Nasdaq

Nasdaq Sustainability Linked Bond Criteria

Nasdaq's first Sustainable Debt Market was launched in June of 2015. Since then, the concept has spread to all Nasdaq operated European Exchanges and expanded in scope in tandem with the markets' development. Today, the Nasdaq Sustainable Debt Market comprises several segments for bonds, commercial papers, and retail investment products. The Nasdaq Sustainability Linked Bond Criteria is applicable for issuers seeking a listing of a bond aligned with the ICMA Sustainability Linked Bond Principles (SLBP). For issuers seeking a listing of a Green, Social or Sustainability Bond, please find the relevant set of listing criteria here.

The International Capital Markets Association defines Sustainability Linked Bonds (SLBs) in the Sustainability Linked Bond Principles. Unlike Green, Social and Sustainability Bonds, SLBs are not characterized by the use of the bond proceeds. Instead, SLBs are forward looking and performance-based securities which financial or structural features can be changed post-listing as a result of trigger events that are based on the issuer's ability to meet predefined Sustainable Performance Targets (SPTs). The potential variation in the bonds features must be material and go beyond the business-as-usual trajectory.

An issuer seeking a listing of a Sustainability Linked Bond on a Nasdaq Sustainable Debt Segment must undertake to comply with the Nasdaq Sustainability Linked Bond Criteria as part of the listing process. The Sustainability Linked Bond Criteria are based on and aligned with the SLBP. Applications to list on a Nasdaq Sustainable Debt Segment must include the issuer's Sustainable Bond Framework and Pre-listing External Review. These documents must also be publicly available on the issuer's website.

1. Pre-Listing External Review

Whilst only recommended in the SLBP, an issuer who seeks a listing on Nasdaq´s Sustainable Debt Market is required to obtain an external review from an experienced external review provider before or in direct connection to the bond issuance that confirms the bonds' alignment to the SLBP. This criterion is maintained to safeguard a robust development of the market. Nasdaq reserves the right to assess whether a second party reviewer is to be deemed experienced.

2. Reporting

Issuers are required to publish reports on their progress on the selected KPIs on their website as well as the potential resulting variation in the bonds' financial or structural features and the timing of such effects. As the selected target observation date(s) may occur at different frequencies, the issuer must report at least at the frequency required for investors to assess the potential variation in the bonds financial or structural features. At minimum, issuers of sustainability linked bonds need to report on an annual basis.

If Nasdaq is made aware that an issuer has failed to meet its reporting commitments as stipulated pre-listing, the issuer is given 2 months to produce and publish such a report and its accompanying external verification. Issuers are recommended to publish their SLB-reports as press releases and to assess whether the report could constitute inside Information, as defined in the Market Abuse Regulation[1].

3. Bond Characteristics

The issuer must include definitions of the selected KPIs and their Sustainability Performance Targets, the calculation methods and baselines used, a description of potential effects on the bond's financial or structural characteristics and the timing of said effects in the bond documentation (e.g. prospectus, or final terms).

4. Post-Listing Verification

Issuers' reported performance on the KPIs and Sustainability Performance Targets should be externally verified or assured by an experienced second party, such as an auditor or environmental consultant. The Post-Listing Verification shall be made publicly available at the same frequency of the reporting.

5. Exclusions

Nasdaq reserves the right to exclude or remove bonds from a Nasdaq Sustainable Debt Segment if they fail to meet the above outlined criteria. A bond can be removed from the segment if: a. it becomes incompliant with the criteria above b. it is involved in a controversy directly relating to the bond.

Questions?

Please reach out to our listings team:

Axel Holm

E-mail: axel.holm@nasdaq.com
Tel: +46 73 449 6812

Jesper Brams
E-mail: jesper.brams@nasdaq.com
Tel: +45 26 30 9607

Louise Rosendahl
E-mail: louise.rosendahl@nasdaq.com
Tel: +46 73 449 6673

1 Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC Text with EEA relevance