficiency
  - Pollution prevention and control
  - Environmentally sustainable management of living natural resources and land use
  - Terrestrial and aquatic biodiversity conservation
  - Clean transportation
  - Sustainable water and wastewater management
  - Climate change adaptation
  - Eco-efficient and/or circular economy adapted products, production technologies and processes
  - Green buildings
- 2. Process for Project Evaluation and Selection:** The GBP recommend that an issuer’s process for project evaluation and selection be supplemented by an external reviewer.
- 3. Management of Proceeds:** Issuers have to verify the internal tracking method and the allocation of funds from the green bond proceeds.
- 4. Reporting:** The annual report should include projects to which green bond proceeds have been allocated, the amounts allocated and their expected impact on the environment.

The CBI is an independent external reviewer which assesses alignment with all four core components of the GBP. CBI assists investors in understanding how a bond’s use of proceeds will facilitate the transition to a low-carbon economy.

## FTSE Canada Green Impact Bond Index Series characteristics

<b>Weighting</b>	Market capitalization
<b>Green bond eligibility</b>	A bond is labelled as “green” by the Climate Bonds Initiative (CBI) and if its proceeds are specifically earmarked for projects that have environmental and/or climate benefit
<b>Minimum maturity</b>	At least one year
<b>Minimum quality</b>	Minimum quality depends on the underlying index
<b>Rebalancing</b>	Daily
<b>Base date</b>	December 31, 2014

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