

SOLUTION OVERVIEW

FTSE Chinese (Onshore CNY) Green Bond Index Series



Representing the world's second largest green bond market

The issuance of green bonds – conventional bonds with proceeds that are used to finance climate or environmental projects – has been growing at a rapid pace globally, and this progress is particularly evident in China. Since it began in 2015, China's domestic green bond market has quickly evolved to become the second largest in the world.

The FTSE Chinese (Onshore CNY) Green Bond Index Series is designed to measure the performance of this quickly growing opportunity set. Indexes relevant to both domestic and international investors are available:

The FTSE Chinese (Onshore CNY) Green Bond Index	The broadest of the Chinese green bond indexes, the index includes all eligible labeled government, SSA (supranational, sub-sovereign, and agency), and corporate bonds that meet China's local green bond standards.
FTSE Chinese (Onshore CNY) Green Bond Index-Carbon Neutrality	Designed to measure the performance of the Carbon Neutrality Bond (CNB) universe, a sub-type of green bond in China whose use of proceeds are dedicated to projects that have carbon reduction benefits, the index covers all eligible CNBs.
FTSE Chinese (Onshore CNY) Internationally-Aligned Green Bond Index	A subset of the broad-market benchmark, the index includes only those labeled Chinese green bonds that conform to internationally-aligned green standards as defined by the Climate Bonds Initiative (CBI).
FTSE Chinese (Onshore CNY) Internationally-Aligned Green Bond Index-Carbon Neutrality	A subset of the broader Carbon Neutrality Bond (CNB) universe, the index includes only those CNBs that conform to internationally-aligned green standards as defined by the Climate Bonds Initiative (CBI).
FTSE Chinese (Onshore CNY) Internationally-Aligned Green Bond Index-Interbank	Designed to measure the performance of Chinese green bonds available to international investors, the index includes green bonds traded on the China Interbank Bond Market (CIBM) that conform to internationally-aligned green standards as defined by the CBI.

Features

Representative

Comprehensive coverage of China's green bond market, with indexes available to track the performance of bonds meeting China's local definition of "green", as well as indexes that include bonds meeting internationally-recognised standards.

The series also provides segmentation of the market by trading access routes, ensuring both domestic and international investors can track the market segment most relevant to their investment strategy.

Transparent

Alignment with international standards is determined by the established, publicly available taxonomy of the CBI. Index ground rules are published on FTSE Russell's website.

Flexible

0+ year versions of the series which track the universe of securities that meet the eligibility criteria for each respective index through to maturity are available, allowing for a seamless transition for index users looking to better replicate their hold to maturity strategies.

Analytics and customisation

The indexes are supported by a robust suite of analytics and customisation capabilities through The Yield Book platform. A variety of specifications, including issue-level exclusions and alternative weighting schemes, can be applied.



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Index inclusion and methodology summary

Coupon	Fixed-rate, fixed-to-floating rate, and zero coupon bonds
Currency	CNY
Minimum maturity	Minimum one year to maturity. Fixed-to-floating rate bonds exit the index one year prior to their conversion to floating-rate
Minimum issue size	CNY 1 billion
Minimum credit quality	No minimum S&P or Moody's rating requirements, and non-rated bonds are included. Defaulted bonds are excluded.
Securities included	<p>Callable, puttable, and perpetual bonds issued by the following entities:</p> <ul style="list-style-type: none"> - Federal and regional governments - Government-sponsored entities - Corporate entities¹ - China Development Bank - Agricultural Development Bank of China - Export-Import Bank of China
Securities excluded	Pure-play bonds, asset-backed securities, mortgage-backed securities, private placements, bonds issued primarily for the retail market, inflation-linked bonds, and convertibles
Issuing market	China Interbank Bond Market or listed labelled green bonds on either the Shanghai or Shenzhen exchanges
China's green bond standards²	Cover onshore CNY labelled green bonds, whose use of proceeds are aligned with domestic taxonomies defined by either 1) The Green Bond Endorsed Project Catalogue published by The Green Finance Committee, China Society for Finance & Banking, endorsed by People's Bank of China (PBOC); or 2) Green Bond Issuance Guidelines by the National Development and Reform Commissions (NDRC)
International green bond standards as defined by the Climate Bonds Initiative (CBI)³	Cover onshore CNY Labelled Green bond universe, whose use of proceeds have been mapped against the CBI use of proceeds taxonomy. The Climate Bonds Taxonomy is an internationally recognised guide to climate aligned assets and projects, and is designed to assist investors understand how a bond's use of proceeds will facilitate the transition to a low carbon economy.
Carbon Neutrality Bond Eligibility	Carbon Neutrality Bonds (CNBs) are defined as a sub-type of green bonds whose use of proceeds are dedicated to projects that have carbon reduction benefits. These include 1) labelled CNBs that commit to comply with the Guidance on issuing Carbon Neutrality Bonds by China's National Association of Financial Market Institutional Investors (NAFMII), and 2) themed CNBs which are green bonds whose use of proceeds are allocated to climate change mitigation projects, and carry a statement from the issuer that the offering helps to achieve the issuer's overall carbon neutrality goals.
Weighting	Market capitalisation-weighted
Rebalance frequency	Monthly on the final business day of the month

Source: FTSE Russell.

¹ Chinese State Owned Entities are considered as "corporate" for index purposes.

² Climate Bonds Initiative, 2018

³ Climate Bonds Standard, Version 2.1

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