Which role for the Italian Stock Exchange?

Encouraging Growth. Expanding opportunities.

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Patrizia Celia
Head of Large Caps & Market Intelligence
Borsa Italiana – London Stock Exchange Group
Encouraging growth, expanding opportunities

As part of its Corporate Responsibility strategy, LSEG aims to play a significant role in global sustainable growth.

<table>
<thead>
<tr>
<th>1. Our markets</th>
<th>2. Our services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>promoting the dynamic companies and asset classes that will ensure long-term economic prosperity</strong></td>
<td><strong>enabling investors to make informed and sustainable investment decisions</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Change</th>
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<tbody>
<tr>
<td>Help more companies improve the sustainability of their business via an integrated thinking strategy</td>
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<table>
<thead>
<tr>
<th>Growth</th>
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<tbody>
<tr>
<td>Help businesses raise capital and fund investments for growth and create employment worldwide</td>
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<table>
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<tr>
<th>Disclose</th>
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<tr>
<td>Provide investors with info and tools to assess Companies strategy, performance and governance, to enable engagement and investment</td>
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<table>
<thead>
<tr>
<th>Manage risk</th>
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<tbody>
<tr>
<td>Reduce risks and improve the efficiency of trading and clearing through our markets</td>
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Our CR credentials

London Stock Exchange Group is a member of

Sustainable Stock Exchanges Initiative

and a signatory of the Paris Pledge for Action

LSEG is included in a number of sustainability indices. We continue to report to the Carbon Disclosure Project.

FTSE4Good

Dow Jones Sustainability Indices
In Collaboration with RobecoSAM
1. Our markets
Supporting the dynamic companies that will ensure long-term economic prosperity

The markets we operate facilitate funding for businesses to enable their growth and support long-term economic prosperity.

<table>
<thead>
<tr>
<th>Market designation</th>
<th>Not public</th>
<th>Exchange regulated</th>
<th>EU Regulated</th>
<th>Official List &amp; EU Regulated</th>
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</thead>
</table>

<table>
<thead>
<tr>
<th>Funding requirement</th>
<th>€ 50 m</th>
<th>€ 150 m</th>
<th>€ 1 bn</th>
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</table>

- Concept & seed stage
- Start-Up
- Early Stage
- Expansion
- Consolidation & further capital raising
- Diversification of investors, M&A and International Expansion

**Strategic consideration**
The long term objective of ELITE is to improve fast growing companies’ access to more sophisticated skill-sets, network and a diversified capital pool in order to accelerate scale-up opportunities.
ELITE: the three-phased programme

PHASE 1
A comprehensive training program for founders and managers to get the best standard of management and access to funding option

PHASE 2
Progressive adoption of new management practices with the support of a dedicated virtual advisory team

PHASE 3
Get the benefits associated with the new model and access new business and networking opportunities and funding options

Continued access to the entire ELITE Community across Europe via the online platform
ELITE Club Deal

- ELITE Club Deal aims at supporting ELITE companies financial needs bridging the gap towards the public market.
AIM and AIM Italia

Since its launch in 1995, AIM has supported over 3,580 companies in raising £39.4 billion at admission to the market and £50.6 billion of further funds.

Today 1000 listed companies in the UK £ 83.0 Bn total market capitalisation

AIM Italia is the Italian growth market. Launched in 2009 based on AIM experience to help smaller and growing companies raise capital for expansion.

79 listed companies
€ 2.6 Bn total market capitalisation
€ 44 Mn average market capitalisation at IPO
€ 1,038 Mn capital raised at IPO

Source: Borsa Italiana, MA PMK, September 2016
Main Market & MTA

1263 listed companies
£ 4,297.3 Bn total market capitalisation

322 listed companies
of which 312 Italian companies
€ 453 Bn total market capitalisation
Other 66 international companies (GEM)

Breakdown by market capitalization ranges (€M) of Italian companies

Other 66 international companies (GEM)

Source: Borsa Italiana, MA PMK, September 2016
LSEG and Green Financing

LSEG is a partner exchange of the United Nations Sustainable Stock Exchanges (SSE) initiative.

London Stock Exchange Group’s activity in green financing is focussed on two key areas: fixed income products and information services/indices. Through a range of new initiatives, LSEG intends to broaden its offering and support London in becoming the preferred listing venue for debt and equity Low Carbon Economy (LCE) financial instruments.

Through its FTSE Russell business, LSEG is looking at further opportunities to increase transparency in the green bond market, by providing issuers with a more efficient tool to report on sustainable initiatives, and offering investors a comprehensive product to assess a wide range of financial instruments against an innovative Low Carbon Economy (LCE) framework.

In 2015, 12 green bonds were listed on LSE – this translated to a 14.5% market share of total green bond on EEA exchanges.

London Stock Exchange has launched a range of dedicated ‘green bond’ segments, offering issuers a flexible range of market models, covering both Regulated Market (RM) and MTF segments, comprising retail and wholesale, and offering the choice of trade reporting, end-of-day and continuous quoting.

No other global exchange has such a comprehensive specialist offering for green bonds.

Issuers can benefit from the additional transparency of secondary market trading and global reach of the London markets.

“Together with the London Stock Exchange, UNEP and the Cambridge Institute for Sustainability Leadership, we hope to impress upon you London’s commitment to build on existing market activity to ensure that green finance sits right at the very top of the financial industry’s agenda.”

Mark Boleat,
Policy Chairman City of London
# Green Bonds Key Milestones

LSEG is a recognised supporter of the Green Bond market and has established strong relationships with key market participants.

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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<tbody>
<tr>
<td>2009</td>
<td>LSE’s First Green bond</td>
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<tr>
<td>2014</td>
<td>First RMB Green bond</td>
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<tr>
<td>2015</td>
<td>LSE expands range of dedicated Green bond segments</td>
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<tr>
<td>2016</td>
<td>LSEG joins the City of London’s Green Finance Initiative</td>
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<td>2009</td>
<td>First RMB Green bond</td>
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<td>2015</td>
<td>First offshore RMB Green bond for ABC and largest Green bond listed on LSE</td>
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<td>2016</td>
<td>LSE becomes first global exchange to join the Climate Bonds Partnership Program</td>
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<td>2014</td>
<td>May 2014 LSE joins UN’s Sustainable Stock Exchanges (SSE) initiative</td>
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<tr>
<td>2015</td>
<td>TfL’s debut Green Bond</td>
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<tr>
<td>2016</td>
<td>November 2015 LSE becomes an Observer to the internationally-recognised ICMA Green Bond Principles guidelines</td>
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**LSEG**

Stock Exchange Group

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**Borsa Italiana**

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**LSE**

Stock Exchange Group

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**London**

Stock Exchange Group

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**TfL**

Transport for London

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**ICMA**

International Capital Markets Association

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**SSE**

Sustainable Stock Exchanges initiative

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**Green Bond Principles**

Guidelines for green bond issuers.
2. Our approach
As a Stock Exchange Group we are positioned at the critical juncture between issuers and investors.

Investment professionals are becoming more and more interested in understanding how Environmental, Social and Governance (‘ESG’) matters affect businesses.

While acknowledging that ESG information is a fast-developing aspect of valuation, investors and companies need to focus on material data, more connectivity and consistently applied frameworks.
Improve the sustainable integrated thinking and the transparency of reporting focusing on materiality

UN Sustainable Stock Exchanges

Italian Corporate Governance Code

What’s next?
LSEG ESG Guidance
3. Our initiatives
Support Italian listed companies in engaging with a wide and international network of investors

New categories of investors and trends are emerging; International trading routes are deepening and broadening, expanding networks and requiring a higher effort in engaging with investors.

1,400 investment firms and 7,500 funds from 50 countries
355 cities in the world from 47 countries

Over 3,200 requested meetings involving over 500 international institutional investors

- SMALL Caps Conference in Milan
- STAR Conference in Milan and London
- Industry focused conferences: L&F – Italian Lifestyle Day, Italian Infrastructure Day
- Thematic conferences and workshops: SWFs, Pension Fs, SRIs, Italian Sustainability Day
- Italian Equity Roadshows in North America, Asia and London

Source: Factset, statistics as of June 2016
### Other Italian initiatives

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Description</th>
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<tr>
<td>Borsa Italiana hosts Italy Corporate Governance Conference</td>
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<td>Borsa Italiana supports the CDP Italy annual event</td>
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<td>Borsa Italiana at Sustainable and Responsible Investment (SRI) Week</td>
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<td>Borsa Italiana at Italian National Pension Funds Day</td>
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<td>Initial monitoring of SRIs on the Italian market</td>
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<td>One to one interviews and small group meetings with issuers and investors</td>
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<td>Cooperation with institutions, Confindustria, auditing firms and strategic advisers</td>
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<tr>
<td>Speech at public event organised by other stakeholders (investors, companies, intermediaries)</td>
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### Other International initiatives

<table>
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<td>“A Masterclass in Financial Markets” for a delegation from the Mozambique Stock Exchange (BVM)</td>
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<td>Collaboration agreement signed between LSEG and CSE to launch ELITE in Morocco</td>
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<td>The 1000 Companies to Inspire Britain report and the SME Apprenticeship Scheme dedicated to AIM quoted companies</td>
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<td>Green Exchange-Traded Funds (ETFs) on both London and Milan markets</td>
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<td>IOSCO Principles: FTSE Russell issued a Statement of Compliance</td>
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<td>FTSE Russell/Johannesburg Stock Exchange Responsible Investment Series</td>
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<td>FTSE4Good Bursa Malaysia</td>
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<td>Charity Bonds Waiver Scheme</td>
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