

COP23 expert discussion: the future of impact and use of proceeds reporting

- Disclosure pressure is a good sign.
- The challenge is to prevent disclosure requirements from becoming unnecessarily cumbersome.

The labelled green bond market has grown from a concept, in 2007, to more than USD100 billion in annual issuance and over USD220 billion total outstanding. The market has demonstrated that there are sustainable investing opportunities in fixed income, and that bonds can be used as a tool to drive a transition towards a low carbon and climate resilient economy. However, the market's development has not come without challenges and the integrity of the market remains a concern for investors.

Experts from Climate Bonds Initiative, Luxembourg Stock Exchange, NN Investment Partners, EIB, Strasser Capital and KPMG gather at a COP23 side event organised by the United Nation's Sustainable Stock Exchanges Initiative (SSE) to look into the future of impact and use of proceeds reporting and discuss how investor demand will impact current reporting habits of issuers. The workshop-style discussion aims at determining how today's best practices will need to adapt to meet evolving investor expectations.

"Such discussions are particularly relevant as the rest of the sustainable finance world looks to the green bond market for inspiration and guidance on best practices. The green bond market is arguably the most successful sustainable finance niche market to develop to date," comments **Jane Wilkinson, Head of Sustainable Finance at the Luxembourg Stock Exchange**.

Experts agree that the market needs to adopt a sensible view on what impact reporting could look like going forward – a solution which would meet the expectations of investors, other market stakeholders, as well as being feasible for both smaller and larger issuers.

If you would like to learn more, [join our workshop where industry experts will discuss the topic in detail](#). The event is organised jointly by the United Nation's Sustainable Stock Exchanges Initiative (SSE) and the Luxembourg Stock Exchange and starts at 14.00 at the Rheinhof Dreesen, Rheinstraße 45-49, 53179 in Bonn. Below some highlights of what you can expect.

Bram Bos, Senior Portfolio Manager, NN Investment Partners:

"The green bond market is becoming a mainstream fixed income category. Harmonized reporting for green bonds becomes even more important for investors as the market grows and matures. Green bonds are a form of impact investing, so investors need to know the impact."

Wim Bartels, member of the Task force on Climate-related Financial Disclosures, partner, KPMG:

"We shouldn't overcomplicate reporting, but as the sustainable finance is as much about 'sustainable' as about 'finance' and the risks of climate change increase rapidly, investors would need to be informed about the impact

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on climate and other environmental matters. This could be limited to a few KPIs that show the issuer's performance as well as could serve as a proxy to the risk or opportunity of sustainable finance."

Nancy Saich Chief Climate Change Expert, European Investment Bank:

"The importance of reporting when it comes to green bonds and green finance cannot be underestimated. It is about transparency and accountability to bolster credibility of this growing market and a way to respond to what investors expect. The good news is that much work has been done already, particularly in climate finance. EIB is committed, as the world's largest financier of climate action, to taking this forward alongside our partners. We very much welcome the efforts today to support this process."

Ulrich Bogner, Director Corporate Finance and Investments, Strasser Capital:

"Although the market for green bonds and loans has grown to considerable size, there are still very few private sector issuers in Germany. As one of the smaller issuers, we are keen to share our insights on structuring Certified Green Loans as well as our experiences relating to the verification and impact reporting process."

Manuel Adami, Director of Market Outreach, Climate Bonds Initiative:

"Wider adoption of best practice in reporting by regulators, issuers and potential issuers will strengthen green bond markets. Use of proceeds reporting enhances the credibility of green labelling and gives institutional investors additional confidence to make larger and longer term capital allocations towards green finance that is needed to meet national and international climate and emission objectives."

To set up individual interviews with the panellists, contact Tiffany Grabski: tiffany.grabski@sseinitiative.org or +41 788 323 575.

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About the Luxembourg Stock Exchange (LuxSE)

The Luxembourg Stock Exchange (LuxSE) is the leading exchange for international securities in Europe with more than 2400 bond issuers representing over 100 different countries. LuxSE is also one of the largest offshore RMB trading centres on the continent and the largest venue for green bonds in Europe.

In 2016, LuxSE launched the Luxembourg Green Exchange (LGX), a platform dedicated exclusively to green, social and sustainable securities. 124 green, 13 social and 3 sustainable bonds are currently displayed on LGX, representing an issuance value of over EUR 64 bn.

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