Factsheet

London Stock Exchange

Green and ESG debt financing

Scaling green finance

London Stock Exchange (LSE) offers a dedicated market for green financing, covering fixed income products and information services/indexes. We are home to the first ever certified green bond and green covered bonds from China, India and the Middle East.

Investors are increasingly interested in the ESG characteristics of fixed income issuers. Major global institutions, industry bodies and policy makers, including the G20, have backed the development of this market.

Ongoing disclosure and impact reporting are also encouraged to enable investors to make their own investment assessments regarding these instruments.

The first green bond in London was listed in 2012 by the Nordic Investment Bank. Since then, a range of green transactions have been listed across LSE's Main Market, Professional Securities Market (PSM) and International Securities Market (ISM) by different institutions, including supranationals, local governments and municipalities as well as corporates, many of which are world firsts in terms of currency, geography or structure.

In response to the significant momentum behind green bonds, in June 2015, LSE became the first exchange globally to launch a comprehensive green bond offering with dedicated segments for these instruments.

The additional certification required in order to be admitted on the green bond segments is vital to attracting more investors who can then have confidence in the integrity of the bond and its green proceeds.

2012

September
LSE's first green bond issued by **Nordic Investment Bank**

2014

May
LSE joins UN's **Sustainable Stock Exchanges (SSE) Initiative**

June
First offshore RMB green bond by a multilateral, issued by **International Finance Corporation**

2015

April
Transport for London's debut green bond

June
LSE expands range of dedicated green bond segments

August
First offshore INR green bond issued by **International Finance Corporation**

October
First green RMB bond for **Agricultural Bank of China** and largest green RMB bond listed on LSE to date

November
LSE becomes an observer to the internationally-recognised ICMA Green Bond Principles guidelines

2016

January
LSEG joins the City of London's **Green Finance Initiative**

LSEG joins the **Green Infrastructure Investment Coalition (GIIC)** launched at COP21

April
LSE becomes first global exchange to join the **Climate Bonds Partnership**

August
World's first green Masala bond by an Indian quasi-sovereign issuer, issued by **NTPC**

November
Bank of China becomes first Chinese entity to issue a green covered bond

December
LSEG joins the European Commission's **High Level Expert Group on Sustainable Finance**

2017

February
LSEG launches guide to ESG reporting

March
First green bond from the Gulf region issued by **National Bank of Abu Dhabi**

For more information, visit London Stock Exchange's Global Sustainable Investment Centre at www.lseg.com/sustainable

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- London Stock Exchange (LSE) has launched a range of dedicated **green bond segments**, offering issuers a flexible range of market models, covering both Regulated Market (RM) and MTF segments, comprising retail and wholesale, and offering the choice of trade reporting, end-of-day and continuous quoting. No other global exchange has such a comprehensive specialist offering for green bonds.
- Our green bond segments establish admission criteria aligned with **ICMA's Green Bond Principles**.
- As the green bond market develops, we are continually seeing new developments in terms of types of products offered in green format, from plain vanilla to more complex instruments such as asset-backed securities and securitisations.
- Issuers can benefit from the additional transparency of **secondary market trading** and **global reach** of the London markets.
- To be included on LSE's green bond segments, issuers need to use an external reviewer. The entity appointed to conduct the external review is required to meet the following criteria:
  - Be **independent of the entity issuing the bond**, its directors, senior management and advisers. In particular, the organisation providing the external review must not be a subsidiary or owner, either in full or in part, of the entity issuing the bond
  - Be **remunerated in a way that prevents any conflicts of interests arising** as a result of the fee structure
  - Be an entity **specialising in assessing the framework of the bonds' environmental objectives**, with sufficient financial and market-specific expertise to perform a comprehensive assessment of the use of proceeds. Such expertise could be demonstrated for example by:
    - Affiliation with relevant and widely recognised industry bodies; or
    - Significant and appropriate previous experience in providing external reviews on green bonds.

LSEG is a partner exchange of the United Nations Sustainable Stock Exchanges (SSE) initiative. Our sustainable investment product portfolio includes:

GREEN BONDS	Our dedicated green bond segments host issuers from across the globe
SOCIAL AND CHARITY BONDS	Issuers can raise capital to fund socially relevant projects
RENEWABLE FUNDS	Capital on LSE is raised through primary and secondary issuances
ESG INTEGRATION	Responsible investment analytics and indexes by FTSE Russell
GREEN REVENUES	Data Model enabling investment exposure to the green economy
CAPITAL MARKETS DAYS	Facilitating investor-corporate dialogue on ESG and the green economy

SOCIAL BONDS

ICMA and the Green Bond Principles (GBP) have published guidance for issuers aiming to finance projects with social objectives. Focused on populations that are living under the poverty line, excluded, and/or vulnerable, social projects can include providing development infrastructure and services such as sanitation, clean drinking water, affordable transport, education and healthcare as well as affordable housing, employment projects, food security and socioeconomic advancement. As with green bonds, social bond issuers should apply the four core components of the GBP (use of proceeds, process for project evaluation and selection, management of proceeds, and reporting), and external reviews.

CHARITY BONDS

In July 2014, LSE launched a dedicated 'retail charity bond' segment on the Order book for Retail Bonds (ORB) in response to increased investor demand for instruments with an ethical impact. ORB is LSE's flagship electronic retail bond market, offering issuers a primary market for the issuance and distribution of retail-eligible bonds as well as a liquid, transparent secondary market for investors. In June 2015, in order to support future issuances, LSE waived admission fees for charity bonds issued on ORB.