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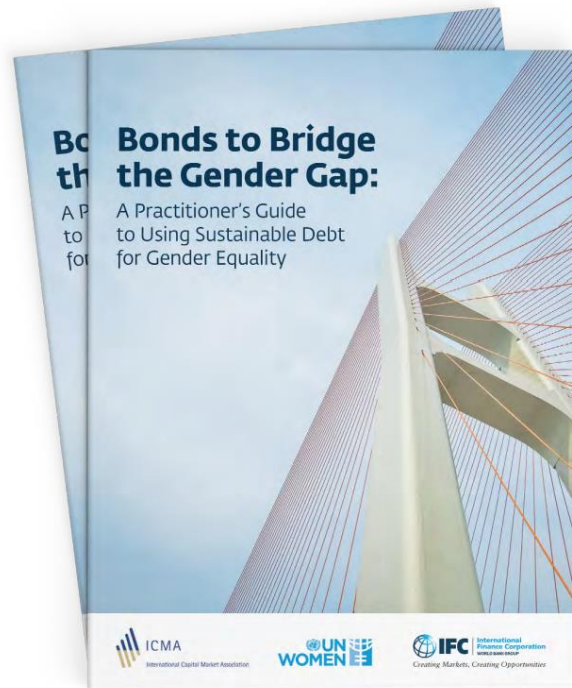
# What are gender-focused bonds?

# Bonds to Bridge the Gender Gap



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The International Capital Market Association (ICMA) published 'A Practitioner's Guide to Using Sustainable Debt for Gender Equality' in 2021



- » In 2021, ICMA, UN Women and the International Finance Corporation (IFC) co-authored a guide based on existing ICMA principles. The guide aims to give **practical guidance on how to use sustainable bonds to credibly access financing that advances gender equality.**
- » **Objectives on issuers' side:** Supporting new and existing bond issuers, borrowers, underwriters, arrangers, and external reviewers to take action to integrate gender equality objectives into sustainable investments.

- » **Objectives on investors' side:** Helping investors that wish to understand and support projects and strategies that are designed to advance gender equality objectives through sustainable debt products.
- » **A practical guide** that provides illustrative examples of gender-related use of proceeds, as well as key performance indicators (KPIs) and sustainability performance targets (SPTs) in the case of SLBs.

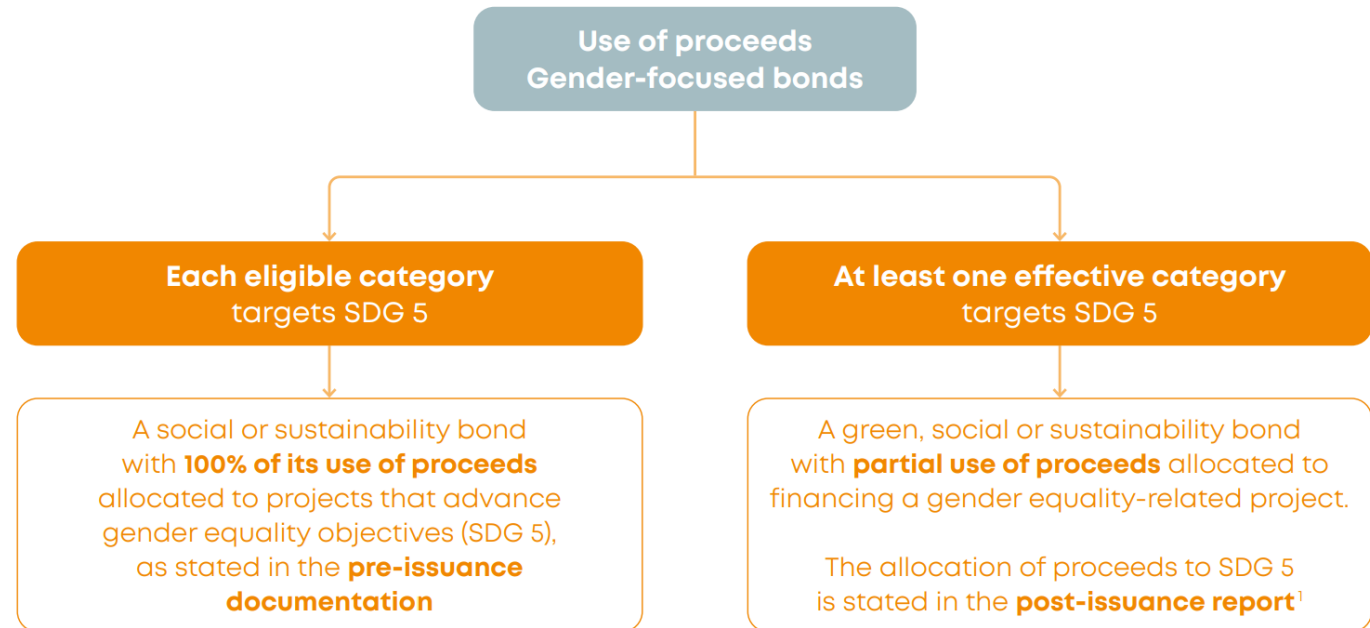
# What are use of proceeds gender-focused bonds?



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LGX's way of identifying gender-focused bonds was inspired by the ICMA/UN Women/IFC guidelines with the aim of bringing a harmonised understanding to the market

Green, social and sustainability (GSS) bonds, also known as **use of proceeds** bonds, finance or refinance existing and new projects with dedicated environmental and/or social benefits



<sup>1</sup> Consequently, there is a delay between an issuance and the identification of a bond as gender-focused, as the latter is tied to the post-issuance report that is generally issued a year after the issuance of the bond.

# What are gender-focused SLBs?

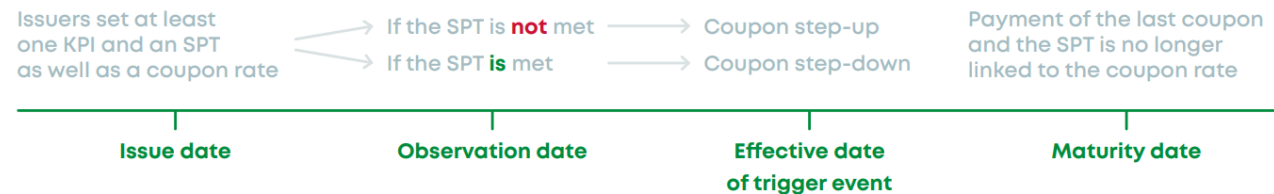


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ICMA (2020) defines a sustainability-linked bond (SLB) as **"any type of bond instrument for which the financial and/or structural characteristics can vary depending on whether the issuer achieves predefined sustainability/ESG objectives"**.

Issuers commit to meeting predefined objectives measured using KPIs and assessed against SPTs. There is a penalty mechanism (typically an increase in the coupon rate) if the targets are not met.

## Example of a typical payment mechanism of an SLB



Sustainability-linked bonds

At least one KPI and SPT  
targets SDG 5

**Gender-focused bonds**

An SLB with at least one KPI and SPT related to reaching pre-defined gender equality or women empowerment objectives





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## Case studies

*Use-of-proceeds gender-  
focused bonds*



**Aziz Chacha**

Treasurer — NMB Bank



## CASE STUDIES

# A Social Bond from a commercial Bank in Tanzania, NMB Bank: Financing women-owned businesses

# Funding women-owned businesses in Tanzania

*Social bond issued by Tanzanian commercial bank*



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Key characteristics	
<b>Issuer</b>	National Microfinance Bank (NMB Bank)
<b>Location</b>	Dar es Salaam, Tanzania
<b>Amount issued</b>	TZS 74 bn (approx. EUR 29m)
<b>Issuance date</b>	2 April 2022 and 8 March 2023 (dual listing)
<b>Maturity date</b>	28 March 2025
<b>Coupon rate</b>	+850 bps
<b>Listing (Display)</b>	DSE (Tanzania) and LuxSE (LGX)
<b>Target Population</b>	Women
<b>Gender considerations in the use of proceeds</b>	Gender inclusion: Proceeds in this category as defined by NMB Bank can support Micro, Small & Medium Enterprises (MSMEs) owned and/or controlled by women and boost the advent of new female entrepreneurs
<b>Links</b>	<a href="#">ICMA- Social Bond Principles, Framework (2022)</a> , <a href="#">Second party opinion (2022)</a> ,

## » Issuer overview

NMB Bank is a commercial bank partly owned by the Government of Tanzania with operations in all districts of the country. The bank serves retail, corporate and government clients

## » Gender bond overview

This gender-focused bond is the last tranche of its programme which started in 2016 to contribute to Tanzania's economic and social development. Over 2,000 women MSMEs in Tanzania will benefit from the funding of the bond. NMB Bank's bond targets gender empowerment through extending affordable financing for women-owned/controlled enterprises and/or businesses whose products or services directly impact women

## » Investors' reaction

The April 2022 issuance tied to the programme was oversubscribed by 197% and the largest global development institution focused on the private sector in developing countries reported to be oversubscribed by 297% by FSD Africa at the same time

## LGX comments

This bond was the first gender bond issued in Sub-Saharan Africa. The issuance was informed by NMB Bank's recognition of the financing gap for women. NMB Bank acknowledged that it needed to answer specifically to the needs women are facing in the financing space and had to come up with an innovative way of reaching out to lend to women. This is very relevant as 75% of women in Tanzania struggle to obtain access to finance (2014, ILO).

NMB Bank indicated that the biggest challenges related to this issuance were related to misconceptions and data for impact reporting. Misconceptions related to the belief that raising money to finance women-owned business meant bonds' subscribers had to be women while the participation of men is critical. When women benefit, the whole society benefit.





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# Case studies

## *Gender-focused SLBs*



# Promoting gender representation within staff & portfolios

*Sustainability-linked bond issued by an investment company*



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Key characteristics	
<b>Issuer</b>	EQT AB Group (EQT)
<b>Location</b>	Stockholm, Sweden
<b>Amount issued</b>	EUR 500 m
<b>Issuance date</b>	14 May 2021
<b>Maturity date</b>	14 May 2031
<b>Coupon rate</b>	+ 87.5 bps
<b>Listing (display)</b>	LuxSE (LGX)
<b>Gender considerations in the targets</b>	<p><b>#2. Women investment advisory professionals:</b> Increase the share to 28% by 2026 vs 21% in 2020</p> <p><b>#3. Women independent board members appointed at certain EQT's portfolio companies:</b> Increase the share to 36% by 2026 vs an average of 21% in 2020</p>
<b>Links</b>	<p><a href="#">ICMA- Sustainability-Linked Bond Principles (2020)</a>,  <a href="#">Framework (2021)</a>,  <a href="#">Second Party Opinion (2021)</a></p>

## » Issuer overview

As of December 2022, EQT is a global investment firm with EUR 113 bn assets under management (AuM) within two business segments, private capital and real assets. Its headquarters are located in Sweden and the firm has a global footprint with offices in 24 countries across Asia-Pacific, Europe and North America

## » Gender bond overview

EQT issued an SLB with three KPIs, one addressing climate targets and two addressing gender targets. The latter relates to actions at two levels:

- For EQT itself: It targets an increase women investment advisory professionals in the firm to 28% by 2026 vs 21% in 2020. EQT reacted to a drop in the share of women in those roles in 2019 and this led to setting recruitment targets for investment advisory professionals in 2020
- For certain entities in which it invests (i.e. its portfolio companies): EQT sets the share of women board members appointed by EQT in the long-term to be 40% from 21% in 2020

## » Investors' reaction

Orderbooks were in excess of EUR 1.7 bn. According to the book runner, this issuance drew interest from investors who wouldn't usually access private equity for a sustainability angle

## » LGX comments

This SLB is particularly noteworthy considering how material the private market sector is to make societal progress towards gender diversity. The targets are very relevant as studies suggest that gender balance in investment roles is associated with more gender balance in the leadership of investee companies (IFC, 2020)



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**Thank you!**

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