

PRESS RELEASE
For immediate release

EU brings historic EUR 12 bn green bond to LuxSE

Luxembourg 19 October 2021: In the presence of EU Commissioner in charge of Budget and Administration Johannes Hahn and Prime Minister of Luxembourg Xavier Bettel, the Luxembourg Stock Exchange (LuxSE) marked the listing of the European Commission's inaugural green bond on Tuesday. The EUR 12 billion bond is the world's largest green bond issued to date. The green bond is governed by Luxembourg law and displayed on the Luxembourg Green Exchange (LGX), the award-winning platform for sustainable securities.

"With its recent green bond framework and this record-breaking green bond issuance, the European Commission is paving the way for a strong sustainable finance Capital Markets Union and accelerating the climate transition across Europe. The Luxembourg Stock Exchange has played an active part in supporting the development of a Sustainable Finance framework in Europe and it is an honour to serve as the listing venue for the European Commission's inaugural green bond. This issuance is an important step towards the goal of making finance sustainable and inclusive, and this is an ambition we share," stated Julie Becker, CEO of LuxSE.

"The first NextGenerationEU green bond is a strong start for the NextGenerationEU green bond programme which seeks to finance Europe's green recovery from the coronavirus pandemic. Its record-breaking performance is a demonstration of the great support by the investment community towards the sustainable transition, and the growing interest towards Europe as an investment destination. To turn this into a lasting success, it is great to count on partners such as the Luxembourg Stock Exchange, Europe's hub for sustainable finance, and I look forward to our continued cooperation," commented Johannes Hahn, EU Commissioner in charge of Budget and Administration.

Massive interest from investors

The 15-year green bond was met with overwhelming response from investors and was 11 times oversubscribed, with demands exceeding EUR 135 billion. This marks the largest green bond orderbook ever in global capital markets. A wide range of investors expressed interest in the bond.

The funds raised by the green bond will be used to finance green and sustainable investments in EU Member States, as outlined in their Recovery and Resilience Plans. Under the NextGenerationEU instrument, Member States are required to earmark at least 37% of

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their national Recovery and Resilience plans for climate-relevant investments and reforms, and report on their green investments to the European Commission.

NextGenerationEU for a stronger Europe

NextGenerationEU is a temporary recovery instrument whose goal is to support Europe's recovery from the coronavirus pandemic and help build a greener, more digital and more resilient Europe. To finance NextGenerationEU, the European Commission will raise up to EUR 800 billion on capital markets by end-2026.

This green bond is the first green bond issued under the NextGenerationEU programme. The European Commission intends to issue up to EUR 250 billion worth of green bonds over the coming five years. With its NextGenerationEU green bond programme, the European Commission is likely to become the world's largest green bond issuer, cementing Europe's position as the leading region for sustainable finance.

In June, LuxSE marked the listing of the first bond issued under the NextGenerationEU recovery instrument, a EUR 20 billion conventional bond that made history for being the largest institutional, single tranche Euro-denominated bond ever issued.

Green and social centre stage

In September, the European Commission put forward its NextGenerationEU Green Bond Framework, which is fully compliant with the International Capital Market Association's Green Bond Principles and reviewed by a second party opinion provider, Vigeo Eiris, part of Moody's ESG Solutions. Under the framework, the European Commission provides detailed assurance on investing green bond proceeds into the green transition and will provide both best-practices allocation and impact reports to investors.

The NextGenerationEU Green Bond Framework follows adoption of the Social Bond Framework put forward by the European Commission in October 2020. Since then, the European Commission has issued EUR 89.6 billion worth of social bonds under the EU SURE programme, to protect jobs and workers across Europe. The entirety of these social bonds are listed on LuxSE and displayed on LGX, the world's leading platform for sustainable securities currently encompassing more than 1,100 sustainable bonds raising EUR 570 billion for specific green and social projects and sustainable development across the world.

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About the Luxembourg Stock Exchange

The Luxembourg Stock Exchange (LuxSE) is the gateway to access international investors. With more than 37,000 listed securities, including 33,000 debt instruments, from 2,000 issuers in 100 countries, LuxSE is one of the world's leading exchanges for the listing of international debt securities and offers a unique and integrated service offering covering listing, trading and information services.

In 2016, LuxSE launched the Luxembourg Green Exchange (LGX) and became the first exchange in the world to operate a platform dedicated entirely to sustainable securities. LGX has become a meeting place for issuers of sustainable products and impact-conscious investors, and encompasses more than 1,100 green, social, sustainability and sustainability-linked bonds from 200+ issuers in 40 countries.

LuxSE also operates a specialist subsidiary, Fundsquare, which provides services to support and standardise cross-border distribution of investment funds.

For more information, visit www.bourse.lu

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