Green Bonds: Listing Process
What is a Green Bond?

Green bonds are any type of bond instrument where the proceeds will be used exclusively to finance or re-finance in part or in full new and/or existing eligible ‘green’ projects.

The key feature of green bonds is the use of proceeds, which are described in the bond’s legal documentation, separately managed within the company, as well as monitored and reported throughout the life of the instrument.

Potential Green Bonds must demonstrate their eligibility by assigning raised funds to green projects, which can include:

- Renewable energy
- Energy efficiency
- Sustainable waste management
- Sustainable land use
- Biodiversity conservation
- Clean transportation
- Climate change adaption

This list is not conclusive but is intended to provide examples of Green Bond eligible projects.
How to list green bonds

- Green bonds have the same regulatory status of equivalent “non-green” bonds and can normally be issued through standard base prospectuses.

- To admit green bonds to London Stock Exchange’s dedicated ‘green bond’ segments, issuers are required to provide the Exchange with the relevant “second opinion” document that certifies the ‘green’ nature of the bonds.

- The choice of the certification provider is up to the issuer and its advisers. London Stock Exchange has outlined guidance on a set of criteria that the certifier should meet in order for the certified instruments to be included in the relevant LSE green bond segment.

- London Stock Exchange have dedicated Green Bond Segments on the Orderbook for Retail Bonds (ORB), Orderbook for Fixed Income Securities (OFIS), and Trade Reporting only segments.
Issuers admitting bonds to the green bond segments on London Stock Exchange must provide a third party certification that the instruments are considered “green bonds” and a written confirmation that the entity that has been appointed to conduct the green bond certification meets the following criteria:

- Be a legal entity with a registered office in the European Economic Area or Switzerland and that such entity have the required financial resources to conduct the verification.

- Be independent of the entity issuing the bond, its directors, senior management and advisers. In particular, the organisation providing the second opinion 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.

- Have the required financial resources to conduct the verification.

- 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 recognized industry bodies
  - Significant and appropriate previous experience in providing second opinions on green bonds

* e.g. a research organisation or a certification company, or an entity of which one of its departments offer services in the relevant certification industry.
For SSA issuers admitting on the basis of self-certified impact reporting, they must have in place a formal reporting methodology, and must provide written confirmation that this is based on the following principles:

- Impact Reporting: the issuer should illustrate the expected environmental and/or climate impact of each eligible project to which green bond proceeds have been allocated using, for example, a number of core indicators such as:
  
  - Energy Efficiency: annual energy savings, reduction in greenhouse gas emissions
  - Renewable Energy: renewable energy produced, capacity of renewable energy plant constructed, etc.
## Green Bond dedicated segments and sectors

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<th>Trading Service</th>
<th>Segment Code</th>
<th>Sector Code</th>
<th>Sector Name</th>
<th>London Stock Exchange Market</th>
<th>ESMA status: Regulated Market (RM) or Multilateral Trading Facility (MTF)</th>
<th>Listing Status</th>
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<td>ORB GREEN BONDS</td>
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<td>MAIN</td>
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<td>Fixed interest (Trade reporting Only)</td>
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