

Luxembourg Green Exchange

The world's leading platform
for sustainable securities

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LUXEMBOURG
GREEN EXCHANGE
by Luxembourg Stock Exchange

A meeting place for issuers and investors to make their mark on sustainable finance

Launched in 2016, the Luxembourg Green Exchange (LGX) is the world's leading platform exclusively dedicated to sustainable securities.

By displaying their securities on LGX, issuers generate awareness about their projects and overall sustainability strategy.

The platform also caters to responsible investors by providing full and unrestricted access to a comprehensive online database of information on sustainable instruments.



Why did we launch LGX?

"New issuance of green securities has taken off since the ratification of the Sustainable Development Goals and notably the COP21 agreement. There is a real desire for change. By setting strict standards for instruments dedicated to sustainable finance, LGX has created an environment that allows the market to prosper in a secure and transparent way. LGX is our answer and contribution to match the sustainability challenges of the future."

Julie Becker
Deputy CEO of LuxSE & Founder of LGX

Benefits of joining LGX

LuxSE is the first exchange to translate industry best practices for sustainable financial instruments into mandatory requirements through LGX.

LGX caters to asset managers, issuers and investors by providing a clear and transparent framework for sustainable finance.

» ASSET MANAGERS AND ISSUERS BENEFIT FROM

- Higher visibility for additional disclosure efforts
- An enhanced sustainable profile
- Free upload of sustainability documentation
- Promotion of their sustainable finance strategy

» INVESTORS BENEFIT FROM

- Easy access to labelled sustainable financial instruments
- Free and unrestricted access to sustainability-related information
- Improved comparability of sustainable financial instruments
- High level of transparency

LuxSE's contribution to Sustainable Finance

The Luxembourg Stock Exchange works closely with a number of industry groups and bodies including:



LGX in figures

LuxSE is the world's leading exchange for sustainable securities and home to almost half of the world's listed green bonds displayed on LGX.

USD 500+
billion

900+
securities

Largest
market share

issued in total

denominated
in 33 currencies

of green, social
and sustainability
bonds listed worldwide

LGX's rapid ascent

2007

World's first green bond listed at LuxSE

July 2016

Biggest green bond by a Chinese issuer in the Eurozone, listed in three currencies

September 2016

Luxembourg Green Exchange (LGX) launched

December 2016

The world's first sovereign green bond displayed on LGX

May 2017

Creation of the LGX window for labelled social and sustainability bonds

March 2018

Display of the first Chinese domestic green bond under the Bond Connect scheme

May 2018

LGX expands to include SRI funds

March 2019

LuxSE recognised "Green Bond Listing Venue 2018" by CBI

May 2019

Announcement of the LGX Academy to bridge the education gap

October 2019

Publication of LuxSE Guide to ESG Reporting on Environmental, Social and Governance aspects

March 2020

LuxSE wins "Exchange of the Year" at Environmental Finance Bond Awards 2020 for the fourth time in a row

May 2020

Launch of the LGX Academy

September 2020

Launch of the LGX Data Hub

November 2020

Launch of the Solactive LGX Green Bond Impact Index

November 2020

LGX further expands to include labelled Sustainability-Linked Bonds

December 2020

LGX wins United Nations Global Climate Action Award in the category of "Financing for Climate Friendly Investment"

Bonds on LGX

LGX displays securities in several different windows. The choice of window depends on the nature of the financial instrument and its sustainability focus. LGX has windows dedicated to bonds and funds.

Green bonds

When the proceeds from an instrument are used exclusively to finance or refinance green projects, the bond will be displayed in the green window.

We recognise several broad categories of eligibility for green projects that align with ICMA's Green Bond Principles and/or CBI's Climate Bonds Standard:

- » Renewable energy
- » Energy efficiency
- » Pollution prevention and control
- » Environmentally sustainable management of living natural resources and land use
- » Terrestrial and aquatic biodiversity conservation
- » Clean transportation
- » Sustainable water and wastewater management
- » Climate change adaptation
- » Eco-efficient and/or circular economy adapted products, production technologies and processes
- » Green buildings which meet regional, national or internationally recognised standards or certifications

Chinese domestic green bonds

Chinese domestic green bonds are bonds traded on the China Interbank Bond Market (CIBM) or listed on one of the Chinese stock exchanges (SSE or SZSE). These bonds comply with the following frameworks:

- » People's Bank of China (PBOC) Green Bond Endorsed Project Catalogue
- » National Development and Reform Commission (NDRC) guidelines
- » China Securities Regulatory Commission (CSRC) guidelines

All bonds displayed on LGX are available to international investors and open to trade on their respective domestic markets in China.

Social bonds

When the proceeds from an instrument are used exclusively to finance or refinance social projects, the bond will be displayed in the social window.

We recognise several broad categories of eligibility for social projects that align with ICMA's Social Bond Principles:

- » Affordable basic infrastructure
- » Access to essential services
- » Affordable housing
- » Employment generation
- » Food security
- » Socioeconomic advancement and empowerment

Sustainability bonds

When the proceeds from an instrument are used exclusively to finance or refinance a combination of both green and social projects, the bond will be displayed in the sustainable window.

The categories of eligibility for sustainability bonds are a blend of green and social projects, aligned with ICMA's Sustainability Bond Guidelines.

Sustainability-Linked Bonds (SLBs)

When the proceeds from an instrument contribute to financing the issuer's strategy towards achieving predefined sustainability objectives within a set timeline, the bond will be displayed in the sustainable window.

As described in the ICMA's sustainability-linked bond principles, the issuer commits to reaching ambitious, science-based and measurable Sustainability Performance Targets (SPTs) around pre-determined KPIs, and to having these reviewed by an external party. Another core feature of SLBs is that the financial and/or structural characteristics of the bond can vary depending on whether the issuer achieves the predefined sustainability objectives. SLBs represent a source of financing for companies from any sector that set clear and ambitious science-based targets to become more sustainable

LGX Hub

In 2020, LuxSE took the next step in its commitment to expanding the scope of the sustainable finance market by launching the LGX Hub, a complete ecosystem that addresses the gap in sustainable finance education, products, and structured sustainability data.

LGX Academy

This mission began with the launch of the LGX Academy in May 2020, which provides tailor-made lectures and seminars to those already working in the industry, and those wishing to establish careers in the economy of the future. The LGX Academy allows participants to enrich their sustainability knowledge and gain a deeper understanding of market practices and instruments. Delivered by sustainable financial experts, the courses offer a practical expertise and business-oriented solutions.

LGX DataHub

The LGX DataHub closely followed in September 2020. The LGX DataHub is an unrivalled centralised database that brings previously unstructured sustainability data to issuers, investors and asset managers across the world in a structured, comparable and reliable way. For a highly competitive price, users gain access to a large and unparalleled selection of pre- and post-issuance data on sustainable securities, including over 3,000 of the market's listed green, social and sustainable bonds. The comparison of bonds through an extensive range of criteria and the creation of customisable watchlists and reports are only some of the platform's continuously evolving features. Additionally, the tool allows for both quick physical extractions and automated data feeds.

Solactive LGX Green Bond Impact Index

In November 2020, LGX collaborated with index engineering company Solactive to create the Solactive LGX Green Bond Impact Index. The index is composed of a selection of green bonds listed on LuxSE, displayed on the Luxembourg Green Exchange (LGX) and with sufficient liquidity. The role of the LGX team is to assist Solactive to ensure that all green bonds included in the Index are aligned with best market practices, which include an external review and a post-issuance report.



Funds on LGX

As investments are increasingly channeled towards the UN Sustainable Development Goals (UN SDGs) and aligned with climate change commitments, the need for reliable and transparent information on investment products and opportunities also grows. This is why we have developed specific criteria for Exchange Traded Funds (ETFs) and Mutual Funds. LGX offers dedicated windows for best-in-class ESG Funds, Sustainable Funds and ESG ETFs.

The eligibility process ensures that all funds displayed on LGX tackle climate-related issues and have a transparent and ambitious ESG policy.

ESG funds

An ESG fund incorporates environmental, social and governance (ESG) factors into its investment decisions and processes, following specific investment selection strategies. Asset managers may implement different investment strategies, which include one or more of the following:

- » Norms-based screening
- » Sector-based exclusions
- » Best-in-class
- » ESG integration
- » Engagement and voting
- » ESG rating
- » Thematic investing
- » Impact investing

Sustainable funds

A sustainable fund aims to generate a measurable positive impact for the environment or the society, by selecting assets that contribute to sustainable objectives.

Next to achieving financial return, the investment decisions of the fund shall therefore pursue such pre-defined objectives.

ESG ETFs

ESG ETFs are Exchange Traded Funds that track benchmarks which are built using environmental, social and governance criteria.

These benchmarks differ from traditional indices since they intend to select assets that are compliant with ESG best practices or sustainable objectives

How to join LGX

1

Listing / Registration

Joining LGX starts with the listing of your financial instrument on one of LuxSE's listing venues: either the regulated market (BdL), the exchange-regulated market (Euro MTF) or the Securities Official List (SOL).

2

Classification

This is where the LGX team takes over with no additional fee or paperwork needed from the issuer. Using existing documentation, we classify your financial instrument as green, social, sustainable or ESG.

3

Transparency and disclosure

All applicants must disclose detailed information about their bond's use of proceeds, or the investment policy and strategy of their funds. Mandatory documentation, such as external reviews and prospectuses will be published on the LGX platform.

4

Commitment to ongoing reporting for bonds

All debt instruments admitted for display on LGX will require a commitment to transparency and on-going use of proceeds reporting/ impact reporting. LGX encourages simple and relevant impact reporting.

A selection of issuers on LGX



A LEADING LISTING VENUE
FOR INTERNATIONAL
SECURITIES, WORLDWIDE

"Listed in Luxembourg"

a recognised label
in international
capital markets

50+

years of experience in
listing international bonds

99%

of all securities listed
in less than 2 days

37,000+

listings

10,800+

new listings in 2020

350+

MTN programmes

66

currencies

118

Sovereign
and quasi-sovereign
issuers listed on LuxSE

Luxembourg Stock Exchange

Founded in 1928, LuxSE is the **worldwide leader** in the listing of international securities. With its first mover attitude, **over the last 50 years** LuxSE has actively contributed to the development of international capital markets.

LuxSE has a strong culture of servicing international clients and **addressing their specific needs**. Thanks to its stringent but business-friendly admission process, LuxSE provides **the highest transparency to investors**.

By providing increased visibility to issuers, **LuxSE is the gateway to access international investors**. Issuers on LuxSE benefit from the country's vibrant and integrated financial ecosystem and proximity to a **powerful network of international experts** (e.g. law firms, banks, consulting firms, etc.).

A full-service offer

Listing

Effective answer to market needs

- > Efficient listing process (prospectus comments in less than three business days)
- > Indirect or direct prospectus submission
- > Wide range of securities and currencies
- > Competitive fee structure
- > Three listing possibilities: BdL Market, Euro MTF and Securities Official List (SOL)

Trading

Top-notch trading platform

- > All securities listed on BdL Market or Euro MTF are systematically admitted to trading (with an open order book)

Euronext partnership

- > OPTIQ: a state-of-the-art Euronext trading platform
- > Cross-membership: free access to LuxSE markets for Euronext members and reciprocally

Information services

Comprehensive service that meets transparency and regulatory requirements

- > LuxSE website: easy access to centralised information
- > Prospectus publication
- > Financial news services (FNS)
- > Financial Instruments Reporting Services Tool (FIRST)
- > Perma Link Upload Service (PLUS)

Sustainable finance

The Luxembourg Green Exchange is the world's first and leading platform exclusively dedicated to sustainable securities.

It is also a leading and innovative player in sustainable finance services.

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