

LGX hits 1,000 sustainable bonds mark



from left to right: Aldo ROMANI, Head of Sustainability Funding at EIB, Ricardo MOURINHO FÉLIX, Vice-President for Funding and Treasury at EIB, Luxembourg Minister of Finance Pierre GRAMEGNA and Julie BECKER, CEO of LuxSE © LuxSE

The Luxembourg Stock Exchange (LuxSE) and the European Investment Bank (EIB) celebrated on May 18, together the exchange's achievement of 1000 bonds on the Luxembourg Green Exchange (LGX). EIB's recent 10-year USD 1.5 billion Global Climate Awareness Bond is the 1,000th bond on the leading platform for securities with focus on sustainability, and the latest addition to the more than 50 green and sustainability bonds issued by EIB and currently displayed on LGX.

LGX: the world's leading platform for sustainable securities

The 1,000 bonds currently listed on LuxSE and displayed on LGX are raising a total of more than EUR 500 billion for green, social and sustainable development projects across the world, thereby contributing to the UN Sustainable Development Goals (SDGs) and the objectives of the Paris Agreement on climate change. These global goals inspired the establishment of LGX in 2016. As a testimony of its global reach, LGX now counts 170 issuers across different sectors from 35 different countries, including green bonds from sovereign issuers and the social bonds issued by the European Commission. In 2020, LGX won the UN Global Climate Action Award for its pioneering role in accelerating financing for climate solutions.

"We would like to thank all our impact-conscious issuers for their leading role in the transition to a low-carbon and more inclusive economy. It is a privilege to mark this extraordinary milestone with the EIB, who kick-started the green bond market and has played a crucial role in its development. The EIB has helped put Europe in the driving seat for sustainable finance and leads the way towards common standards and more harmonised frameworks for sustainability funding and lending," commented Julie Becker, CEO of LuxSE.

EIB: The climate and environmental bank of the European Union

The EIB is one of the world's main financiers of climate and environmental action and the first Multilateral Development Bank to align its new operations with the goals and principles of the Paris Agreement. It aims to dedicate more than 50% of new annual financing to green investment by 2025 and has committed to tracking such investment in line with the framework established by the EU Taxonomy Regulation.

A pioneer in sustainability funding, EIB launched the world's first green bond in 2007 and has since issued EUR 39 billion worth of Climate Awareness Bonds (CABs) focusing on climate change mitigation. The EIB recently published an independent report evaluating CABs and EIB's role in the green bond market between 2007 and 2020.

Since 2018, the EIB has also raised EUR 6.5 billion worth of Sustainability Awareness Bonds (SABs), whose focus is on other areas of environmental and social sustainability. The Bank has already aligned the documentation of its CABs and SABs with the EU Taxonomy

Regulation and plans to progressively align these instruments with the expected EU Green Bond Standard.

"Efficient involvement of international capital markets in the financing of sustainable development requires a strategic alliance among key market players. The EIB and LuxSE are close partners in the development of clarity in sustainability, which is essential for true impact investment. The favourable reception of our 10-year USD Global CAB, the 1,000th bond on LGX, endorses this joint endeavour with the support of the global investor community," commented Ricardo Mourinho Félix, Vice-President for Funding and Treasury at EIB.

Exponential growth of LGX reflects market development

LuxSE established LGX in 2016 to unlock sustainable capital and facilitate sustainable investment. The platform has seen exponential growth since then, highlighting the increasingly important role of sustainability in international capital markets.

What started as a platform for green bonds in 2016 has grown in both size and product range, responding to the increa-

sing need for transparency, accountability, reliability and comparability of sustainable securities displayed on LGX. LGX now encompasses all categories of bonds with a focus on sustainability, with mandatory requirements for transparency and reporting.

"This 1,000th sustainable bond displayed on LGX illustrates the role that Luxembourg's sustainable finance ecosystem is playing globally in raising the public and private capital needed to achieve the objectives of the Paris Accord on Climate Change and the Sustainable Development Goals. It also underlines the innovative cooperation between the European Investment Bank and the Luxembourg Stock Exchange, which has helped shape the direction of sustainable finance for more than a decade now, as it did when issuing the world's first green bond in Luxembourg in 2007," commented Luxembourg Minister of Finance Pierre Gramegna.

Towards harmonised standards

LuxSE and EIB have both contributed to regulatory developments in the field of sustainable finance through their work in various expert groups and industry associations. This includes the EU's High-Level Expert Group on sustainable finance, which recommended the establishment of an EU Sustainability Taxonomy, and the subsequent EU's Technical Expert Group on sustainable finance, which advanced proposals for an EU taxonomy of economic activities contributing to climate change mitigation and adaptation, as well as an EU Green Bond Standard.

The 1,000th sustainable bond on LGX was celebrated by LuxSE, EIB and the leads of EIB's Global CAB 2031 (Barclays, Citibank, Crédit Agricole CIB and Deutsche Bank) in the presence of Luxembourg Minister of Finance Pierre Gramegna.

Bourse de Luxembourg		au 31/05	au 30/04	Var	Plus haut	Plus bas
Actions luxembourgeoises						
RTLGroup	EUR	48.68	48.92	-0.49%	50.10	46.18
ReinertInvest	EUR	17.20	16.10	6.83%	17.60	15.20
SocInaf	EUR	10.40	10.80	-3.70%	10.80	9.70
SEO 1/5prvB	EUR	67.00	49.00	36.73%	67.00	51.00
Aperam	EUR	45.61	43.09	5.85%	48.65	42.54
SocFinCaoutchcs	EUR	20.20	20.40	-0.98%	21.00	20.20
SocFinasia	EUR	13.80	13.40	2.99%	14.40	13.10
SES FDR	EUR	7.06	6.30	12.06%	7.20	6.00
ArceLorMittal	EUR	26.90	24.25	10.91%	28.39	23.06
Brederode	EUR	104.20	101.80	2.36%	108.20	96.30
Actions étrangères						
RoboGloStEqFd cat A	EUR	57.50	57.50	0.00%	57.50	56.00
Rolingo ord A	EUR	60.00	61.00	-1.64%	60.50	58.00
FidRealEstate	EUR	174.00	180.00	-3.33%	181.00	174.00
FiducOffSolut	EUR	28.20	27.80	1.44%	28.20	27.80
Brait ord	EUR	0.16	0.15	2.61%	0.16	0.14
Prosiebensat1Me	EUR	18.52	18.05	2.63%	18.78	16.57
Engie	EUR	12.15	12.37	-1.78%	13.23	12.08
Vonovia	EUR	51.14	54.64	-6.41%	55.54	48.91
HellaGmbHKGaa	EUR	56.50	49.86	13.32%	57.60	48.87
VelcanHoldings ordinary shares	EUR	8.65	7.30	18.49%	9.10	7.25
OPC						
BlackRock Global Funds US Small & MidCap Opportunities Fund A2 USD Capitalisation	USD	324.00	321.10	0.90%	330.20	318.40
Candriam Equities L Biotechnology I Capitalisation	USD	5120.00	5234.00	-2.18%	5235.00	4978.50
Fidelity Funds European Growth Fund A EUR Distribution	EUR	16.84	16.49	2.12%	16.93	16.41
Xtrackers S&P 500 Swap UCITS ETF 1 Capitalisation	USD	79.47	79.57	-0.13%	79.99	76.80
Obligations d'Etat						
Luxembourg 2,125% 10/07/2023	EUR	105.81	106.07	-0.25%	106.07	105.81
Luxembourg 2,25% 21/03/2022	EUR	102.28	102.52	-0.23%	102.52	102.28
Luxembourg 2,25% 19/03/2028	EUR	117.00	117.36	-0.30%	117.41	116.67
Luxembourg 0% 14/09/2032	EUR	98.62	99.05	-0.43%	99.45	98.02
Obligations LuxPrime						
SAP 1,75% 22/02/2027	EUR	109.61	110.10	-0.45%	110.22	109.45
Argentina 0,125% 09/07/2041	EUR	33.02	32.64	1.16%	33.23	31.60
Heineken 3,5% 19/03/2024	EUR	110.30	110.61	-0.28%	110.64	110.30
SiemensFinancie 2,875% 10/03/2028	EUR	119.52	120.41	-0.74%	120.53	119.41
FreseniusFinlri 3% 30/01/2032	EUR	120.44	121.34	-0.75%	121.81	119.76
FreseniusSE&CO 2,875% 15/02/2029	EUR	116.26	116.81	-0.48%	117.16	115.79
SiemensFinancie 1,25% 28/02/2031	EUR	108.76	109.53	-0.69%	109.89	108.20
Apple 2,4% 03/05/2023	USD	104.10	104.18	-0.08%	104.30	104.08
Romania 3,875% 29/10/2035 Reg S	EUR	116.36	116.30	0.05%	117.22	114.70
VWIntFin 5,125% pp	EUR	109.54	109.50	0.04%	110.40	109.47
FreseniusFinlri 2,125% 01/02/2027	EUR	109.72	110.19	-0.42%	110.40	109.42
SiemensFinancie 1,375% 06/09/2030	EUR	109.78	110.61	-0.75%	110.86	109.23
Obligations les plus négociées						
AXA FRN pp	EUR	103.00	102.77	0.23%	103.40	102.69
CasinoGuichardP FRN pp	EUR	45.24	44.17	2.41%	47.22	44.90
Pemex 6,5% 02/06/2041	USD	89.85	89.89	-0.04%	90.62	88.61
ØRSTED A/S 6,25% 26/06/3013	EUR	112.15	112.69	-0.49%	112.67	112.15
VWIntFin 3,5% pp	EUR	109.00	108.61	0.36%	109.00	107.48
EskomHlgsSOC 100 31/12/2032	ZAR	21.40	18.95	12.93%	22.00	18.25
Italy 5,2% 31/07/2034	EUR	147.00	147.61	-0.41%	147.00	144.50
GrenkeFinanz 3,95% 09/07/2025	EUR	101.40	97.00	4.54%	101.40	96.99
DtscheLufthansa 0,25% 06/09/2024	EUR	97.21	96.21	1.03%	97.23	96.13
Obligations vertes						
Bfr 2,75% 03/06/2022 Reg S	EUR	102.37	102.50	-0.13%	102.57	102.00
ØRSTED A/S 2,25% 24/11/3017	EUR	104.76	105.26	-0.48%	105.26	104.60
AIDB 0,2425% 14/04/2023	SEK	100.21	100.25	-0.04%	100.26	100.20
WorldBk 0,625% 22/04/2025	USD	100.18	99.81	0.38%	100.18	99.82
BEI 0,5% 15/11/2023	EUR	102.75	102.90	-0.15%	102.97	102.73
CouncilEurDevBk 0% 09/04/2027	EUR	101.79	101.92	-0.13%	102.13	101.45
IberdrolaIntl 1,45% pp Reg S	EUR	100.46	101.21	-0.74%	101.18	100.19
NedWaterBank 1% 03/09/2025	EUR	105.93	106.15	-0.21%	106.29	105.76
WorldBk 12/01/2022 Ethical Europe Equity Index	USD	100.07	99.51	0.56%	100.07	99.51
IberdrolaFinanz 0,875% 16/06/2025	EUR	103.70	103.84	-0.13%	104.07	103.54
Nouveaux instruments listés						
DtscheLufthansa 3,75% 11/02/2028	EUR	102.53	101.47	1.05%	102.53	101.61
UE 0% 02/06/2028	EUR	101.24	101.62	-0.37%	101.83	100.54
UE 0,3% 04/11/2050	EUR	89.80	92.31	-2.73%	92.88	87.25

A more rapid transition to sustainable and cleaner economic growth

Opinion – by Nick PARSONS, Head of Research & ESG at ThomasLloyd

After a long cold winter in Europe, made much worse by the pain of lockdown and the distress of yet more pandemic deaths, spring is finally in the air. Temperatures are rising, trees are in blossom, and birds are busy building nests. It is a time of hope and renewal, and of making plans for the future.

As we marvel at Nature's enduring strength, we should remember too our own obligations to ensure a healthy environment, clean air and fresh water. By our own actions, we have the power to enhance or destroy this natural beauty.

Looking back over the terrible times of the past twelve months, one of the very few positives to emerge from the pandemic has been the environmental impact of lower levels of economic activity, factory shutdowns, drastically reduced air transport and restrictions on personal mobility. According to recently published research, global CO2 emissions fell around 7% in 2020. The decrease in emissions appears more pronounced in the USA, EU, and India, partly due to pre-existing trends, but much less evident in China where restriction measures associated with COVID-19 occurred early in the year and lockdown measures were more time-limited.

Whilst the environmental improvements are welcome, it is immediately obvious that permanent recession – with all the job losses, mental anguish and family insecurity that brings – is not a viable future policy goal. Economic growth

floats all boats. It has lifted hundreds of millions of people out of poverty, providing funds for health and social care, education and housing, and raising life expectancy around the world. The challenge we face is not to go backwards, but to embrace a future where we can do things differently. A future in which economic development can co-exist with environmental protection, harnessing proven technologies to deliver sustainable growth and build back better.

The biggest countries in Europe have made significant progress in reducing CO2 emissions. Decommissioning coal-fired power stations, building energy-efficient homes and offices, embracing electric vehicles and recycling waste wherever possible. Of course there is more to do, but we are moving in the right direction.

Our research shows that the four largest countries – Germany, UK, France and Italy – have a collective gross domestic product (GDP) of USD11.4tn, a little over half the size of the United States and three-quarters that of China. Using CO2 data from Global Carbon Atlas, we calculate the 'carbon cost of economic output' for the Big 4 of 151.7 million tons of CO2 per trillion dollars of GDP. In the United States, the comparable figure is 247 Mt, whilst in China it is a staggering 710 Mt.

China is not alone. Repeating the exercise for ten of the largest economies in Asia, we find that every one of them has a 'carbon cost' per trillion dollars of GDP greater than any major country in Western Europe. Indeed, nine of them have a carbon cost at least double that of the largest nation in Europe and the average of all ten countries is 567 Mt. It is wrong to point the finger of blame at Asia. Their econo-

mies are in the transformative stage of economic development which made Europe so powerful in the 20th century. Think of Germany's Rhine and Ruhr regions or the infamous London fog of the 1950s. The economic strength we enjoy today was founded on production and pollution over many decades. Who are we to deny Asia that same prosperity?

Instead, we must engage and co-operate, using the technologies of today and not those of 70 years ago to help Asia achieve the same transformation without reliance on fossil fuel. Five of the countries in our study each has a population greater than 100m – two of them have more than a billion – and all ten in aggregate have a total population of 3.59 billion; almost half the total of the entire world. One of the clear lessons of the pandemic is that communities which work together are more resilient, better able to defend themselves, and well-positioned to emerge stronger than before. We must apply this local experience of co-operation as we seek a global solution to climate change and sustainable development. There is only one planet and we all breathe the same air.

This global solution cannot emerge without transformation and investment in Asia. Public and private sector investments are required at scale and at pace. With a welcoming attitude to foreign capital across much of the region, the investment and partnership opportunities are enormous. The scale of the task is matched only by the size of the prize: a more rapid transition to sustainable and cleaner economic growth. Realising sustainable values from which the whole world can enjoy the economic, environmental and social gains. We are proud to play our part and eager to do even more.