

Accessing the Global Markets Through London

London Stock Exchange Green Bonds Listing Process

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What is a Green Bond?

Green bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance in part or in full new and/or existing eligible Green Projects and which are aligned with the four core components of the Green Bond Principles.

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.

Categories of Potential Eligible Green Projects



Renewable Energy



Sustainable Water Management
Biodiversity Conservation



Energy Efficiency
Eco-efficient products



Pollution Prevention



Sustainable Management
Climate Change Adaptation



Clean Transportation

¹ Source: Bloomberg, Climate Bonds Initiative

LSEG and Green Financing

LSEG is a partner exchange of the United Nations Sustainable Stock Exchanges (SSE) initiative.

London Stock Exchange Group's activity in green financing is focussed on two key areas: fixed income products and information services/indices. Through a range of new initiatives, LSEG intends to broaden its offering and support London in becoming the preferred listing venue for debt and equity Low Carbon Economy (LCE) financial instruments.

Through its FTSE Russell business, LSEG is looking at further opportunities to increase transparency in the green bond market, by providing issuers with a more efficient tool to report on sustainable initiatives, and offering investors a comprehensive product to assess a wide range of financial instruments against an innovative Low Carbon Economy (LCE) framework.

40
Green
bonds

...in 7
currencies

... raising a
combined
\$10.5 bn

- In 2015, **12 green bonds** were listed on LSE – this translated to a **14.5% market share** of total green bond on EEA exchanges.
- London Stock Exchange 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.
- Issuers can benefit from the **additional transparency of secondary market trading** and global reach of the London markets.



"Together with the London Stock Exchange, UNEP and the Cambridge Institute for Sustainability Leadership, we hope to impress upon you London's commitment to build on existing market activity to ensure that green finance sits right at the very top of the financial industry's agenda."

Mark Boleat,
Policy Chairman City of London

Green Bond Admission Criteria



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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 certification of the ‘green’ nature of the bonds

Issuers admitting bonds to the Green Bond segments on London Stock Exchange must provide proof of an external review* to confirm the “green” nature of the instruments and a written confirmation (email confirmation would suffice) that the entity appointed to conduct the external review meets 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 recognized industry bodies; or
 - ✓ Significant and appropriate previous experience in providing external reviews on green bonds

* The external review could take the form of the following:

- *Consultant’s Review / Second Opinion*
- *Verification*
- *Third Party certification*
- *Green Bond Rating (separate from an issuer’s overall ESG rating)*

Self-Certification – Impact Reporting



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 certain principles as outlined

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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Trading Service	Segment Code	Sector Code	Sector Name	London Stock Exchange Market	ESMA status: Regulated Market (RM) or Multilateral Trading Facility (MTF)	Listing Status
Order book for Retail Bonds	UKCP	UKGR	ORB GREEN BONDS	MAIN	RM	UKLA Official List - Standard
Order book for Fixed Income Securities	GRNC	CGDQ	CORP WHOLESALE GREEN DEBT CONT. QUO	MAIN	RM	UKLA Official List - Standard
Order book for Fixed Income Securities	GRNC	CGRQ	CORP RETAIL GREEN DEBT CONT. QUO	MAIN	RM	UKLA Official List - Standard
Order book for Fixed Income Securities	GRNE	CGDE	CORP WHOLESALE GREEN DEBT CONT. QUOTING	MAIN	RM	UKLA Official List - Standard
Order book for Fixed Income Securities	GRNE	CGRE	CORP RETAIL GREEN DEBT END OF DAY	MAIN	RM	UKLA Official List - Standard
Order book for Fixed Income Securities	GRPQ	PGRQ	PROFESSIONAL DEBT GREEN CONT. QUO EXCH REG	PSM	MTF	UKLA Official List - Standard
Order book for Fixed Income Securities	GRPE	PGRE	PROFESSIONAL DEBT GREEN EOD EXCH REG	PSM	MTF	UKLA Official List - Standard
Fixed interest (Trade reporting Only)	CWTU	UICU	PROFESSIONAL DEBT GREEN TRADE REPORTING	PSM	MTF	UKLA Official List - Standard
Fixed interest (Trade reporting Only)	PSTR	UIDP	REGULATED MARKET GREEN TRADE REPORTING	MAIN	RM	UKLA Official List - Standard