

Nasdaq Sustainable 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 Sustainable Bond Criteria is applicable for issuers seeking a listing of a bond or other debt instrument on one of Nasdaq's Sustainable Debt Markets. For listing criteria related to sustainability linked bonds, please refer to the Sustainability Linked Bond Criteria, found [here](#).

By following one of the below listed principles, guidelines or regulations, issuers can list their bond or other debt instruments on Nasdaq's Sustainable Debt Market.¹

- [The ICMA Green Bond Principles \(GBP\)](#)
- [The ICMA Social Bond Principles \(SBP\)](#)
- [The ICMA Sustainability Bond Guidelines \(SBG\)](#)
- [The Regulation of The European Parliament and of The Council on European Green Bonds](#)

Nasdaq offers sustainable solutions on all Nordic and Baltic exchanges covering all fixed income instruments ranging from government and corporate bonds to structured bonds and commercial papers. Applications to list on a Nasdaq Sustainable Debt Segment must include the issuer's Sustainable Bond Framework and Pre-Issuance External Review. These documents must also be publicly available on the issuer's website.

The Sustainable Bond Criteria have three core components that issuers must undertake to follow as part of the listing process both pre- and post-listing. These are: Use of proceeds, Third Party Review, and Reporting.

International standards define...

- Sustainable bonds as loans used to finance projects that bring clear environmental and socio-economic benefits.
- Green bonds as loans used to finance environment friendly initiatives.
- Social bonds as loans used to finance projects achieving positive socio-economic outcomes.

¹ Nasdaq reserves the right to update the list when necessary.

Pre-Listing

Use of Proceeds

The use of proceeds must be allocated to projects or assets that deliver clear environmental benefits or positive socioeconomic outcomes. For examples of eligible projects or project categories, we recommend issuers to consult the guidelines and principles provided by ICMA, our website, or contact our listings team directly.

Issuers are required to publish a framework that describes their alignment to the relevant principles or regulation. Furthermore, issuers of social or sustainability bonds should define the target population benefitting from the investments financed with the bonds to be listed.

Second Party Review

To be eligible to list a Green, Social or Sustainability bond on Nasdaq's Sustainable Debt Market, the bond or the bond's framework must be reviewed by an experienced third party. The review must have an adequate outcome and be attached when applying to list and published on the issuer's website.

Reach out to our listings team or consult the ICMA if you want to learn more about the acceptable types of second-party reviews. Nasdaq reserves the right to assess whether a second-party review provider is to be deemed experienced.

Post-Listing

Reporting

A key element of all types of sustainable bonds is the reporting of the financed projects or assets. 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.

There are many aspects to sustainable bond reporting. Nasdaq's eligibility criteria focus on the availability and frequency of satisfactory reports. Issuers are required to make annual reports on a bond or bond program level publicly available until full allocation². Nasdaq does not set detailed rules for the contents of the annual report. However, the issuer must transparently describe how the proceeds have been allocated. We recommend that our issuers follow the guidelines set out in the GBP and SBP where it is applicable when designing the reports.

Lastly, all issuers with bonds listed on Nasdaq's Sustainable Debt Markets are recommended to make use of the Nasdaq Sustainable Bond Network, which gives issuers a tool to broadly communicate the benefits achieved by their investments to investors in a machine-readable format.

EU Taxonomy

If the EU Taxonomy is the preferred alignment for listing on Nasdaq's Sustainable Debt Market, issuers are advised to consult the official EU regulation regarding both pre- and post-issuance activity.

Key Reporting Elements

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

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

Exclusions

Nasdaq reserves the right to exclude or remove bonds from a 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 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 financed by the bond.

Questions?

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