

Nasdaq Green Bond Criteria

Nasdaq is proud to have launched the first Sustainable Bond Market in the world and to be a part of the transition towards more sustainable financial markets. The Nasdaq Sustainable Bond Market was launched in July of 2015 with a total volume of 740 million euro and has grown at an impressive pace ever since.

International standards define sustainable bonds as loans used to finance projects that bring clear environmental and social-economic benefits. Green Bonds are defined as loans used to finance environment friendly initiatives and Social Bonds are used to finance projects achieving positive socio-economic outcomes. This fact sheets describes Green Bonds and Nasdaq's criteria for listing them. Read our [social bond criteria](#) and [sustainable bond criteria](#) to learn more about other types of bonds that are eligible for the Sustainable Bond Market.

There are currently two sustainable bond segments at Nasdaq, one on the Nasdaq Stockholm main market and one on Nasdaq First North Bond Market. To be eligible to list on either market, issuers need to meet the relevant criteria which Nasdaq has developed in cooperation with Sustainalytics, a global leader in environmental, social and corporate governance (ESG) research.

The Green Bond Criteria are based on the Green Bond Principles, for which the International Capital Market Association acts as secretariat.

1. Use of Proceeds

The use of proceeds needs to go towards projects that deliver clear environmental benefits. Areas of eligible projects include, but are not limited to:

- Renewable energy (including production, transmission, appliances and products)
- Energy efficiency (such as in new and refurbished buildings, energy storage, district heating, smart grids, appliances and products)
- Terrestrial and aquatic biodiversity conservation (including the protection of coastal, marine and watershed environments)*Green buildings which meet regional, national or internationally recognised standards or certifications.

For further examples of eligible projects, we recommend issuers to consult the GBP, our website or contact our listings team directly.

We recommend that issuers are transparent not only in which projects are financed but also in regards to the process of project selection and evaluation. Issuers should aim to be transparent about why the financed projects have been chosen. Furthermore, it is important that a green bond issuer sets up routines and systems to make sure that the proceeds are allocated to the intended projects.

THE GREEN BOND PRINCIPLES

The Green Bond Principles (GBP) are voluntary process guidelines for issuing green bonds. The GBP outlines four core concepts of green bond issuance:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

2. Third Party Review

To be eligible to list a green bond on Nasdaq Sustainable Bonds, the bond or the green bond framework must be reviewed by an experienced third party. The review must have an adequate outcome and be attached when applying to list. There are four distinct types of third party reviews that are generally accepted when listing green bonds on Nasdaq:

1. Consultant Review
2. Verification
3. Certification
4. Rating

Reach out to our listings team or [consult the GBP](#) if you want to learn more about the acceptable types of third party reviews.

Nasdaq reserves the right to assess whether a third party reviewer is to be deemed experienced.

3. Reporting

A key element of all types green bonds is the reporting of the funded projects. Detailed reporting not only assures your investors but highlights the good work your company is doing to promote a more sustainable world. Transparency is key and we recommend that our issuers follow the guidelines set out in the GBP where it is applicable.

There are many aspects of green reporting. Nasdaq's eligibility criteria focuses on the availability and frequency of satisfactory reports. Issuers are required to make annual reports regarding their green bonds publicly available until full allocation. Nasdaq does not set rules for what to report. However issuers are urged to [consult the GBP](#) or other harmonized guidelines when designing the reports*.

For further guidance, Nasdaq has created a voluntary ESG reporting guide to help exchange listed companies align their reporting with international standards. The guidelines can be found [here](#).

4. Exclusions

Nasdaq reserves the right to exclude or remove bonds from the Nasdaq Sustainable Bond Market if they fail to meet the above outlined criteria. A bond can be removed from the segment if:

- a. it becomes incompliant with the use of proceed criteria
- b. it does not meet its reporting obligations
- c. it is involved in a controversy directly relating to the project / activities funded by the bond.

Furthermore, we do not allow bonds which proceeds are directed towards projects deemed to be unethical, controversial or in violation of the UN Global Compact Principles to be listed on the Sustainable Bond Market.

KEY REPORTING ELEMENTS

- Allocation of proceeds until full allocation and descriptions of the projects financed.
- The percentage of proceeds allocated to financing and refinancing.
- Impact of the financed projects. Both materialized and estimated future impacts.
- Quantitative measures where it is possible.

QUESTIONS?

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*If Nasdaq becomes aware that the issuer has failed to publish an annual report in accordance with the GBC, the issuer is given 2 months to produce a satisfactory report and submit to Nasdaq.

* One proposal for a harmonized framework for impact reporting was created by a group of development banks that are active in the green bond market. <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/20151202-0530-FINALRevised-Proposal2.pdf>