London: The Global Centre for Sustainable Investment

April 2021
Together LSEG and Refinitiv is a leading Financial Market Infrastructure…

**Provides proprietary content and extensive data management capabilities**

- Enables expansion of fixed income and ESG index business
- Development of high value analytics
- Unlocks value in post trade data
- Adds data-enabled services to support issuers

**Creates a multi-asset capital markets offering**

- Diversifies into a new asset class of foreign exchange
- Transforms LSEG’s offering in fixed income
- Complements existing capital formation and execution business

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Note:

(1) Refinitiv Data Platform was formerly known as Elektron Data Platform.
With truly global expertise...

A global team of 25,000 talented professionals

Operating within 70 countries Worldwide

More than 50% of our people are based in Asia

30% of our team are based in the UK and US combined
2020: Green Exchange of the Year

LSE’s green initiatives recognised at Sustainable Investment Awards

“London Stock Exchange (LSE) impressed judges by both the breadth and depth of its sustainable investment innovation, including the launch of its Green Economy Mark (GEM) and sustainable bond market.”

London Stock Exchange has been named Stock Exchange of the Year in the Environmental Finance Sustainable Investment Awards 2020.

In the last year, London Stock Exchange developed a comprehensive and highly effective sustainable finance and investment programme which focused on three areas:

– **Driving best practice in disclosure.** Helping all equity, fund and fixed income issuers to understand and implement effective ESG disclosures that reflect investor needs and trends in regulation.

– **Supporting new green-growth companies and funds.** Improving the visibility of, and access to capital for, green and sustainable businesses globally.

– **Enabling the transition to a sustainable, low carbon economy.** Innovating to enable companies across all sectors to access the capital needed to address environmental risks and opportunities.

Source: Bloomberg, London Stock Exchange, June 2020

LSEG’s Commitment
The first global exchange group to commit to ‘net zero’

— LSEG announced that it has become the first global exchange group to commit to net zero through the Business Ambition for 1.5°
— Commitment to reducing its emissions by almost 50% by 2030

Other key initiatives launched as part of the commitment:

1. **Transition Bond Segment** (part of the Sustainable Bond Market) – The segment will display debt instruments from issuers who have a corporate strategy or transition framework that is aligned to the Paris Agreement

2. **Green Economy Mark for Equity issuers** - recognises listed companies with 50% or more of their revenues derived from products and services

3. **Launch of FTSE TPI Climate Transition Index** - first global index to enable investors to align a broad equity portfolio with climate transition and the goals of the Paris Agreement.
Overview of LSEG and Sustainable Finance
Financing sustainability to foster long term growth

London Stock Exchange Group offers the most integrated suite globally of sustainable investment and capital raising tools to capture the global economy’s long-terms growth opportunities.

London is a world leader in green financing - providing international sovereigns and companies with the opportunity to access global capital and meeting investors’ sustainability needs.
Macro Trends in Sustainable Finance
What to expect looking forward in 2021

Investors Driving Change
Investors globally are pushing forward the ESG investment agenda, in the past 10 years, equity funds pursuing an ESG strategy have seen significant growth in their AuM, with the largest YoY increases coming in 2020, despite the COVID-19 pandemic.

Taxonomies and Regulation
As interest in ESG investment strategies has increased, the need for globally aligned sustainability standards has become imperative to create consistent, comparable and transparent data. There are multiple projects in the pipeline:

- **Expected Sept 2021:**
  - The IFRS has announced it will produce a proposal for a global sustainability standard, likely to be closely aligned with the TCFD

- **Expected 2022:**
  - The EU is revising the NFRD and has also brought in sustainability disclosure requirements through benchmark regulations, SFDR and the EU Sustainable Finance Taxonomy
  - China, Japan, Canada, and the UK are developing national approaches to sustainability standards and reporting

2021: Year of Net Zero
"There is no company whose business model won’t be profoundly affected by the transition to a net zero economy…As the transition accelerates, companies with a well-articulated long-term strategy, and a clear plan to address the transition to net zero, will distinguish themselves with their stakeholders…by inspiring confidence that they can navigate this global transformation.”
Larry Fink, CEO, BlackRock, 2021 Letter to CEOs

Driving Sustainable Investment Strategies in 2021

Transition Finance
Interest in transition finance will come to the fore in 2021 as companies look for ways to reduce their carbon footprint. Transition finance bridges the gap between traditional and sustainable financing as businesses begin the journey to net zero. Transition bonds have the potential to provide a significant amount of this support. These bonds raise funds from investors, with the proceeds earmarked to help businesses cut their overall climate impact.

In February 2021, London Stock Exchange became the first exchange globally to launch a dedicated Transition Bond Segment as part of LSE’s Sustainable Bond Market. This segment will open a pathway to financing decarbonisation beyond traditionally ‘green’ industry sectors and support the transition to a low carbon economy.

Institutional Investment in LSE GEM Companies

Source: Lipper IM, Factset, London Stock Exchange, January 2021
Growth in ESG Strategies for Investors

Investors are increasingly pursuing ESG strategies

Global Assets Under Management that incorporate ESG (USD Trillions)

<table>
<thead>
<tr>
<th>Year</th>
<th>AuM (US$trn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$6.8</td>
</tr>
<tr>
<td>2010</td>
<td>$10.1</td>
</tr>
<tr>
<td>2012</td>
<td>$13.6</td>
</tr>
<tr>
<td>2014</td>
<td>$18.3</td>
</tr>
<tr>
<td>2016</td>
<td>$22.9</td>
</tr>
<tr>
<td>2018</td>
<td>$30.0</td>
</tr>
<tr>
<td>2020 (est.)</td>
<td>$35.0</td>
</tr>
</tbody>
</table>

14% CAGR

UN Principles for Responsible Investment: Growth in no. of Signatories and associated AUM 2006-2020

- Assets under management (US$ trillion)
- Number of AOs
- Number of Signatories

Sources: EuroSIF SRI studies 2003-10; Global Sustainable Investment Alliance's Global Sustainable Investment Review 2012-16; Opimas 2018; UN PRI Annual Report 2020
London leads on supporting the rise of the Green Economy

1. Driving best practice in ESG and Climate disclosure
   - Helping all equity, fund and fixed income issuers understand and implement effective, decision-useful ESG disclosures that reflect investor needs and trends in regulation.

2. Supporting the rise of the Green Economy
   - Improving visibility of, and access to capital for, green & sustainable commercial activities worldwide.

3. Enabling the transition to a sustainable, low carbon economy.
   - Innovating to enable companies in all sectors to access the capital needed to address environmental risk & opportunity.
# Cross-asset Class Green Focus

**Innovating in debt financing**

<table>
<thead>
<tr>
<th>ESG Indexes</th>
<th>100+ ESG Indexes</th>
<th>280+ Green &amp; Sustainable Bonds</th>
<th>100+ ESG ETFs</th>
<th>29 Green Funds</th>
<th>95+ Green Economy Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESG Green Economy Carbon emissions Carbon reserves Green Real Estate</td>
<td>Raised more than $80 billion, Supporting renewables, water, green infrastructure and sustainable development.</td>
<td>Total value traded in 2019 $838m, up 110% on 2018.</td>
<td>With an aggregate value of over $17 billion.</td>
<td>Those generating 50% or more of their revenues from ‘Green Economy’ industries, with an aggregate market capitalisation of more than $170bn+</td>
<td></td>
</tr>
</tbody>
</table>

Source: London Stock Exchange, January 2021
Supporting best practice in ESG
LSEG ESG and Green Finance Guidance
Tools to inform sustainability strategies

Follow our eight clear reporting priorities

1. Strategic relevance
2. Investor materiality
3. Investment grade data
4. Global frameworks
5. Reporting formats
6. Regulation
7. Green revenue reporting
8. Debt finance

Increase understanding with asset managers

- Comprehensive guidance on the Green Finance landscape and green financial instruments
- Investor context and industry drivers
- 10+ Instruments covered
- 15+ International, cross sector case studies
- Reporting & Building a Green Economy narrative
ESG and Climate Disclosure

- Around US$ 35 Trillion AUM incorporate ESG strategies
- 85% of UK independent financial advisers saw a rise in client requests to allocate capital to ESG-integrated funds since the start of the COVID-19 outbreak*
- FTSE Russell creates ESG ratings for >14,000 companies worldwide, based upon 300+ data metrics
- LSEG created an ESG Disclosure Score to help issuers identify and benchmark disclosure of sector-material data
  - 8 issuers scored 100% in 2020 vs 3 in 2019
  - 28% rise in the number of issuers who scored more than 75% (55 in 2020 vs 43 in 2019)
  - Real Estate sector was most improved (6%), followed by Energy (5%) & Financials (5%)

* Source: Federated Hermes
ESG Disclosure Score

A data-driven, percentage score, reflecting the level of disclosure by issuers of key ESG metrics for their industry sector, defined by FTSE Russell for investors against global standards.

- Uses FTSE Russell data to calculate scores for 475 London issuers in its research universe
- Scores provided via Issuer Services, along with sector benchmarks
- Online self-assessment tool for issuers outside FTSE Russell coverage – to date 500+ self assessments undertaken
- Enables companies to understand where to focus their efforts and identifies gaps
- Particularly important for smaller issuers that often lack the resources to focus on ESG disclosure
ESG Data for the Investment Community

Universe of 10K global companies
Coverage of major global and regional indices including MSCI World, STOXX 600, Bovespa, FTSE 250, ASX 300, Russell 1000, R 3000, DAX, SMI and MSCI Emerging Market Index.

Key Differentiators

- Data Mapped to UNSDG’s, UNGC, GRI, SASB, TCFD
- Transparent & Fully Audible to source
- Scoring Customisation
- Proprietary materiality framework provides relevant data point weighting per industry
- Transparency Stimulation methodology promotes disclosure
- ESG-related bond and green loan coverage
- Refinitiv Data Platform & Workspace
- Third Party Content: Macro time series, research, indices

- 10K Companies
- Rigorous Quality Checks
- History back to 2002
- Pillars, Categories, Controversies
- Open source methodology
- Objective relative benchmarking approach
- Fund Scores using Lipper holdings
- Green Bond & Sustainability League Tables
- Multiple Delivery Channels (Feeds, Desktop, API)
- Carbon Pricing
- ESG Enhanced Due Diligence

76 countries
80% of global market cap
450+ ESG metrics, including scores and grades
1.8M officers and directors
769K individual fixed income securities
10K companies with ESG data

North America
2,900+

Latin America
370+

Europe
1,200+

Africa and Middle East
230+

Asia (excl. Japan)
970+

Japan
430+

Oceania
450+

76
80% of global market cap
450+ ESG metrics, including scores and grades
1.8M officers and directors
769K individual fixed income securities
10K companies with ESG data

1.8M

2.900+

370+

1,200+

230+

970+

430+

450+
Introduction to Green Economy Mark
The Green Economy Mark
Championing green economy issuers

Green Economy Classification & Mark

• Available to equity issuers with meaningful exposure to the Green Economy

• 50%+ revenues generated from business activities within LSEG Green Revenue Classification System

• LSEG ESG coverage or self-identified

• No additional cost to issuers

• Raises visibility to investors

• Peer group events & services

• Provides insight into the market dynamics of the low-carbon transition

Access to capital | Profile & Visibility | Issuer Tools & Insights | World Class Peer Group
Green Economy Mark Companies
London leads on supporting Green issuers

96
Green Economy Mark Issuers

£148bn
Combined market cap of Green Economy Mark Issuers

12.4%
Weighted price performance YTD

Growth of London Stock Exchange's Green Fund Market

Companies Receiving the Mark in Q1 2021

Investor Breakdown of Green Economy Mark Issuers

Source: London Stock Exchange, Refinitiv, Lipper, April 2021
# International and Diverse GEM Investors

$72bn institutional investment in GEM companies on LSE

## Top 15 Institutional Investor Holdings in GEM Companies on AIM vs Main Market

### AIM

<table>
<thead>
<tr>
<th>Rank</th>
<th>Institutional investor (parent level)</th>
<th>Market cap held ($bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Hargreaves Lansdown Plc</td>
<td>0.80</td>
</tr>
<tr>
<td>2</td>
<td>Canaccord Genuity Group, Inc.</td>
<td>0.43</td>
</tr>
<tr>
<td>3</td>
<td>Liontrust Asset Management Plc</td>
<td>0.41</td>
</tr>
<tr>
<td>4</td>
<td>BNP Paribas SA</td>
<td>0.32</td>
</tr>
<tr>
<td>5</td>
<td>Janus Henderson Group Plc</td>
<td>0.29</td>
</tr>
<tr>
<td>6</td>
<td>Allianz SE</td>
<td>0.28</td>
</tr>
<tr>
<td>7</td>
<td>Schroders Plc</td>
<td>0.26</td>
</tr>
<tr>
<td>8</td>
<td>HSBC Holdings Plc</td>
<td>0.25</td>
</tr>
<tr>
<td>9</td>
<td>FIL Ltd.</td>
<td>0.20</td>
</tr>
<tr>
<td>10</td>
<td>BlackRock, Inc.</td>
<td>0.18</td>
</tr>
<tr>
<td>11</td>
<td>Standard Life Aberdeen Plc</td>
<td>0.18</td>
</tr>
<tr>
<td>12</td>
<td>Investec Plc</td>
<td>0.17</td>
</tr>
<tr>
<td>13</td>
<td>UBS Group AG</td>
<td>0.17</td>
</tr>
<tr>
<td>14</td>
<td>Baillie Gifford &amp; Co.</td>
<td>0.17</td>
</tr>
<tr>
<td>15</td>
<td>Commerzbank AG</td>
<td>0.17</td>
</tr>
</tbody>
</table>

### Main Market

<table>
<thead>
<tr>
<th>Rank</th>
<th>Institutional investor (parent level)</th>
<th>Market cap held ($bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>BlackRock, Inc.</td>
<td>4.87</td>
</tr>
<tr>
<td>2</td>
<td>The Vanguard Group, Inc.</td>
<td>2.72</td>
</tr>
<tr>
<td>3</td>
<td>Government of Norway</td>
<td>2.49</td>
</tr>
<tr>
<td>4</td>
<td>Standard Life Aberdeen Plc</td>
<td>2.36</td>
</tr>
<tr>
<td>5</td>
<td>Ameriprise Financial, Inc.</td>
<td>2.07</td>
</tr>
<tr>
<td>6</td>
<td>Lazard Ltd.</td>
<td>1.92</td>
</tr>
<tr>
<td>7</td>
<td>Baillie Gifford &amp; Co.</td>
<td>1.85</td>
</tr>
<tr>
<td>8</td>
<td>The Bank of New York Mellon Corp.</td>
<td>1.33</td>
</tr>
<tr>
<td>9</td>
<td>Banque Pictet &amp; Cie SA</td>
<td>1.27</td>
</tr>
<tr>
<td>10</td>
<td>M&amp;G Plc</td>
<td>1.25</td>
</tr>
<tr>
<td>11</td>
<td>State Street Corp.</td>
<td>1.22</td>
</tr>
<tr>
<td>12</td>
<td>Legal &amp; General Group Plc</td>
<td>1.18</td>
</tr>
<tr>
<td>13</td>
<td>Aviva Plc</td>
<td>1.12</td>
</tr>
<tr>
<td>14</td>
<td>Royal London Group</td>
<td>0.98</td>
</tr>
<tr>
<td>15</td>
<td>Rathbone Brothers Plc</td>
<td>0.96</td>
</tr>
</tbody>
</table>

Source: LSE, Factset, January 2021

Indicates a UK-based investor
**Capital Raising By Green Issuers**

GEM issuers are the 3rd largest group for capital raisings

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**Capital raising over the last 12 months**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Total money raised ($bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology</td>
<td>11.6</td>
</tr>
<tr>
<td>Real Estate</td>
<td>6.1</td>
</tr>
<tr>
<td>Green Economy</td>
<td>5.7</td>
</tr>
<tr>
<td>Transportation</td>
<td>5.2</td>
</tr>
<tr>
<td>Dining &amp; Lodging</td>
<td>4.6</td>
</tr>
<tr>
<td>Finance</td>
<td>3.6</td>
</tr>
<tr>
<td>Insurance</td>
<td>3.2</td>
</tr>
<tr>
<td>Healthcare</td>
<td>3.1</td>
</tr>
<tr>
<td>Professional Services</td>
<td>2.5</td>
</tr>
<tr>
<td>Mining</td>
<td>1.5</td>
</tr>
<tr>
<td>Retail</td>
<td>1.0</td>
</tr>
</tbody>
</table>

**Capital raising over the last 3 months**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Total money raised ($bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology</td>
<td>4.0</td>
</tr>
<tr>
<td>Real Estate/Property</td>
<td>3.7</td>
</tr>
<tr>
<td>Transportation</td>
<td>3.0</td>
</tr>
<tr>
<td>Utility &amp; Energy</td>
<td>1.5</td>
</tr>
<tr>
<td>Finance</td>
<td>0.7</td>
</tr>
<tr>
<td>Mining</td>
<td>0.6</td>
</tr>
<tr>
<td>Machinery</td>
<td>0.2</td>
</tr>
<tr>
<td>Leisure &amp; Recreation</td>
<td>0.2</td>
</tr>
<tr>
<td>Auto/Truck</td>
<td>0.2</td>
</tr>
</tbody>
</table>

Source: LSE, Dealogic, October 2020

Note: Uses Dealogic General Industry Group classification
Introduction to Sustainable Bond Market
Sustainable DCM
Green, social and sustainable bonds raise over $280bn

— Sustainable debt capital (green, social, sustainability and sustainability-linked bonds) raised $286.5bn in Q1 2021, more than double issuance levels seen in Q1 2020, and an all-time quarterly record
— Sustainable debt capital issued increased 48% vs Q4 2020 and surpassed US$200 billion in a quarter for only the second time
— This increase was driven by sovereigns, multilaterals and banks for Covid-19 recovery efforts.
— Sustainability and Social bond categories saw triple digit percentage increases compared to Q1 2020

Sustainable Bond Quarterly Volumes

Sustainable Bonds by Type

Q1 Sustainable Bonds by Region

Source: Refinitiv, April 2021
GSS Segment Growth
Green segment continues to grow as social and sustainable segments rise

Between 2017 and 2020, proceeds raised by Green, Sustainable and Social (GSS) bonds rose by over 250%
- The majority of GSS bond proceeds was seen in green bond issuances and this is expected to continue into 2021 and beyond as issuers look to finance environmentally-friendly projects and investor demand increases for green debt
- However, whereas between 2017 and 2020 green bond proceeds increased by nearly 100%, social bond proceeds increased by 1300% and sustainable bonds by 1500%
- The issuance of sustainable and social bonds was already on an upward trend, however this heightened further in 2020 with the Covid-19 pandemic
- Social and sustainable bonds have been acknowledged as integrated ways to recapitalise and support projects that address or mitigate social issues or support sustainable initiatives during the pandemic

Source: Dealogic, London Stock Exchange, February 2021
* Financial Times - https://www.ft.com/content/021329aa-b0bd-4183-8559-0f3260b73d62
Benefits of Green Bonds
Companies experience the perk of a ‘greenium’ on ESG bonds

On 22nd September 2020, Burberry issued its first ever sustainable bond on London’s Main Market becoming the first luxury brand to issue a sustainability bond to fund social and environmental improvements. The 5 year sustainable bond issued £300 million with an annual yield of 1.13%.

On 6th November 2020, Barclays listed its second green bond on LSE’s Sustainable Bond Market, raising £400m to support the development of its Green Mortgages portfolio. It attracted strong institutional investor interest with orders amounting to more than £2bn (an oversubscription of 5 times). It will mature in 2026 and offers a yield of 1.70%.

A BNP Paribas report into ESG bond premiums has shown that companies which issued Green, Social & Sustainable (GSS) bonds in 2020 paid a “significantly lower” new issue premium, resulting in investors being willing to pay on average up to seven basis points more (across industries) to own GSS bonds compared with vanilla bonds – a perk for issuers called the ‘greenium’

As the green finance market matures and more pricing data becomes available, we are now able to see examples of green bonds pricing better than non-green series. For example, in Dec 2020, The City of Boston, Massachusetts issued $175m in bonds across three series. The Series A (non-green) bonds, 11/1/2040 maturity date with a 5% coupon, paid investors a yield of 1.18%. The Series B green bonds, with the same maturity date, also a 5% coupon, had a yield of 1.15%, this is a clear example showing the city saved 3 bps on their green bonds

Recent FTSE 100 green bond issuers include Burberry, Barclays, Severn Trent and United Utilities

Differential in Vanilla vs Green Bond New Issue Premiums by Industry in 2020

Source: Bloomberg, Refinitiv, London Stock Exchange, January 2021
London’s Sustainable Bond Market

Over £9 billion raised by 29 bonds in Q1 2021, a record quarter

- 284 Active bonds admitted to SBM are listed in London
- £64bn Total money raised on SBM
- 17 Unique currency denominations
- 74 Unique bond issuers

Source: Bloomberg, London Stock Exchange, April 2021

*Based on amount raised.
**Sustainable Bond Market**

**Market Structure**

1. **Issuer-level classification**
   - Bonds by issuers whose core business activity is aligned with the green economy or where the sustainable nature of the instrument is not based on distinct and pre-defined use of proceeds.

2. **Transition**
   - Transition bonds are a subset of sustainable debt instruments whereby the issuer is raising funds in debt markets for climate and/or just transition-related purposes.
   - **They can take the following forms:**
     - Use of Proceeds Instruments aligned to the Green and Social Bond Principles or Sustainability Bond Guidelines.
     - General Corporate Purpose Instruments aligned to the Sustainability Linked Bond Principles.
   - Issuers must demonstrate credibility through preparation of a transition framework aligned to guidelines set out in the Climate Transition Finance Handbook on a best efforts basis.

3. **Certified Use of Proceeds**
   - **Independent external review:**
     - Second Opinion
     - Third party Verification aligned with ICMA Principles of other eligible standards.

4. **Green Revenues**
   - Issuers demonstrating they have greater than or equal to 90% of revenues derived from green revenues as outlined in London Stock Exchange’s criteria.

5. **Sustainability-Linked Bonds**
   - Forward-looking performance-based bond instruments where the issuer is committing to future improvements in sustainability outcomes within a predefined timeline, in accordance with relevant international standards.

6. **Green**
   - The proceeds will be exclusively applied to finance projects with clear environmental benefits.

7. **Sustainability**
   - The proceeds will be exclusively applied to finance a combination of both Green and Social Projects.

8. **Social**
   - The proceeds will be exclusively applied to finance in part or in full new and/or existing eligible Social Projects.

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**Key facts on Sustainable Bond Market**

1. First exchange to launch dedicated green bond segments in 2015. First certified green bonds from China, India, MEA and Americas

2. Launched the Sustainable Bond Market in August 2019 following extensive market consultation

3. Includes separate segments for **green**, **social** and **sustainability** bonds, and an ‘issuer level’ segment for **green economy issuers** and **sustainability-linked bonds**

4. Now expanded to **transition bonds** – that can be structured as either use of proceeds instruments of sustainability-linked bonds.

5. Each segment requires alignment to global principles (such as ICMA GBPs, Transition Pathway Initiative) and a commitment to provide annual reporting in line with the structure of the instrument
Sustainable Bond Market Admission Criteria (1/2)

To admit a bond to London Stock Exchange’s Sustainable Bond Market, issuers have three avenues:

1) Certified Use of Proceeds (e.g. independent second opinions / green bond ratings/Third party Certification);

2) Issuer Level Classification (e.g. based on an having 90% FTSE Green Revenue & being accredited with the Green Economy Mark)

3) Transition bond segment

### Certified Use of Proceeds

Issuers admitting bonds to the Sustainable Bond Market on London Stock Exchange must provide proof of an external review* to confirm the “sustainable” nature of the instruments and a written confirmation that the entity appointed to conduct the external review meets the following criteria:

- Remunerated in a way that prevents any conflicts of interests arising
- Independent of the entity issuing the bond
- Be an entity specialising in assessing the framework of the bonds’ environmental objectives

### Issuer Level Classification

>90%

Issuers additionally need to be Equity listed and have a green Economy mark

Issuers additionally need to be Equity listed and have a green Economy mark
To display transition bonds on London Stock Exchange’s Sustainable Bond Market, issuers will be required to provide the Exchange with a Transition Framework or Strategy, which is aligned to the Paris Agreement. Issuers must provide proof of an external independent review* of their transition strategy document. Issuers must commit to a recognised disclosure standard, e.g. TCFD. Issuers must commit to annual reporting of use-of-proceeds or performance against relevant KPIs.

### General Transition Eligibility Criteria

- A credible transition framework, prepared in accordance with the guidelines set out in the ICMA Climate Transition Finance Handbook or as measured by well-recognised market frameworks such as the Transition Pathway Initiative;
- Confirmation of effective disclosure practices aligned with the principles outlined by Task Force on Climate-Related Financial Disclosures (TCFD) or a well-recognised standard within a reasonable timeframe (within 18 months from admission of securities, or by the following annual reporting period);
- Confirmation of public commitment to Paris Agreement goals, including approved targets to achieve net zero emissions by 2050; and
- Reporting on transition performance annually on an ongoing basis.

### Structure-specific Eligibility Criteria

<table>
<thead>
<tr>
<th>Certified Use of Proceeds</th>
<th>KPI-Linked</th>
</tr>
</thead>
<tbody>
<tr>
<td>• External review which assesses the security’s adherence to eligible relevant international principles</td>
<td>• Clearly defined KPIs with economic incentive to deliver</td>
</tr>
<tr>
<td>• Annual UoP post-issuance reporting will also be required</td>
<td>• Issuers should reference an appropriate benchmark when communicating their strategy</td>
</tr>
<tr>
<td></td>
<td>• Ensuring transparency with performance related annual reporting against stated KPIs</td>
</tr>
</tbody>
</table>
### Issuance Details

<table>
<thead>
<tr>
<th>Country</th>
<th>United Mexican States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rating (M/S&amp;P/F)</td>
<td>Baa1 / BBB/ BBB-</td>
</tr>
<tr>
<td>Sector</td>
<td>Sovereign</td>
</tr>
<tr>
<td>Market</td>
<td>ISM</td>
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### Transaction Details

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Issue Date</td>
<td>18 September 2020</td>
</tr>
<tr>
<td>Issue Size</td>
<td>€750 million</td>
</tr>
<tr>
<td>Coupon</td>
<td>1.35%</td>
</tr>
<tr>
<td>Maturity</td>
<td>7 years</td>
</tr>
</tbody>
</table>

**Mexico issues €750 million sustainability bond**

— On 18th September 2020, the United Mexican States issued a €750 million sustainable bond on London’s International Securities Market (ISM).

— Maturing in September 2027, the bond was issued with a coupon of 1.35% which drew interest from c.267 institutional investors worldwide.

— While the bond was 6.4 times oversubscribed, the coupon of 1.35% was the second-lowest among all euro-denominated bonds issued by the Mexico federal government.

— BNP Paribas, Credit Agricole and Natixis acted as joint bookrunners for the deal.

“With this issuance, the finance ministry inaugurates Mexico’s sustainable financing program and places the country at the forefront of innovation of sustainable financing instruments. The euro bond allows Mexico to tap into international investment funds, many of them in Europe, that are committed to financing sustainable economic development.”

Gabriel Yorio, Deputy Finance Minister
## Chile
Sovereign returns to LSE to list Euro and US Dollar green bonds

### Issuance Details

<table>
<thead>
<tr>
<th>Country</th>
<th>Chile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rating (S/M/F)</td>
<td>A+ / A1 / A</td>
</tr>
<tr>
<td>Sector</td>
<td>Sovereign</td>
</tr>
<tr>
<td>Market</td>
<td>ISM</td>
</tr>
</tbody>
</table>

### Transaction Details

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Issue Size</td>
<td>USD2.3bn</td>
<td>EUR1.55bn</td>
<td>USD750m</td>
<td>EUR1.27bn</td>
</tr>
<tr>
<td>Coupon</td>
<td>3.500%</td>
<td>0.83%</td>
<td>2.55%</td>
<td>1.25%</td>
</tr>
<tr>
<td>Maturity</td>
<td>31 Years</td>
<td>11 Years</td>
<td>12 Years</td>
<td>20 Years</td>
</tr>
</tbody>
</table>

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### America’s First Sovereign Green Bonds

— Chile returned to the London market in January 2020 to issue two new green bonds denominated in euro and dollar, raising respectively €1.27bn and $750m

— At the same time, the sovereign reopened its existing euro and dollar denominated green bonds issued in 2019

— By tapping both euro and dollar markets, Chile completed its $3.3bn of external funding needs for 2020

— All Chile’s bonds are part of the Republic of Chile’s national policy goals on climate change and the environment and have been admitted to LSEG’s Sustainable Bond Market (SBM)

— The net proceeds from Chile’s new bonds will be set aside for 6 Eligible Green Expenditures falling into the Low Carbon Land Transport CBI category

— Chile hosted the 25th annual UN Climate Change Conference of the Parties - “COP25” in December 2019.

— As part of its national policy goals on climate change and the environment, the Government of Chile took a leading role in climate finance by being the first country in South America to issue a sovereign green bond.

— The Government prepared its Green Bond Framework in conjunction with the Inter American Development Bank ("IADB").

Source: London Stock Exchange, Bloomberg, February 2020
# Antofagasta
Issues its inaugural cross-border bond on London Stock Exchange

## Issuance Details

<table>
<thead>
<tr>
<th>Country</th>
<th>Antofagasta Plc</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rating (S&amp;P/F)</td>
<td>BBB / BBB+</td>
</tr>
<tr>
<td>Sector</td>
<td>Metals and Mining</td>
</tr>
<tr>
<td>Market</td>
<td>Main Market</td>
</tr>
</tbody>
</table>

## Transaction Details

<table>
<thead>
<tr>
<th>Issue Date</th>
<th>15 October 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issue Size</td>
<td>$500 million</td>
</tr>
<tr>
<td>Coupon</td>
<td>2.375%</td>
</tr>
<tr>
<td>Maturity</td>
<td>10 years</td>
</tr>
</tbody>
</table>

Antofagasta raises $500 million in its first ever bond issue

— Antofagasta Plc is a Chilean-based copper mining group with interests in transportation. It was incorporated in London in 1888 as the Antofagasta (Chili) and Bolivia Railway Company Limited.

— Having listed on London’s Premium Main Market in the early 1980s to build and operate a railway from Antofagasta to the capital of Bolivia, Antofagasta has been one of the longest continuously listed companies on LSE. Following its acquisition by the Luksic Group, Antofagasta diversified into mining and other sectors.

— On 15th October 2020, Antofagasta issued its first international bond on London’s Main Market raising $500 million with a coupon rate of 2.375% and a maturity of 10 years.

— The bond sale was very well received as Antofagasta witnessed more than 250 orders for its debut bond which was led by Citi and JPMorgan, with the participation of BNP Paribas, Scotiabank and SMBC banks.

“This will be the inaugural bond issued by the company and will diversify Antofagasta’s sources of funding, introducing long term financing into the company's capital structure. The use of proceeds from the offering of the notes is intended to be for general corporate purposes.”

-Antofagasta Plc

Source: LSE, Bloomberg, Dealogic November 2020
Introduction to LSE’s Sustainable Funds
Listed Green Funds in London
29 listed vehicles with over $17bn in renewable assets

Source: London Stock Exchange, Dealogic, March 2021
### Listed Green Funds in London

**Ten largest green funds by market cap**

<table>
<thead>
<tr>
<th>Rank by market cap</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Name</td>
<td>Greencoat UK Wind</td>
<td>The Renewables Infrastructure Group</td>
<td>Impax Environmental Markets</td>
<td>GCP Infrastructure Investments</td>
<td>SDCL Energy Efficiency Trust</td>
</tr>
<tr>
<td>Admission Date</td>
<td>27-Mar-13</td>
<td>29-Jul-13</td>
<td>22-Feb-02</td>
<td>22-Jun-10</td>
<td>11-Dec-18</td>
</tr>
<tr>
<td>Market Cap at IPO ($m)</td>
<td>394</td>
<td>458</td>
<td>71</td>
<td>61</td>
<td>131</td>
</tr>
<tr>
<td>Current Market Cap ($m)</td>
<td>3,474</td>
<td>3,274</td>
<td>1,701</td>
<td>1,246</td>
<td>1,035</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rank by market cap</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Name</td>
<td>Greencoat Renewables</td>
<td>Foresight Solar Fund</td>
<td>JLEN Environmental Assets</td>
<td>NextEnergy Solar Fund</td>
<td>Bluefield Solar Income Fund</td>
</tr>
<tr>
<td>Admission Date</td>
<td>25-Jul-17</td>
<td>29-Oct-13</td>
<td>31-Mar-14</td>
<td>25-Apr-14</td>
<td>12-Jul-13</td>
</tr>
<tr>
<td>Market Cap at IPO ($m)</td>
<td>311</td>
<td>243</td>
<td>264</td>
<td>145</td>
<td>194</td>
</tr>
<tr>
<td>Current Market Cap ($m)</td>
<td>1,023</td>
<td>866</td>
<td>847</td>
<td>801</td>
<td>749</td>
</tr>
</tbody>
</table>

Source: London Stock Exchange, Dealogic, March 2021
The Renewables Infrastructure Group Ltd

Company name
LSE market
Admission date
Market Cap at admission
Current Market Cap
Financial advisors at IPO
Legal Counsel
Fund Management
Premium to NAV(%)
Gearing
Management Fee
Performance Fee

3 Year Indexed Price Performance

To provide investors with long term, stable dividends, whilst preserving the capital value of its investment portfolio through investment in a range of operational assets which generate electricity from renewable energy sources, with a particular focus on onshore wind farms and solar PV parks.

Investor Breakdown

<table>
<thead>
<tr>
<th>Top 5 Institutional Investors (value held $m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Bank of New York Mellon Corp.</td>
</tr>
<tr>
<td>Prudential</td>
</tr>
<tr>
<td>Rathbone Brothers plc</td>
</tr>
<tr>
<td>Investec plc</td>
</tr>
<tr>
<td>Government of Sweden</td>
</tr>
</tbody>
</table>

Source: London Stock Exchange, Numis, Dealogic, FactSet, Morningstar, AIC March 2021
## Greencoat UK Wind

### Snapshot

<table>
<thead>
<tr>
<th>Company name</th>
<th>Greencoat UK Wind plc</th>
</tr>
</thead>
<tbody>
<tr>
<td>LSE market</td>
<td>Main Market – Premium</td>
</tr>
<tr>
<td>Admission date</td>
<td>27 March 2013</td>
</tr>
<tr>
<td>Market Cap at admission</td>
<td>$394m</td>
</tr>
<tr>
<td>Current Market Cap</td>
<td>$3,474m</td>
</tr>
<tr>
<td>Financial advisors at IPO</td>
<td>RBC, Barclays</td>
</tr>
<tr>
<td>Legal Counsel</td>
<td>Norton Rose</td>
</tr>
<tr>
<td>Fund Management</td>
<td>Greencoat Capital</td>
</tr>
<tr>
<td>Premium to NAV(%)</td>
<td>5</td>
</tr>
<tr>
<td>Gearing</td>
<td>Up to 40% of Gross Asset Value</td>
</tr>
<tr>
<td>Management Fee</td>
<td>1.00%&lt;£500m NAV</td>
</tr>
<tr>
<td></td>
<td>0.9% on £500m - £1bn</td>
</tr>
<tr>
<td></td>
<td>0.8% &gt;£1bn in cash and 0.2%&lt;£500m</td>
</tr>
<tr>
<td></td>
<td>0.1% over £1bn in shares</td>
</tr>
</tbody>
</table>

### Strategy

To invest mostly in operating UK wind farms. In the long term, its aim is to provide investors a dividend that increases in line with RPI inflation while preserving the capital value of its investment portfolio on a real basis through reinvestment of excess cash flow and the use of portfolio leverage.

### Investor Breakdown

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<tbody>
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<td>Rathbone Brothers Plc</td>
</tr>
<tr>
<td>Investec Plc</td>
</tr>
<tr>
<td>Schroders Plc</td>
</tr>
<tr>
<td>FIL Ltd.</td>
</tr>
</tbody>
</table>

Source: London Stock Exchange, Numis, Dealogic, FactSet, Morningstar, AIC March 2021
Federica Giacometti
Senior Associate, Business Development
+44 20 7797 1392
Federica.Giacometti@lseg.com
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