The purpose of these Terms and Conditions is to set out the terms under which London Stock Exchange (the “Exchange”) displays securities on the Sustainable Bond Market of the Exchange (“SBM”) and to set out the on-going obligations that must be complied with by the Issuer so that the relevant securities can be maintained on the SBM.

The definitions provided in the Application shall apply also to these Terms and Conditions and vice versa.

SECTION 1: SBM SECURITIES ADMISSION CRITERIA

Eligibility for securities to SBM is conditional on the following:

• listing or admission on one of the fixed income primary markets operated by the Exchange; and
• submission of completed SBM Declaration and Application Form (mandatory from 1 January 2020) which includes:
  o description of the classification of the securities being admitted: use of proceeds certified (green, social or sustainability) or issuer-level classified;
  o disclosure of mandatory sustainability related documents as applicable, such as an Independent External Review; and
  o acknowledgement and commitment to ongoing post-issuance reporting obligations.

1.1 Listing or admission to a market operated by London Stock Exchange

The Exchange operates the Main Market as its Regulated Market and the International Securities Market and the Professional Securities Market as its Exchange Regulated Markets or Multilateral Trading Facilities. Trading services include OFIS, ORB or trade reporting only. Issuers can access any of these trading services whilst bonds are eligible for SBM.

Any application to SBM would be conditional on the relevant admission criteria for the chosen fixed income primary market being met, in addition to any SBM eligibility criteria. More information on the fixed income primary markets operated by London Stock Exchange can be found at https://www.lseg.com/debt-securities.

1.2 Submission of SBM Issuer Application

From 1 January 2020, the Exchange will require Issuers who wish their securities to be displayed on SBM to complete the SBM Issuer Application Form. This includes:

a) Classification of securities

Bonds can be classified by the Issuer either as Use of Proceeds certified (green, social or sustainability) or Issuer-level Classified. Each of these classifications have differing criteria as outlined in Section 2 below. It is the Issuer’s responsibility to ensure that they are aware of the relevant criteria and declare that they comply accordingly. The use of proceeds applicable to each relevant security shall be described in the Issuer’s documentation and supporting materials provided to the Exchange and confirmed in the external review submitted as part of the application. The Exchange reserves the right to request any additional information related to the use of proceeds in the event that the information provided is deemed to be insufficient or unsatisfactory for any reason. The Exchange reserves the right to review applications to both the Use of Proceeds and Issuer-Level Classification Segment on a case by case basis, which will be dependent on the submission of relevant and satisfactory supporting documentation. The eligibility of an Issuer on this basis is wholly subject to the discretion of the Exchange.

The Issuer shall comply with the relevant ongoing eligibility requirements for the Use of Proceeds SBM segment and for the Issuer-level Classification SBM as outlined in Section 2 below.
b) Disclosure of mandatory sustainability related documents as applicable, such as an Independent External Review

For eligibility to SBM, Issuers are required to provide the Exchange with the relevant supporting materials and documentation (as set out in Section 2 below) to allow the sustainable nature of the securities to be ascertained.

c) Acknowledgement and commitment to post-issuance reporting obligations

Issuers must comply with the mandatory annual post-issuance reporting requirements for all issuers who wish to display securities on SBM, to demonstrate continued eligibility to SBM over the lifetime of the issuance for issuer-level classified bonds. These include the supply to the Exchange of an external review compliant with the criteria as described in Section 2 in advance of the date of eligibility for SBM.

SECTION 2: ELIGIBILITY CRITERIA AND GUIDANCE

2.1 Use of Proceeds Classification

Issuers can admit securities with more thematic uses of proceeds such as resilience bonds, blue bonds and Sustainable Development Goal related bonds. However, in relation to green, social and sustainability bonds displayed on SBM, issuers will be required to provide the Exchange with an acceptable external review which assesses the security’s adherence to eligible relevant international principles (outlined here below in sections 2.1 and 2.2). Annual post-issuance reporting will also be required for continued eligibility purposes.

Available classifications and description of Use of Proceeds:

a) **Green Bond**: 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 as per the relevant international standards used.

b) **Social Bond**: 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 Social Projects as defined by the relevant international standards used

  **Sustainability Bond**: are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance a combination of both Green and Social Projects.

The Exchange can also review eligibility to the Use of Proceeds Classification segments without a formal external review in instances where there is sufficient supporting material to indicate that this is appropriate. Such supporting materials will need to have been submitted as part of an application and will be reviewed on a case by case basis. Please note that eligibility decisions to SBM are made solely at the discretion of London Stock Exchange.

The Exchange also reserves the right to add bonds to the Use of Proceeds Classification segments without external verification in instances where the following criteria are met:

- Supranational issuer status with commitment to sustainability in the mission statement
- To the best of the Exchange’s ability to determine, adherence to ICMA Green Bond Principles or Social Bond Principles
- Commitment to ongoing reporting of Use of Proceeds
- Experience of previously having issued Green, Social or Sustainability bonds with certification.

Further, to ensure transparency, where bonds do not have external verification this will be highlighted for those bonds.

2.1.1 External Review Guidance

Issuers shall provide the Exchange with proof of an external review of the relevant securities from an independent third-party reviewer at the time of application before any green, social or sustainable securities.
can be displayed on SBM, unless discretionary eligibility has been confirmed and granted as outlined in Section 2.1. For an external review to be valid, the third party conducting the review must be:

a. independent of the entity issuing the bond;
b. remunerated in a way that prevents any conflicts of interests arising; and
c. specialised entity in assessing the framework of bonds’ environmental or social objectives and providing an assessment of the use of proceeds. For example, through:
   i) affiliation with relevant and widely recognized industry bodies; or
   ii) significant and appropriate previous experience in providing external reviews on green bonds.

External reviews can take the form of the following:

a. Consultant’s Review / Second Opinion
2. Verification
3. Third Party certification
4. Green Bond Rating (separate from an issuer’s overall ESG rating)

The Exchange reserves the right to request additional information related to use of proceeds if the information provided is deemed to be insufficient or unsatisfactory for any reason.

For more information and guidance on external verification of green, social and sustainable instruments please visit https://www.icmagroup.org/green-social-and-sustainability-bonds/external-reviews/.

2.1.2 Accepted International Standards

The following list includes international and regional principles and guidelines that are accepted for eligibility to SBM:

• ICMA Green Bond Principles (as relevant)
• ICMA Social Bond Principles (as relevant)
• CBI Certification
• Sustainability Bond Guidelines
• EU Green Bond Standard
• PBoC’s Green Bond Guidelines
• NDRC Guidelines (China)
• ASEAN Green Bond Standards
• Indonesian Green Bond Regulation

The Exchange reserves the right to update the above list from time to time. Other international standards may be considered on a case by case basis, however eligibility to SBM is dependent solely on the decision of the Exchange.

2.2 Issuer-Level Classification Segment

The Issuer-Level Classified segment is dedicated to bonds issued by Issuers whose core business activity is aligned with the green economy. The criteria that an Issuer must satisfy for its securities to be included in the Issuer-Level Classification segment are as follows:

a) if an Issuer has equity listed on a market operated by London Stock Exchange, they will be required to be Green Economy classified (as defined in the the Exchange classification and methodology available at https://www.lseg.com/sites/default/files/content/documents/Green%20Economy%20Fact%20Sheet%20issuer%20version_FINAL_0.pdf); and

b) eligible Issuers will be required to have a Green Revenue (as defined in the FTSE Russell Green Revenue taxonomy available at https://www.ftserussell.com/data/sustainability-and-esg-data/green-revenues-data-model) score of greater than or equal to 90% at the time of application.
The Exchange can also review eligibility of the Issuer-Level Classification segment on a case by case basis only when appropriate supporting materials have been submitted as part of an application. Eligibility decisions to SBM are made solely at the discretion of the Exchange.

2.3 Ongoing Eligibility and Minimum Standards for Post-Issue Reporting

2.3.1 Issuers displaying securities onto SBM are required to comply with eligibility requirements not only at the time of admission, but also throughout the life of the bond in order to maintain eligibility for SBM on an ongoing basis.

2.3.2 Issuers displaying bonds on SBM must comply with mandatory annual post-issuance reporting requirements to demonstrate continued eligibility to SBM over the lifetime of the issuance. Issuers will be expected to submit supporting documentation or report, on an annual basis, to demonstrate that they have complied with this reporting requirement.

2.3.3 Where applicable, the form of ongoing reporting is at the Issuer’s discretion, however at a minimum the Exchange requires an allocation report to be made available annually, with the first report available within 12 months from the date of issuance. Issuers are required to state the format their ongoing post-issuance reporting will take as part of the SBM Issuer Application.

2.3.4 Issuer-level classified securities eligible under the FTSE Russell / Green Economy Mark are required to remain within a 10% band of the entry criteria on an ongoing basis to maintain eligibility to SBM.

2.3.5 Issuers utilising the Issuer-Level Classification route to eligibility based on the Exchange’s discretion may be required to submit supporting information for verification on an annual basis for the Exchange to verify they still meet the appropriate standards on an ongoing basis. This will be agreed at the time of admission.

2.3.6 For issuers who do not comply with the requirement for ongoing annual reporting post-issuance continually, the Exchange reserves the right to move their bonds to a segment of SBM labelled “pending reporting”; failure to report for a period longer than 24 months would cause the withdrawal of the relevant securities from the SBM.

2.3.7 The Exchange reserves the right to remove the securities displayed on SBM at any time in the event that the Exchange, in its sole discretion, were to consider that the display of certain bonds to SBM could be prejudicial to the reputation of the SBM or the Exchange. In this case this Agreement shall terminate immediately.

2.3.8 The Exchange may, at its discretion, allow issuers that have qualified for entrance to SBM to retain eligibility (at the sole discretion of the Exchange) for an agreed period, should their compliance with ongoing eligibility requirements fall below the relevant requirements temporarily.

2.3.9 The removal of an Issuer’s securities from SBM does not affect the admission to trading of any of the securities issued by the relevant Issuer on any of the fixed income primary markets operated by the Exchange. The Issuer’s securities will continue to be admitted to trading on the relevant fixed income primary market, however they will cease to have their securities visible on the SBM platform as a sustainable debt finance instrument and consequently they will not be entitled any longer to use the roundel.

2.4 Publication of sustainability related documents

2.4.1 As part of the eligibility to SBM, Issuers can request for key sustainability related disclosure documents, such as external reviews, frameworks and sustainability reports, to be made available on the Exchange website in order to provide easy access for investors. The Issuer shall indemnify and keep the Exchange indemnified from and against any and all claims suffered, incurred or sustained by the Exchange as a result of any action, claim or proceeding made or brought by any person alleging that the publication, use or disclosure of the above mentioned documents infringes the rights (including Intellectual Property Rights) of any person.

2.4.2 Issuers with bonds displayed on SBM qualify for use of the Sustainable Bond Market accreditation, i.e. the roundel. This can be used on all promotional and marketing materials as appropriate for as
long as they remain eligible for display on SBM. Use of the accreditation in this way signals to investors that the securities adhere to a robust standard of disclosure and internationally accepted principles. If the Issuer ceases to qualify for SBM it must remove the roundel from any and all current marketing materials, online or offline.

SECTION 3: GENERAL PROVISIONS
3.1 A person who is not a party to this Agreement shall have no rights under the UK Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

3.2 This Agreement and/or the rights and obligations thereunder or deriving therefrom may not be assigned, novated or otherwise transferred by either Party to any third party without the other party prior written consent.

3.3 The Issuer acknowledges and accepts that the Exchange may modify or supplement any provision of these Terms and Conditions at any time at its sole discretion. The Exchange shall inform the Issuer of such amendments by sending a notice via email at the address indicated in Section A of the Application form and give at least 10 (ten) Working Days before the coming into force of the relevant amendments. The Issuer can withdraw from this Agreement by notifying the Exchange before the coming into force of the amendments.

3.4 The Exchange may terminate this Agreement at any time by giving the Issuer 30 (thirty) calendar days written notice, which will be sent to the address indicated in Section A of the Application form. This Agreement will automatically terminate without notice on the maturity date of the bonds.

3.5 This Agreement, and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims), shall be governed by and construed in accordance with the law of England and Wales and subject to the exclusive jurisdiction of the Courts of England and Wales.