



Lao People's Democratic Republic
Peace, independence, democracy, unity, prosperity

Lao Securities Commission

No.6/LSC
Vientiane, dated 20 August 2024

Guideline on Issuance of Green, Social and Sustainability Bonds in the Lao PDR

- According to the Law on Securities (Revised Version) No. 79/NA, dated December 3, 2019;
- According to the Decision on the organization and activities of the Lao Securities Commission Office No. 05/LSC dated April 29, 2022;
- According to the Decision on the Issuance of Corporate Bond (amended) No. 20/LSC, dated June 23, 2021;
- According to the Decision on the Reporting and Disclosure of Information of Companies Issuing Securities and Listed Companies (revised version) No. 27/LSC, dated March 29, 2022;
- According to the Request Letter of the Lao Securities Commission Office No.254/LSCO, dated 25 July 2024.

The President of the Lao Securities Commission issued the Guideline:

Section 1 General Provisions

Article 1 Objective

This Guideline is intended to elaborate on the conditions for issuing corporate bond and using the fund raised in accordance to Article 9, Article 28 and Article 33 of the Decision on the Issuance of Corporate Bond (amended) No. 20/LSC, dated 23 June 2022. It serves as reference for issuing green, social, and sustainability bonds in Lao DPR, with the aim of ensuring that these activities are carried out in a transparent, fair and effective manner.

Article 2 Issuance of Green, Social and Sustainability Bonds

Issuance of green, social and sustainability bonds involves selling corporate bonds to investors to achieve one or all of the following objectives:

1. Operating or expanding business activities for environmental management or social or sustainable development projects;
2. Refinancing debt related to the corporate bond issuance, which shall be clearly defined in the prospectus as determined by the Securities Commission for each period;
3. Refinancing previously issued green, social and sustainability bonds;
4. Pursuing other objectives as determined by the Securities Commission Office.

Article 3 Definition of Terms

The terms used in this Guideline have the following meanings:

1. **Green bond** refers to a debt securities used by a company as a means to raise funds for environmental management projects under the Law on Environmental Protection, such as: wind or solar power generation, green building, electric vehicle production, clean agriculture and other. This bond is divided into units, each with equal value and pre-determined returns in the same proportion. Holders of this corporate bond are considered creditors of the company.
2. **Social bond** refers to a debt securities used by a company as a means to raise funds for development of society and enhancement of people's quality of life, such as: health services, promotion of education and provision of clean water supply, community development and others. This bond is divided into units, each with equal value and pre-determined returns in the same proportion. Holders of this corporate bond are considered creditors of the company.
3. **Sustainability bond** refers to a debt securities used by a company as a means to raise fund to develop projects beneficial to environment and society, such as: promoting the use of public vehicles, developing clean air, waste management, promoting reuse and others. This bond is divided into units, each with equal value and pre-determined returns in the same proportion. Holders of this corporate bond are considered creditors of the company.
4. **External Review Provider** refers to an entity that provides external review services with criteria and credibility as recognized by the International Capital Market Association and Climate Bond Initiative.

Article 4 Scope of Application

This Guideline applies to companies intending to issue green, social and sustainability bonds, companies that have already issued such bonds, External Review Provider and other relevant parties involved in the issuance of green, social and sustainability bonds in Lao PDR.

Section 2

Issuance of Green, Social and Sustainability Bonds in Lao PDR

Article 5 Preparing for the Issuance of Green, Social and Sustainability Bonds

Companies that intend to issue green, social and sustainability bonds must adhere to the following steps:

1. Selection of types of investment projects related to the issuance of green, social and sustainability bonds;
2. Implementation of ASEAN standards according to each type of investment project as outline below:
 - 2.1 For the issuance of green bonds, compliance with ASEAN Green Bond Standards and/or International Capital Market Association Green Bond Principles is required;
 - 2.2 For the issuance of social bonds, compliance with the ASEAN Social Bond Standards and/or the International Capital Market Association Social Bond Principles is required;

2.3 For the issuance of sustainability bonds, compliance with the ASEAN Sustainability Bond Standards and/or the International Capital Market Association Sustainability Bond Guideline is required;

2.4 Other international standards as agreed by the Securities Commission Office.

3. Determine the mechanism, procedure, internal management regarding the use of capital raised through certification from an External Review Provider. This ensures that investors can trust the specified operating procedures, such as: investment project selection, capital management and reporting following the issuance of bonds.

For details standards regarding the issuance of green, social and sustainability bonds as defined in Clause 2 of this Article, please refers to the attached document.

Article 6 Conditions for Issuance of Green, Social and Sustainability Bonds

Issuance of green, social and sustainability bonds shall adhere to the conditions stipulated in the Decision on the Issuance of Corporate Bonds (revised version).

Article 7 Document Attached to the Request for Issuance of Green, Social and Sustainability Bonds

Companies intending to issue green, social and sustainability bonds must submit documents as stipulated in Article 29 of the Law on Securities (revised version) regarding the attached document to the request for issuing corporate bonds. In addition, the following additional documents must be provided:

1. Framework report for the investment project of green, social and sustainability bonds;
2. Review report by an External Review Provider;
3. Any other documents as determined by the Securities Commission Office.

Companies that aim to issue green, social and sustainability bonds must appoint an External Review Provider to prepare the review report on each occasion, and be responsible for the content and information specified in the document.

Article 8 Consideration of Issuance of Green, Social and Sustainability Bonds

The consideration of issuing green, social, sustainability bonds in Lao PDR shall comply with the provisions outlined in Article 6 of the Decision on the Issuance of Corporate Bonds (revised version).

Section 3 External Review Provider

Article 9 Appointment of External Review Provider

Companies intending to issue green, social and sustainability bonds shall appoint an External Review Provider as determined by the Securities Commission Office in each occasion.

Companies intending to issue green, social and sustainability bonds which uses the services of an External Review Provider must comply with tax obligations as defined in relevant laws and regulations.

Article 10 Services of External Review Provider

Services of External Review Provider include assessing the alignment of the Green, Social and Sustainability Bond Framework for investment project with the four core components of the International Capital Market Association or the ASEAN Green, Social and Sustainability Bond Principles. These components include Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds, and Reporting.

Article 11 Type of Certification by External Review Provider

Companies intending to issue green, social and sustainability bonds can choose one of the following type of certification by an External Review Provider:

1. Second Party Opinion;
2. Verification or Assurance;
3. Certification;
4. Scoring / Rating.

Section 4 Reporting and disclosure of information

Article 12 Reporting

Companies intending to issue green, social, and sustainability bonds must report in accordance with the provisions set forth in the Decision on Reporting and Information Disclosure of Securities Issuing Companies and Registered Companies (revised version). Additionally, additional report shall be made in accordance to Article 13 of this Guideline.

Article 13 Disclosure of Information

The issuer issuing green, social or sustainability bonds shall disclose information in accordance with the provisions set forth in the Decision on Reporting and Information Disclosure of Securities Issuing Companies and Registered Companies (revised version). Additionally, the following information must be disclosed:

1. A framework report for investment project;
2. Environmental impact assessment report;
3. A letter from External Review Provider confirming the result of the review;
4. Any change in type of investment;
5. An annual report until bond proceeds have been properly allocated;
6. A report on the utilization of bond proceeds until bond proceeds have been fully used;
7. The remaining balance of unallocated bond proceeds at the end of the reporting period;
8. A brief description of the projects;
9. The amount allocated per project/activity and its expected impact;
10. Other disclosure as determined by the Securities Commission Office.

Article 14 Channels of Information Disclosure

The information defined in Article 13 of this Guideline shall be disclosed via website of the company issuing green, social and sustainability bonds. In case of a listed company, the disclosure of information must strictly comply with the Decision on Reporting and Information Disclosure.

Section 5 Final provisions

Article 15 Implementation

The Securities Commission Office is responsible for the implementation of this Guideline to ensure effective result.

Companies intending to issue green, social and sustainability bonds, companies that have already issued such bonds, External Review Providers and other relevant parties involved in the issuance of green, social and sustainability bonds in Lao PDR shall acknowledge and adhere to this guideline strictly.

Article 16 Effectiveness

This Guideline shall take effect from the date of signature.

Vice Chairman of the Securities Commission