

Q3 2021

# ESG Finance Report

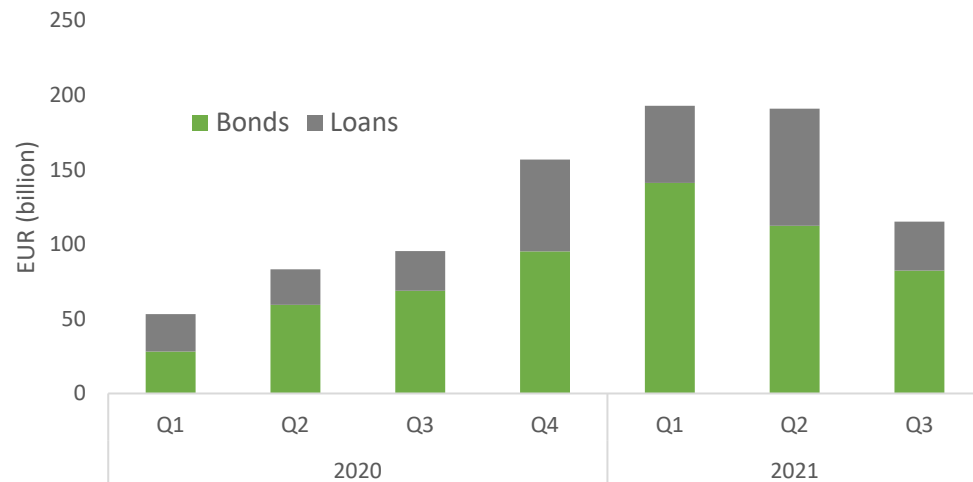
European Sustainable Finance



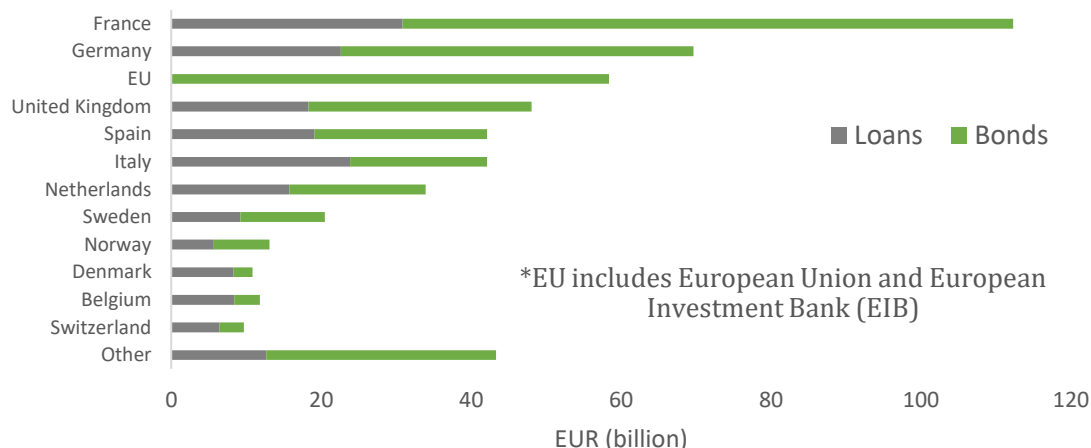
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# Key findings

## 1.1 European ESG Bond and ESG-linked Loan Issuance 2020-21



## 1.2 European ESG Bond and ESG-linked Loan Issuance by Country YtD (Q1-Q3) 2021



Source: Dealogic

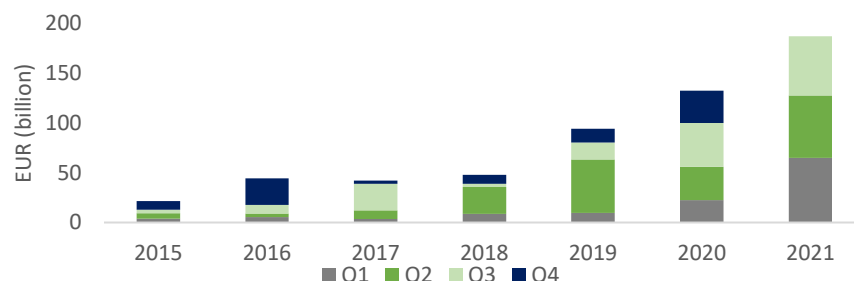
ESG bond and loan issuance decelerated in Q3 2021 compared to Q2 2021. The decline was driven by lower sustainable-linked and green-linked loan origination, seasonal factors, and the finalisation of the EU SURE scheme which in previous quarters significantly contributed to expand the size of the social bond market.

Notwithstanding the quarterly decline, year-to-date ESG bond and loan issuance volumes (€498.9bn) have already surpassed the total amount issued in 2020FY (€388.7bn).

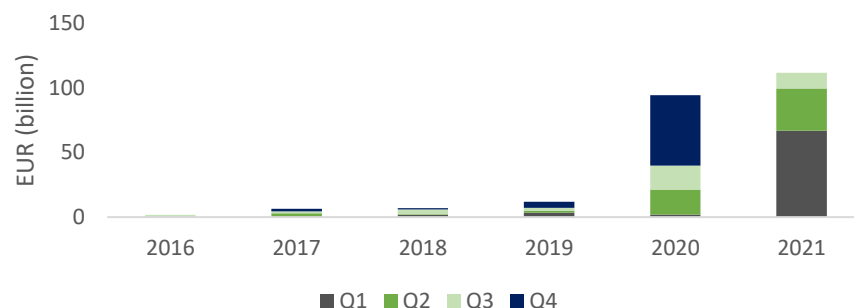
In the first three quarters of the year, the top issuers of ESG bonds and loans were located in France, Germany and the UK. The EU institutions have significantly contributed to expand the market size with the issuance of EUR 58.3bn ESG-labelled bonds during the year. [See graph 1.2].

# Key findings

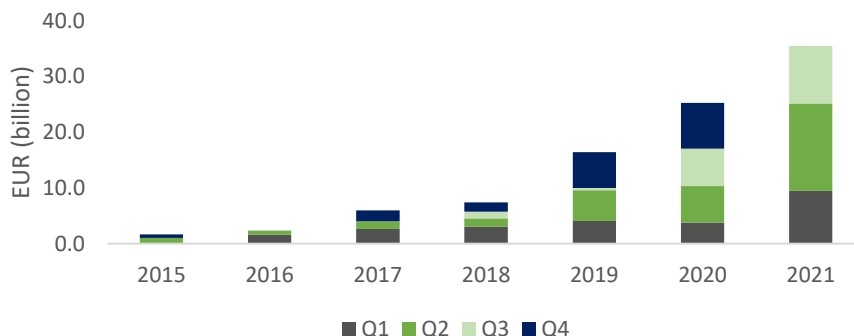
## 1.3 European Green Bond Issuance 2015-21 (Q3)



## 1.4 European Social Bond Issuance 2016-21 (Q3)



## 1.5 European Sustainable Bond Issuance 2015-21 (Q3)



Source: Dealogic

ESG Bond issuance comprises Green, Social and Sustainable bonds and totalled EUR 334.51 bn in Q1-Q3 2021, up 113.6% from the issuance of 156.6 bn in Q1-Q3 2020.

61.1% of ESG bonds issued during Q1-Q3 2021 were originated by the official sector, 30.8% by corporates and 0.4% in ABS/RMBS.

- Green Bond issuance increased 35.6% YoY, to EUR 59.8 bn in Q3 2021 from EUR 44.1 bn in Q3 2020.
- Social Bond issuance decreased by 35.3% to EUR 12.3 bn in Q3 2021 from EUR 18.7 bn in Q3 2020.
- Sustainable Bond issuance increased by 56% to EUR 10.3 bn in Q3 2021 from EUR 6.6 bn in Q3 2020.

ESG securitisation issuance in the first three quarters of 2021 reached EUR 7.5bn from eight ESG deals covering a variety of asset classes (RMBS, consumer ABS, and on-balance sheet ABS). This represents a substantial increase from EUR 2.1 bn issued in 2020FY.

## Top 5 ESG bond issues by amount in Q3 2021

Environmental	Amount (EUR bn)	Maturity date	ISIN
United Kingdom sovereign (green Gilt)	11.67	31/07/2033	GB00BM8Z2S21
Spain sovereign	5.00	30/07/2042	ES00000012J07
KfW	4.00	15/09/2031	XS2388457264
Germany sovereign (green Bund)	3.50	15/08/2031	DE0001030732
France sovereign (green OAT) – tap issue	1.92	25/06/2044	FR0014002JM6

Social	Amount (EUR bn)	Maturity date	ISIN
CADES	5.0	15/09/2031	FR0014005FC8
UNEDIC	2.0	25/11/2031	FR0014004QY2
Credit Agricole Home Loan SFH SA	1.0	12/04/2028	FR0014004EJ9
Nederlandse Waterschapsbank	1.0	28/09/2046	XS2391832719
NRW.Bank	1.0	22/09/2028	DE000NWB0AP2

Sustainability	Amount (EUR bn)	Maturity date	ISIN
Agence française de développement - AFD	2.0	29/09/2031	FR0014005NA6
Action Logement Services	1.0	05/10/2031	FR0014005SE7
Eurocaja Rural SCC	0.7	22/09/2031	ES0457089029
Légrand SA	0.6	06/10/2031	FR0014005OK3
Caixa Geral de Depositos SA - CGD	0.5	21/09/2027	PTCGDCOM0037

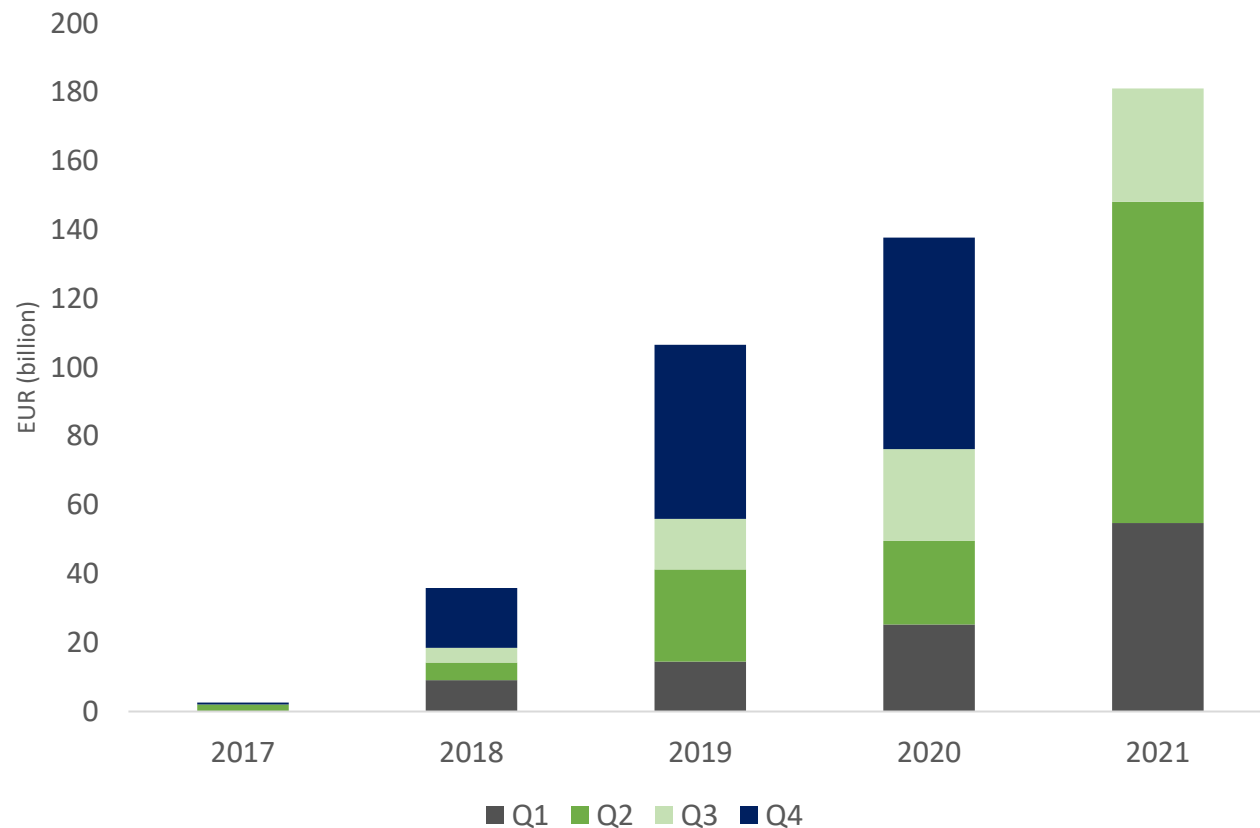
Source: Dealogic

In Q3 2021, the UK and Spain notably issued inaugural sovereign green bonds of £10bn and €5bn respectively. The inaugural green Gilt was the largest green bond issued during Q3 2021.

French government agencies were among the highest issuers of social and sustainable bonds in Q3, with large originations by Caisse d'amortissement de la dette sociale (CADES), UNEDIC, and the Agence française de développement (AFD).

While issued in October 2021 and therefore not covered in detail in this report, it is worth highlighting the launch of the inaugural EU green bond under the Next Generation EU (NGEU) programme, which constitutes the largest European green bond issue to date at EUR 12bn. The bond was more than 11 times oversubscribed.

## 1.6 European Sustainability-linked and Green-linked Loan Issuance 2017-21 (Q3)



Source: Dealogic

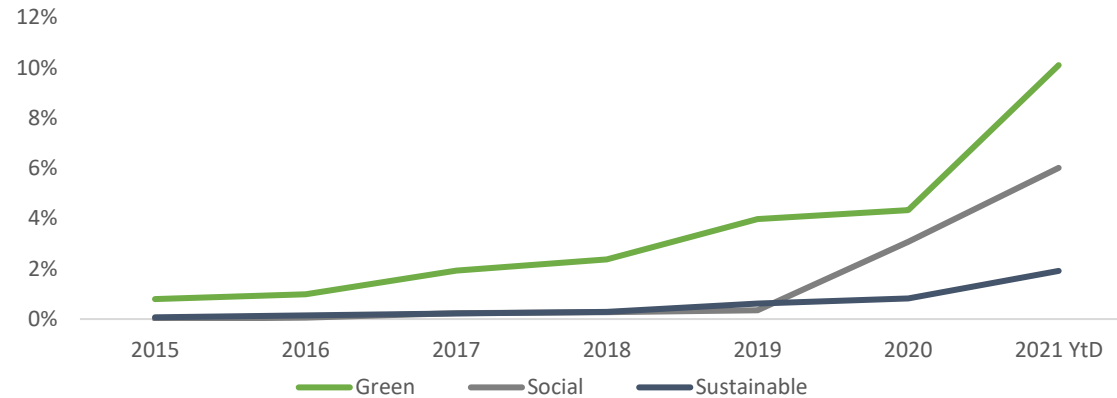
Sustainability-linked and green-linked loan issuance increased 23.2%YoY to EUR 32.9 bn in Q3 2021 from EUR 26.7 bn in Q3 2020 but decelerated from the rapid expansion observed in previous quarters of the year.

The majority of sustainability-linked and green-linked loan issuance in the syndicated loan market in Q3 2021 were social loans, which represented 85.5% of the Q3 2021 total, compared to 14.5% of green loans.

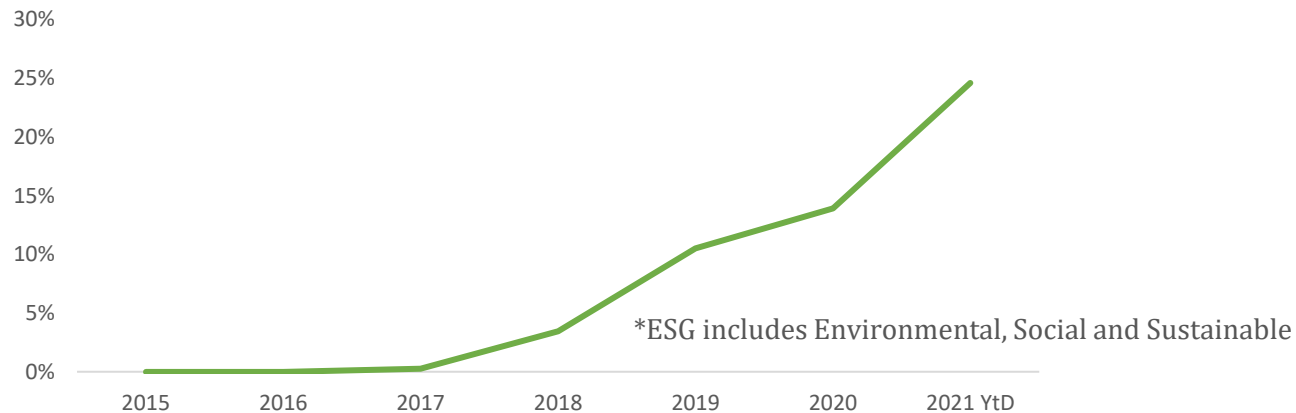


# Key findings

## 1.7 European ESG Bond Issuance as % of Total Bond Issuance



## 1.8 European Sustainability-linked and Green-linked Loan Issuance as % of Syndicated Loan Origination



Source: Dealogic

ESG bond issuance represented 18% of total European bond issuance during 2021 YtD, from 8.9% in 2020FY. This is comprised of 10.1% green bonds, 6% Social Bonds, and 1.9% Sustainable Bonds [See Chart 1.7]

Sustainability-linked and Green-linked loan issuance represented 24.6% of total European loan issuance during 2021 YtD, up from 13.9% in 2020FY [See Chart 1.8].

# Regulatory Update



## Q3

- EU Platform publishes reports on criteria for rest of env. objectives, social objectives and on harmful and low impact criteria
- EC launches CBAM/EU-ETS proposals
- EC launches Renewed Sustainable Finance Strategy and publishes EU Green Bond Standard proposal
- EC adopts DA on Art. 8 disclosures under Taxonomy Regulation
- ESAs to develop draft RTS on content, methodologies, presentation of sustainability indicators for securitisation disclosure
- EC to launch proposal on ESAP
- IOSCO launches a consultation on ESG ratings and data providers (final recommendations published in Q4)

## Q4

- AFME and Linklaters publish guide to navigating sustainable finance regulation (guide available [here](#))
- ESAs publish final report on draft SFDR RTS (Art. 8, Art. 9)
- EBA publishes results of EU-wide pilot exercise on climate risk
- EBA to publish final draft ITS on Pillar III disclosures
- EC published CRR3 proposals
- EC to publish Sustainable Corporate Governance proposal
- EC to publish FAQs on Art. 8 implementation issues
- EC to adopt Taxonomy DAs for remaining environmental objectives
- IPSF publishes reports on Common Ground Taxonomy Report and Report on ESG disclosures
- IFRS Foundation announces establishment of International Sustainability Standards Board
- HMT publishes UK 'Greening Finance' Roadmap
- HMT publishes Net Zero-aligned Financial Centre initiative to require UK financial institutions to publish a firm-level transition plan
- FCA publishes discussion paper on Sustainability Disclosure Requirements and investment labels
- EU Platform to publish reports on taxonomy extension options and on a social taxonomy
- IPSF publishes Common Ground Taxonomy
- BCBS consults on Principles for the effective management and supervision of climate-related financial risks

2022

Q1

- EC to publish report on potential taxonomy extensions (initially scheduled for Q4 2021)
- EC to adopt complimentary Delegated Act on the inclusion of energy from nuclear power or natural gas in the EU Taxonomy Regulation
- ECB to conduct supervisory review of bank practices, based on 2021 self-assessment
- EBA report on prudential treatment of green/brown assets

Q2

- EC JRC to publish final criteria for Ecolabel
- ECB to conduct supervisory stress-test on climate-related risk
- EC to publish draft review of the Shareholder Rights Directive II
- EU Platform to publish a report on the application of Taxonomy Regulation
- PRA BES Climate risk stress test

Q3

- EU Platform to publish a report on updating criteria for all six environmental objectives

Q4

- EC to adopt 1st set of sustainability reporting standards under CSRD

2023-2025

2022-2024

- EBA to launch Discussion Paper on prudential treatment of assets from a sustainability perspective
- EBA to publish Guidelines on ESG integration in risk management and supervision

Q4 2023

- EC to adopt 2nd set of sustainability reporting standards under CSRD

2025

- EBA to publish final report on prudential treatment of assets from a sustainability perspective
- HMT deadline for mandatory TCFD-aligned disclosures across the economy

# afme / Glossary of Regulatory Abbreviations

Finance for Europe

**BoE:** Bank of England

**CBAM:** Carbon Border Adjustment Mechanism

**CSRD:** Corporate Sustainability Reporting Directive

**DA(s):** Delegated Acts

**EC:** European Commission

**ECB:** European Central Banks

**ESAP:** European Single Access Point

**EU Platform:** European Platform on Sustainable Finance

**EU-ETS:** EU Emissions Trading System

**IPSF:** International Platform on Sustainable Finance

**ITS:** Implementing Technical Standards

**JRC:** European Commission Joint Research Centre

**NFRD:** EU Non-Financial Reporting Directive

**PAI:** Principal Adverse Impact

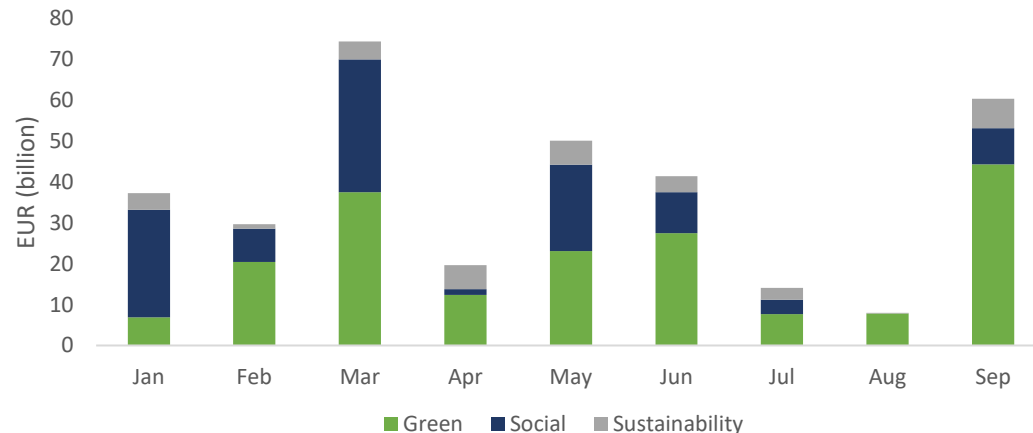
**RTS:** Regulatory Technical Standards

**SFDR:** Sustainable Finance Disclosures Regulation

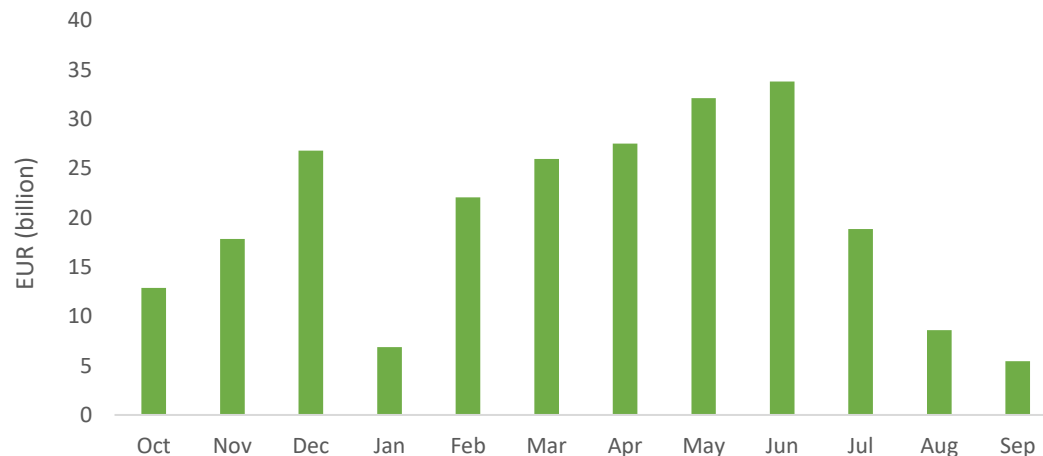
# ESG Bond and Loan Issuance

# ESG Bond and Loan Issuance

## 2.1 Monthly European ESG Bond Issuance: 2021YtD (Q1-Q3)



## 2.2 Monthly European sustainability-linked and Green-linked Loan Issuance: 2021YtD (Q1-Q3)



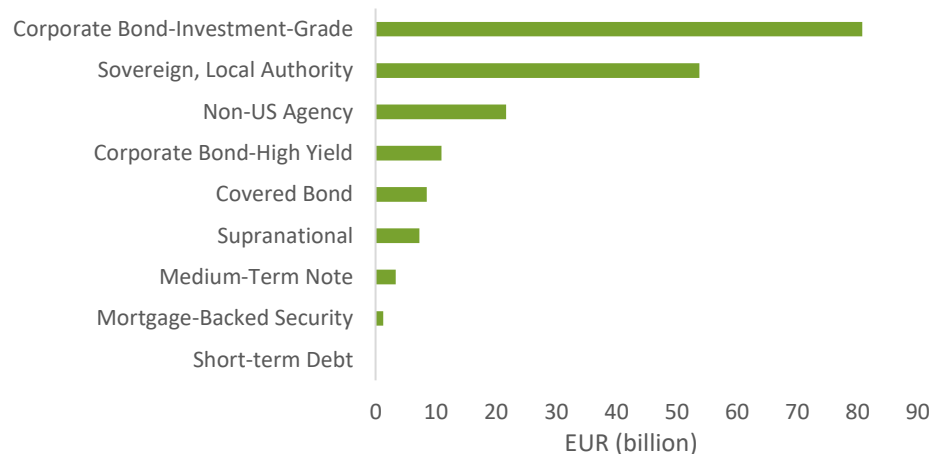
Source: Dealogic

ESG bond issuance has averaged EUR 37.17 bn per month during 2021 (as of Q3), a large increase from the average monthly supply observed in 2020FY (EUR 21.04 bn) and in Q1-Q3 2020 (EUR 17.4 bn).

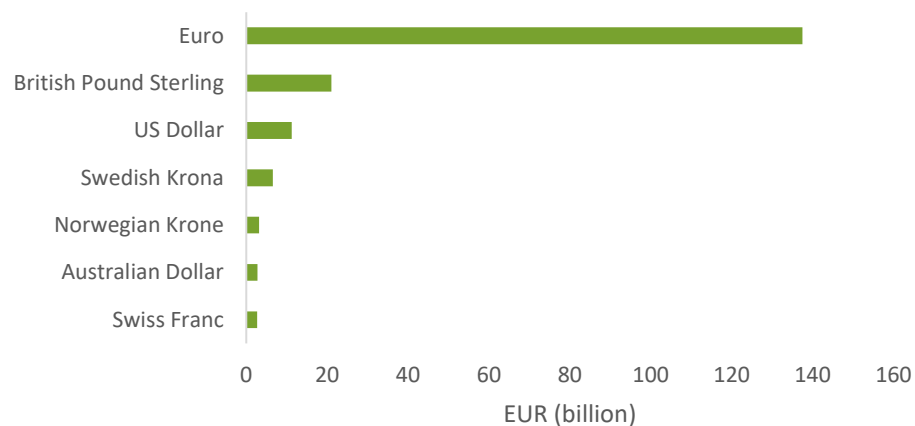
Following the summer recess, September was the second-highest month for ESG bond issuance during the year at EUR 60.3 bn, predominantly driven by an increase in green bond issuance. Notably the inaugural green *Gilt* the inaugural Spanish sovereign green bond, and a new German Federal green bund contributed to the total.

Sustainability-linked and green-linked loan issuance has decelerated consistently since June 2021, with a significant drop in loans (to 5.45 bn, lowest for 2021) in September. This has been driven predominantly by a decline in sustainability-linked loan issuance, both investment grade and leveraged lending.

## 2.3 European Green Bond Issuance by Deal Type: YtD (Q1-Q3) 2021

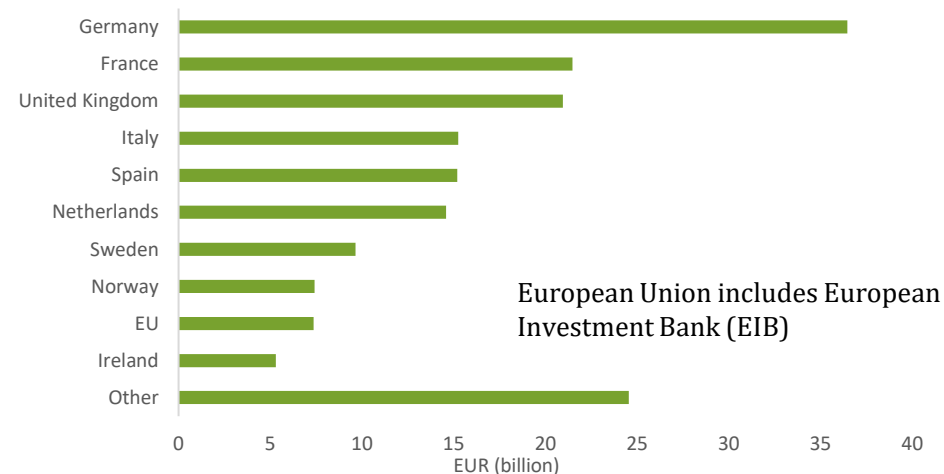


## 2.5 European Green Bond issuance by Currency: YtD (Q1-Q3) 2021

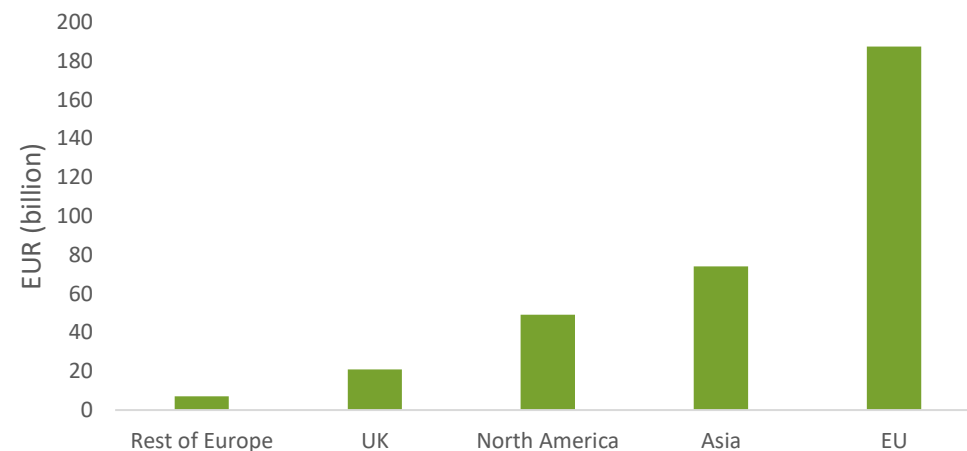


Source: Dealogic

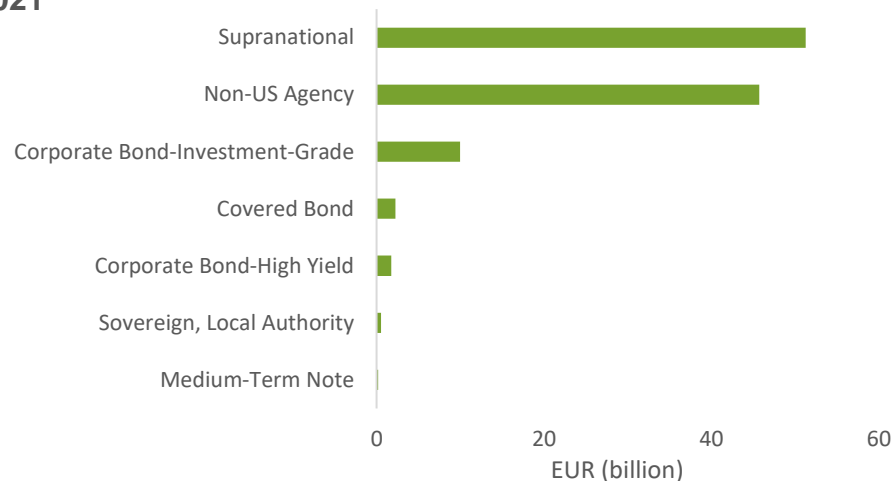
## 2.4 European Green Bond Issuance by Country: YtD (Q1-Q3) 2021



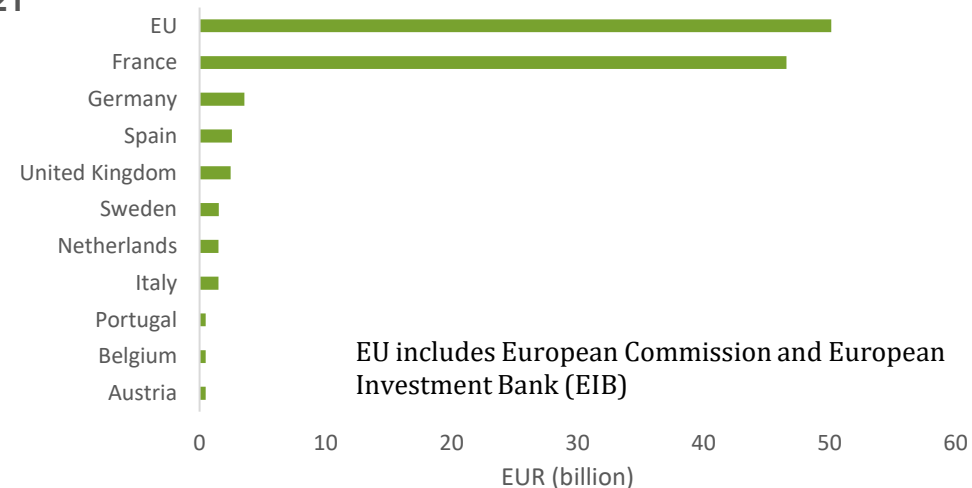
## 2.6 European Green Bond Issuance Global Comparison: YtD (Q1-Q3) 2021



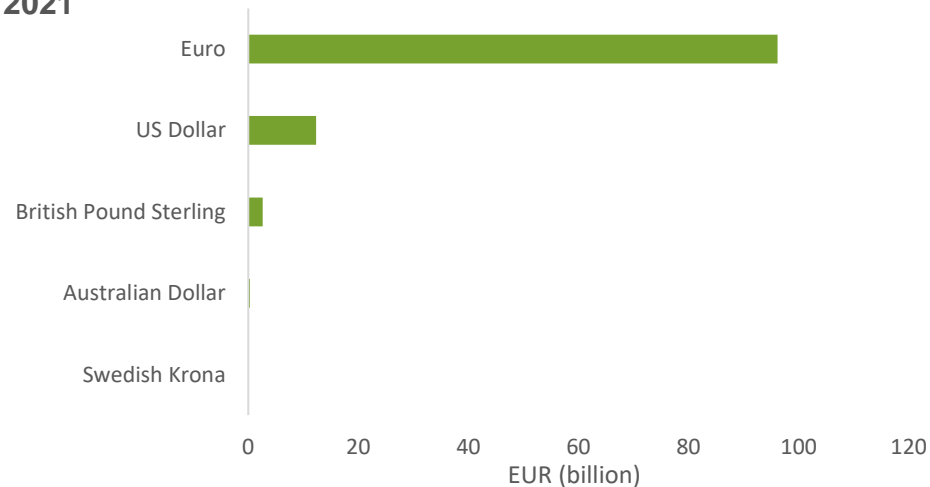
**2.7 European Social Bond Issuance by Deal type: YtD (Q1-Q3) 2021**



**2.8 European Social Bond Issuance by Country: YtD (Q1-Q3) 2021**



**2.9 European Social Bond Issuance by Currency: YtD (Q1-Q3) 2021**



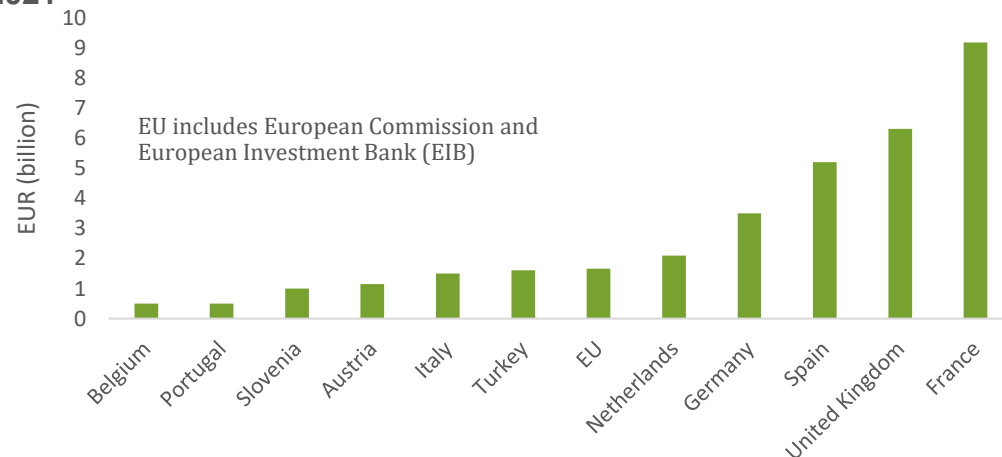
Source: Dealogic

**2.10 European Social Bond Issuance Global Comparison: YtD (Q1-Q3) 2021**

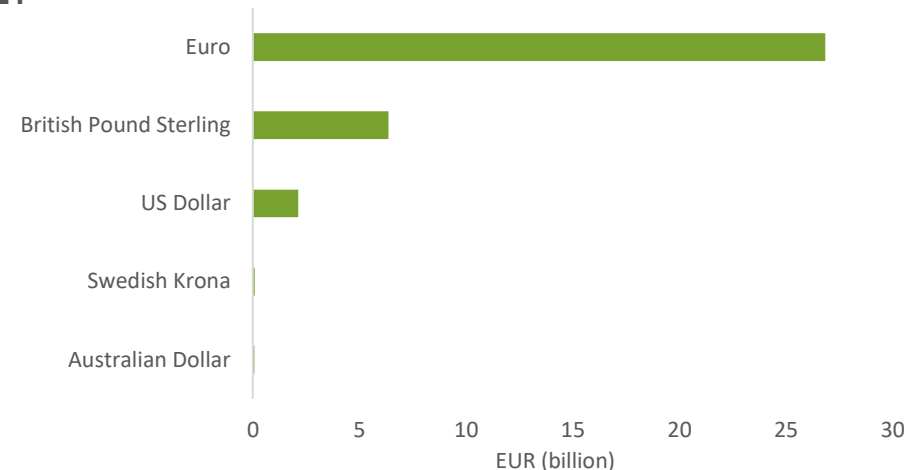




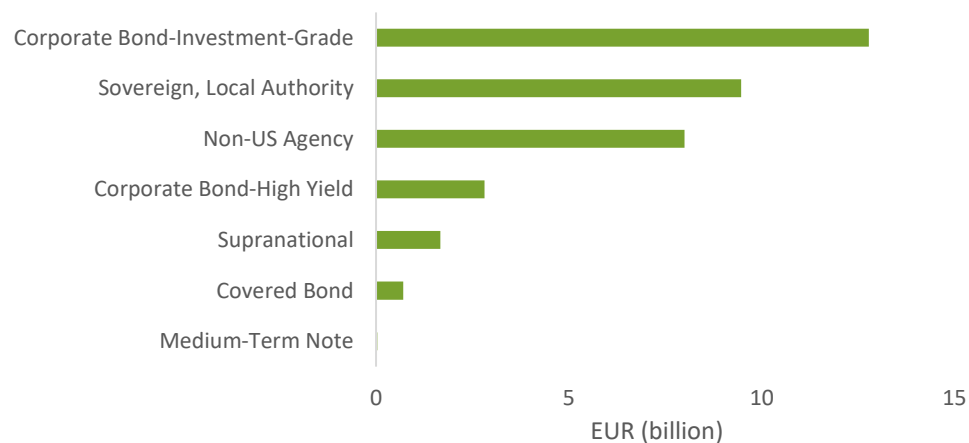
**2.11 European Sustainable Bond Issuance by Country: YtD (Q1-Q3) 2021**



**2.12 European Sustainable Bond Issuance by Currency: YtD (Q1-Q3) 2021**

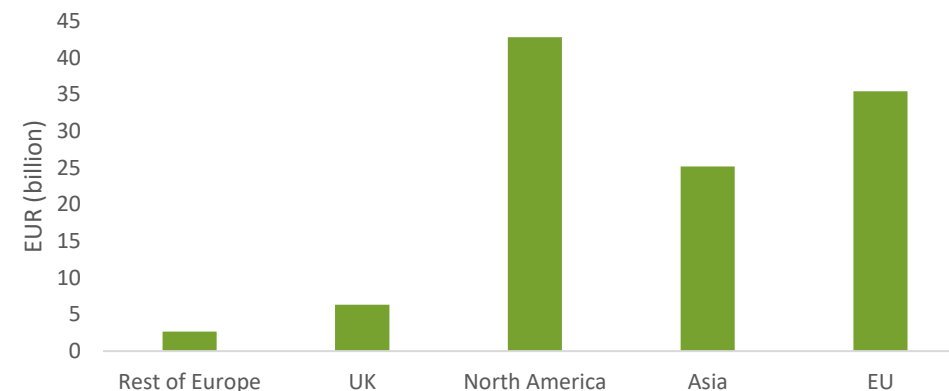


**2.13 European Sustainable Bond Issuance by Deal Type: YtD (Q1-Q3) 2021**

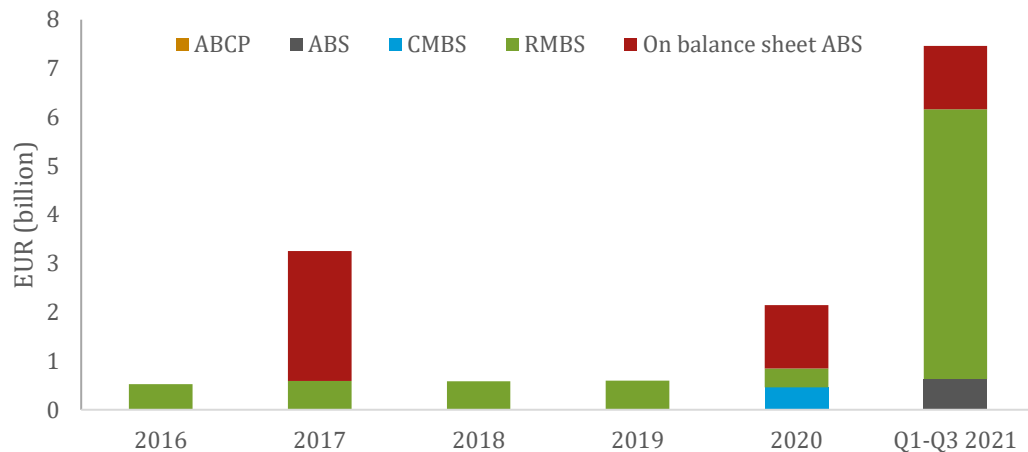


Source: Dealogic

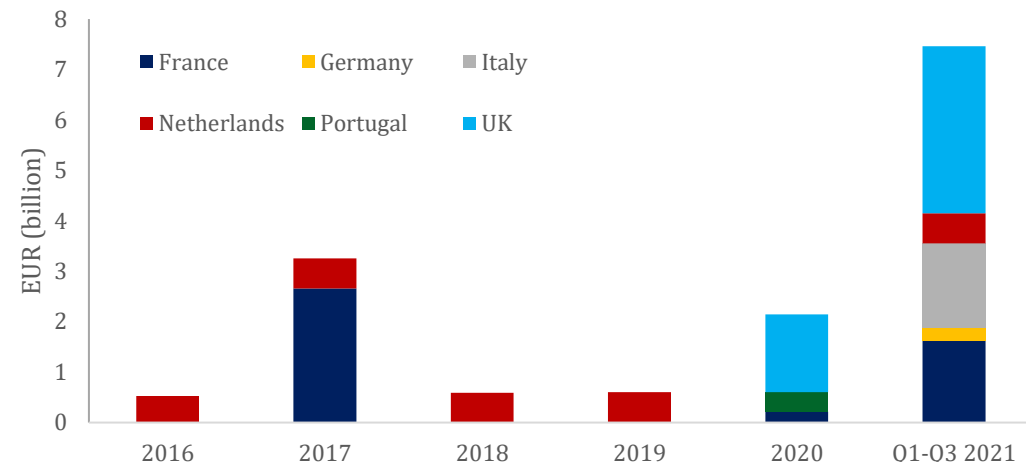
**2.14 European Sustainable Bond Issuance Global Comparison: YtD (Q1-Q3) 2021**



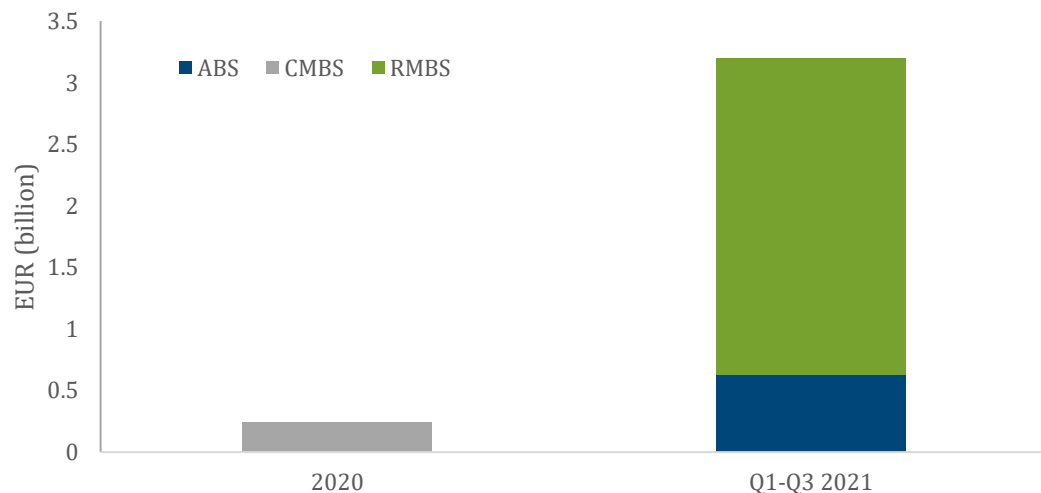
**2.15 European ESG Securitisation Issuance by Asset Class**



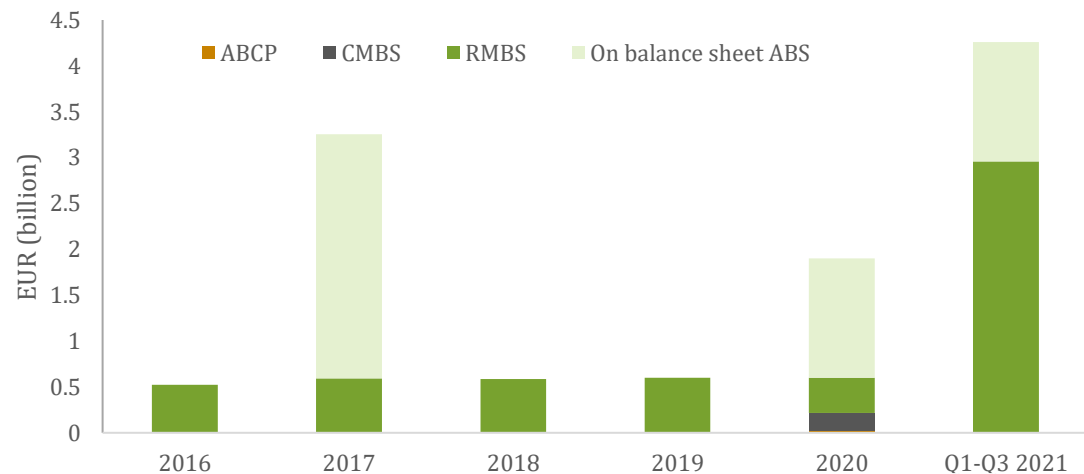
**2.16 European ESG Securitisation Issuance by Country**



**2.17 European Social Securitisation Issuance by Asset Class**



**2.18 European Green Securitisation Issuance by Asset Class**

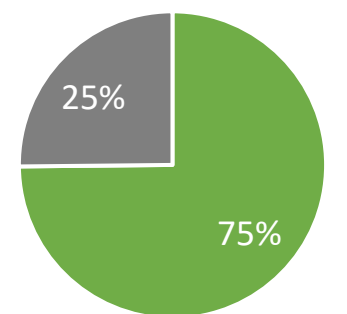


Source: Climate Bond Initiative, Credit Agricole, S&P, and European Data Warehouse

\*The data by country correspond to the location of the bank originator

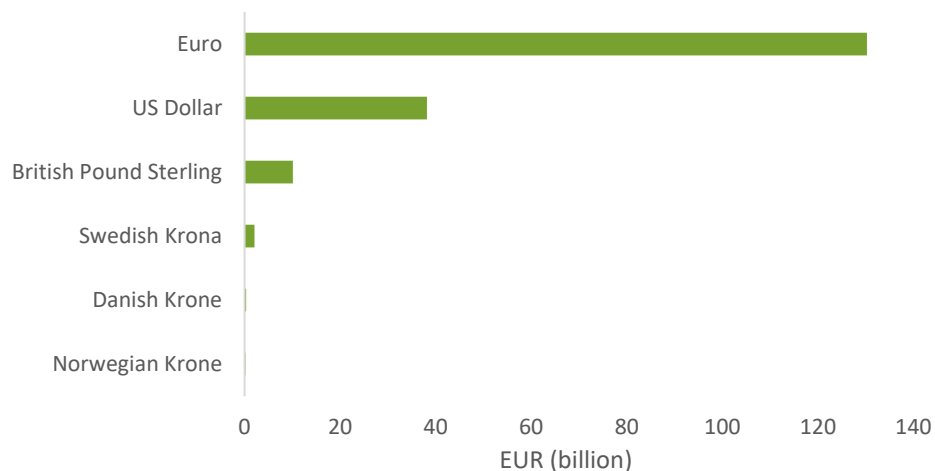
# ESG Linked and Green linked Loan Issuance

**2.19 European ESG linked and Green linked Loan Issuance by Deal Type: YtD (Q1-Q3) 2021**



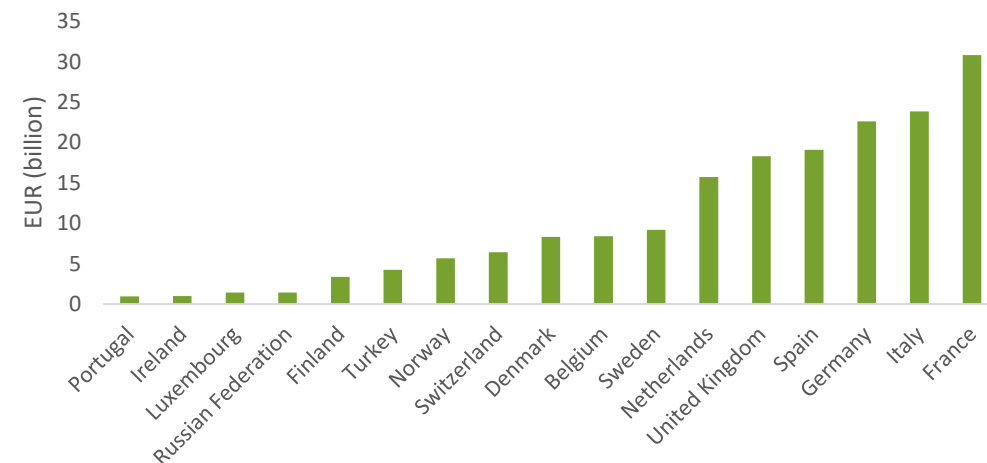
■ Investment Grade ■ Leveraged

**2.21 European ESG linked and Green linked Loan Issuance by Currency: YtD (Q1-Q3) 2021**

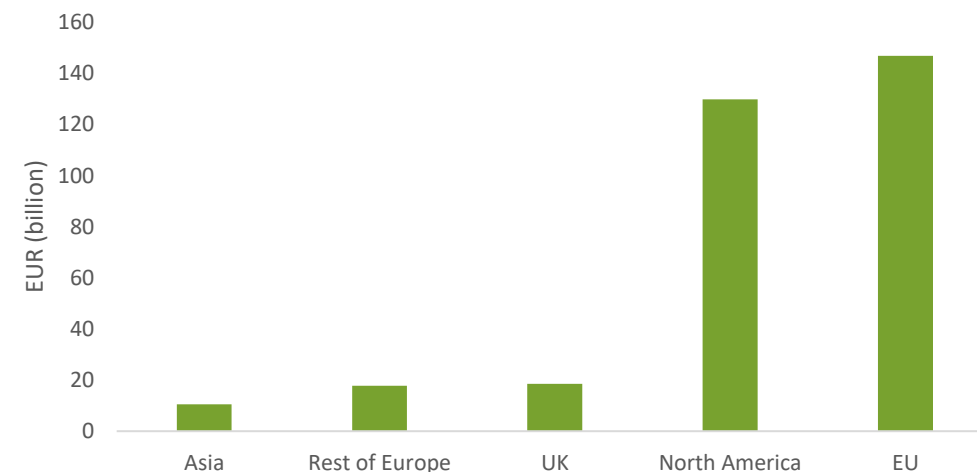


Source: Dealogic

**2.20 European ESG linked and Green linked Loan Issuance by Country: YtD (Q1-Q3) 2021**



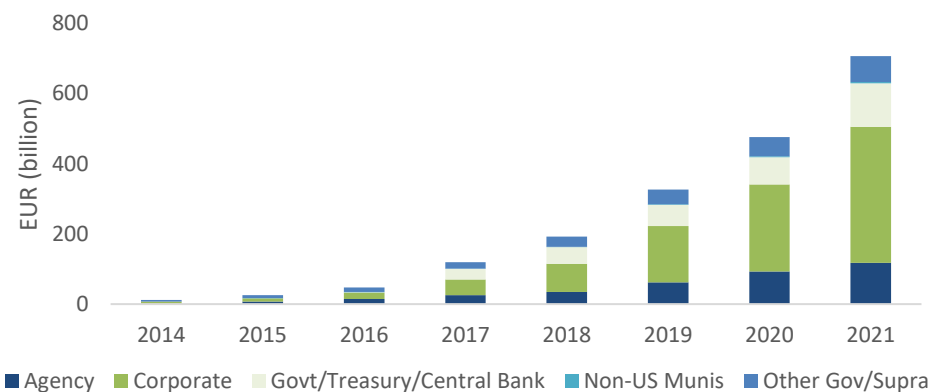
**2.22 European ESG linked and Green linked Loan Issuance Global Comparison: YtD (Q1-Q3) 2021**



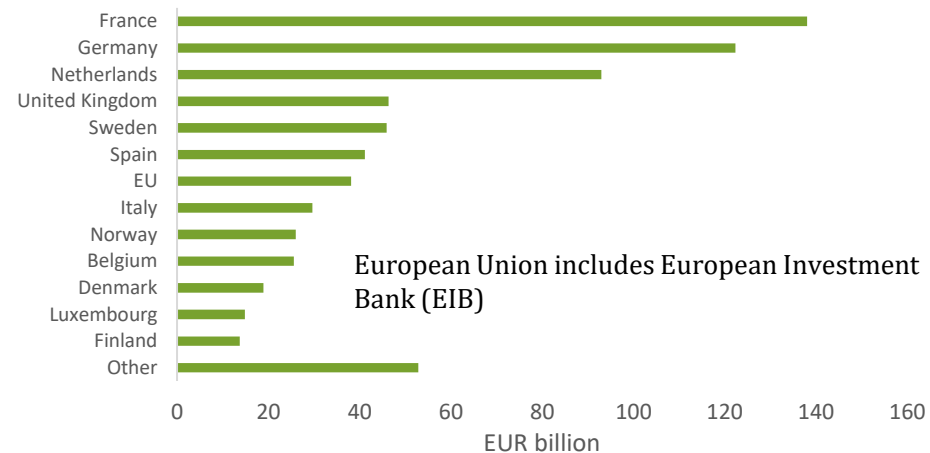
# ESG Bonds Outstanding

# Green Bonds Outstanding

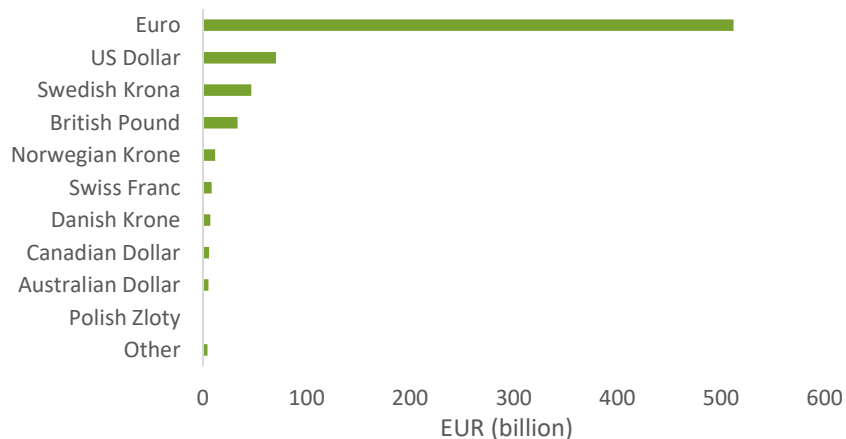
**3.1 Evolution of European Green Bonds Outstanding: Q3 2021**



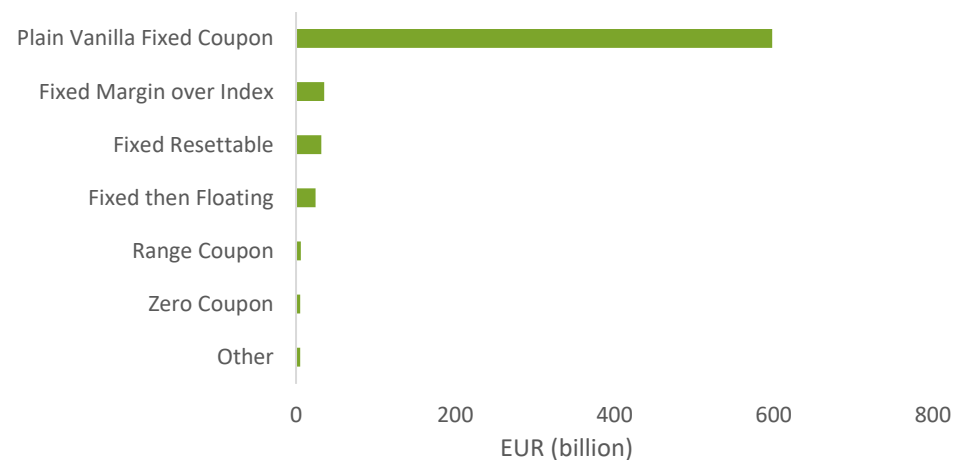
**3.2 European Green Bonds outstanding by Country: Q3 2021**



**3.3 European Outstanding Amount by Currency: Q3 2021**

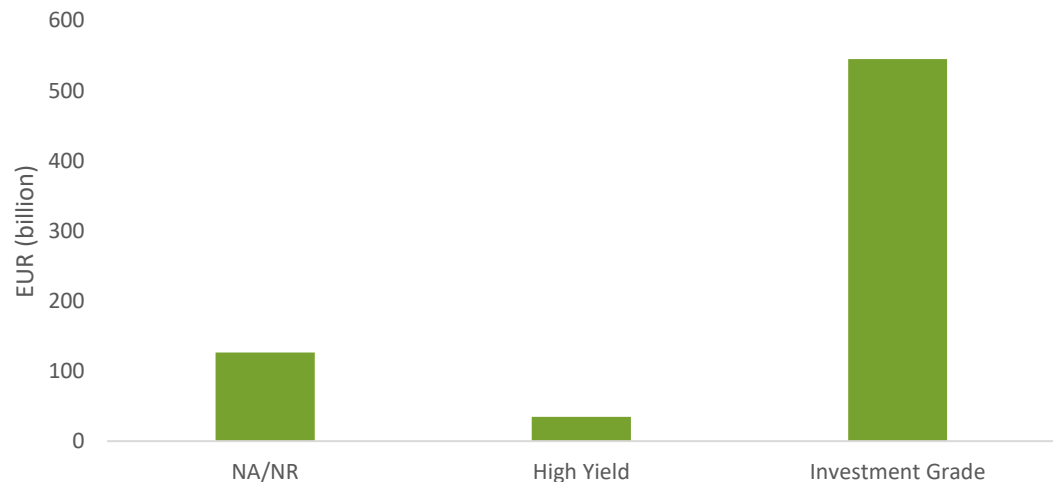


**3.4 European Outstanding Amount by Coupon Type: Q3 2021**

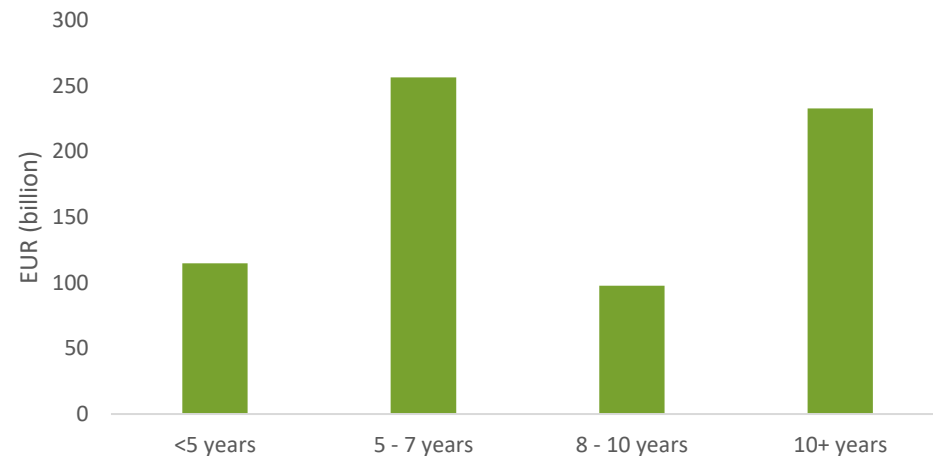


Source: Refinitiv - Eikon

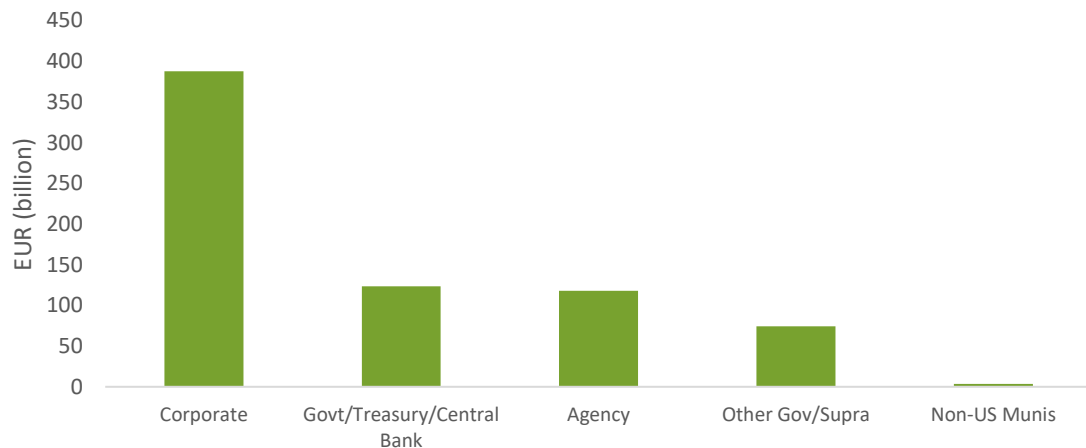
**3.5 European Outstanding Amount by Bond Grade: Q3 2021**



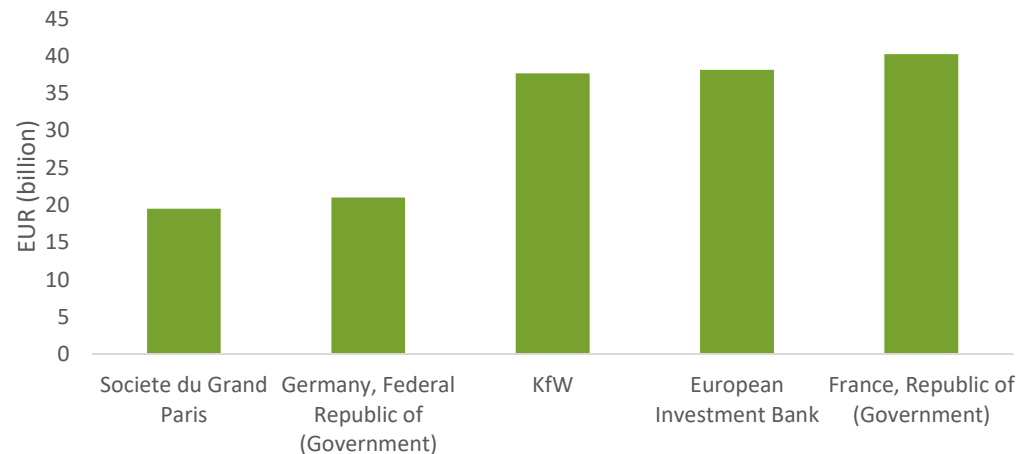
**3.6 European Outstanding Amount by Years to Maturity: Q3 2021**



**3.7 European Outstanding Amount by Asset Class: Q3 2021**



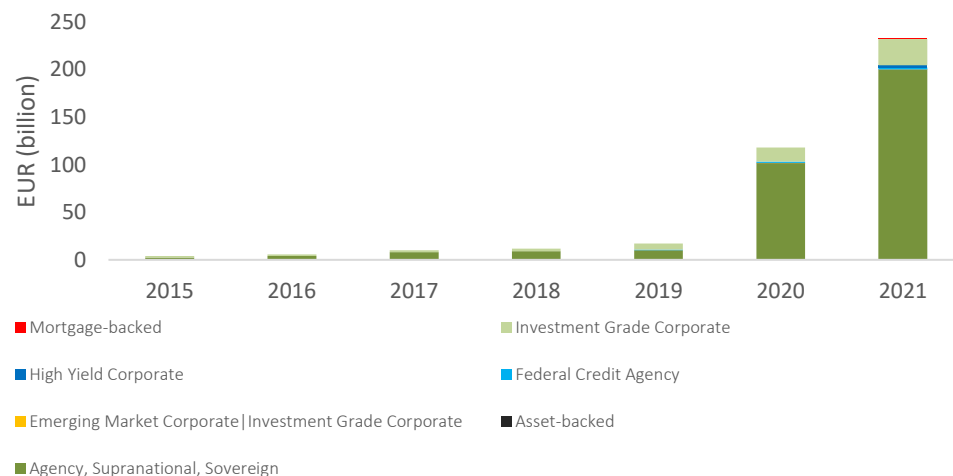
**3.8 European Outstanding by Top 5 Issuers: Q3 2021**



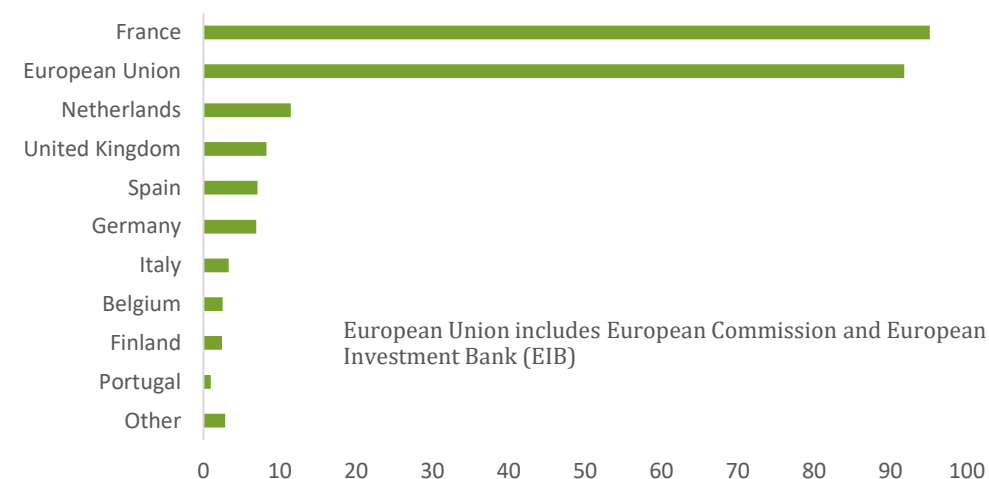
Source: Refinitiv - Eikon

# Social Bonds Outstanding

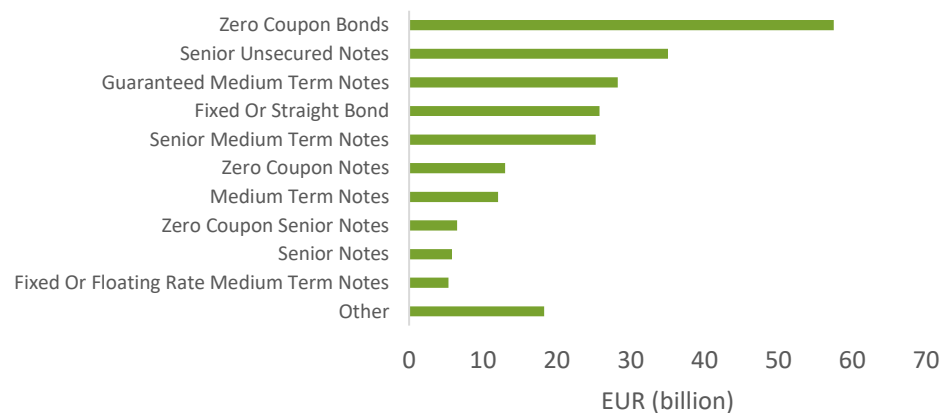
3.9 Evolution of European Bonds Outstanding: Q3 2021



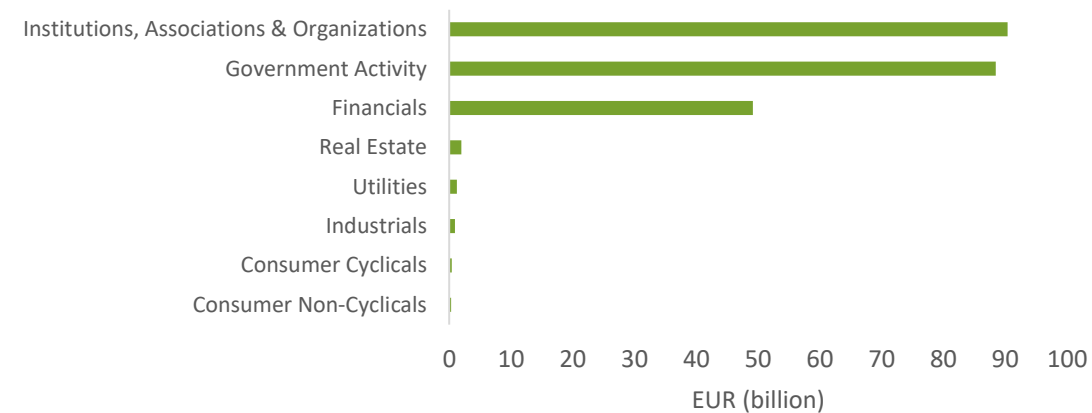
3.10 European Outstanding Amount by Country: Q3 2021



3.11 European Outstanding Amount by Security Type: Q3 2021



3.12 European Outstanding Amount Issuer Economic Sector Type: Q3 2021

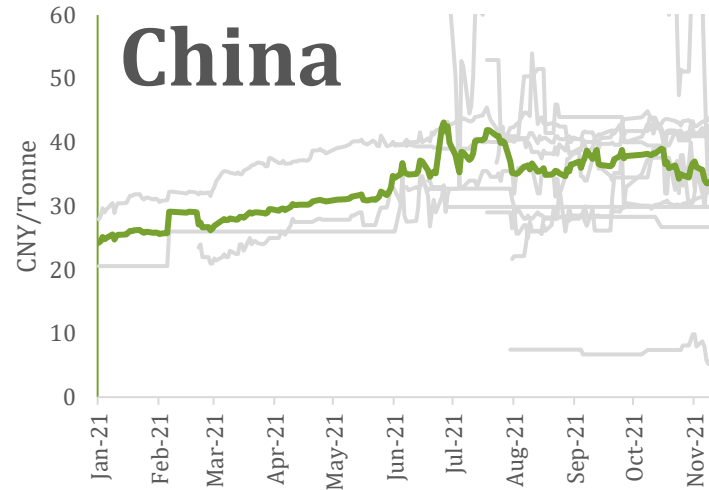
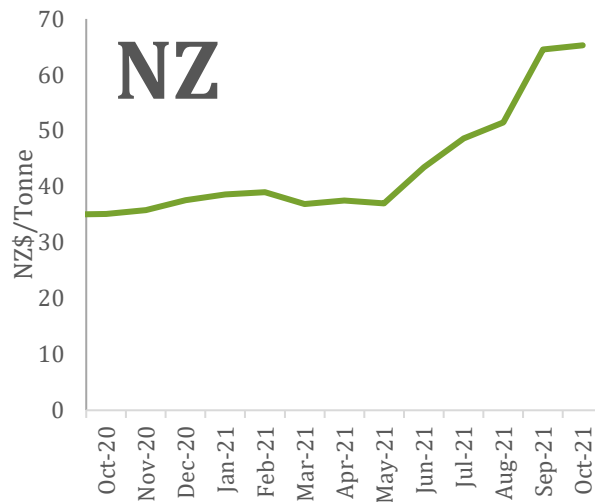
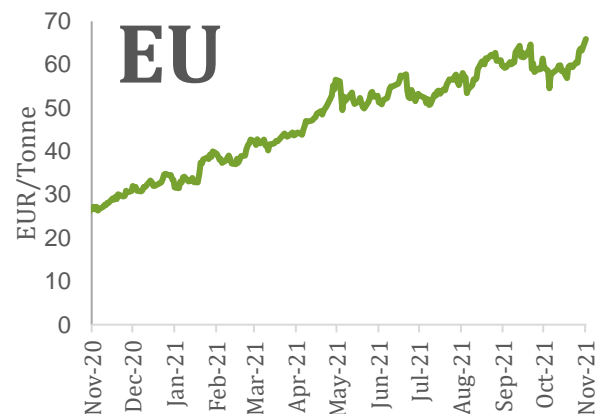


Source: Refinitiv - Eikon



# Carbon pricing, emissions and trading

## 4.1 Comparison of Global ETS Allowance Prices



\*China's ETS average includes Shenzhen, Shanghai, Beijing, Guangdong, Tianjin, Hubei, Chongqing, Fujian

Source: Eikon

Carbon prices increased during Q3 2021 across most of the largest jurisdictions.

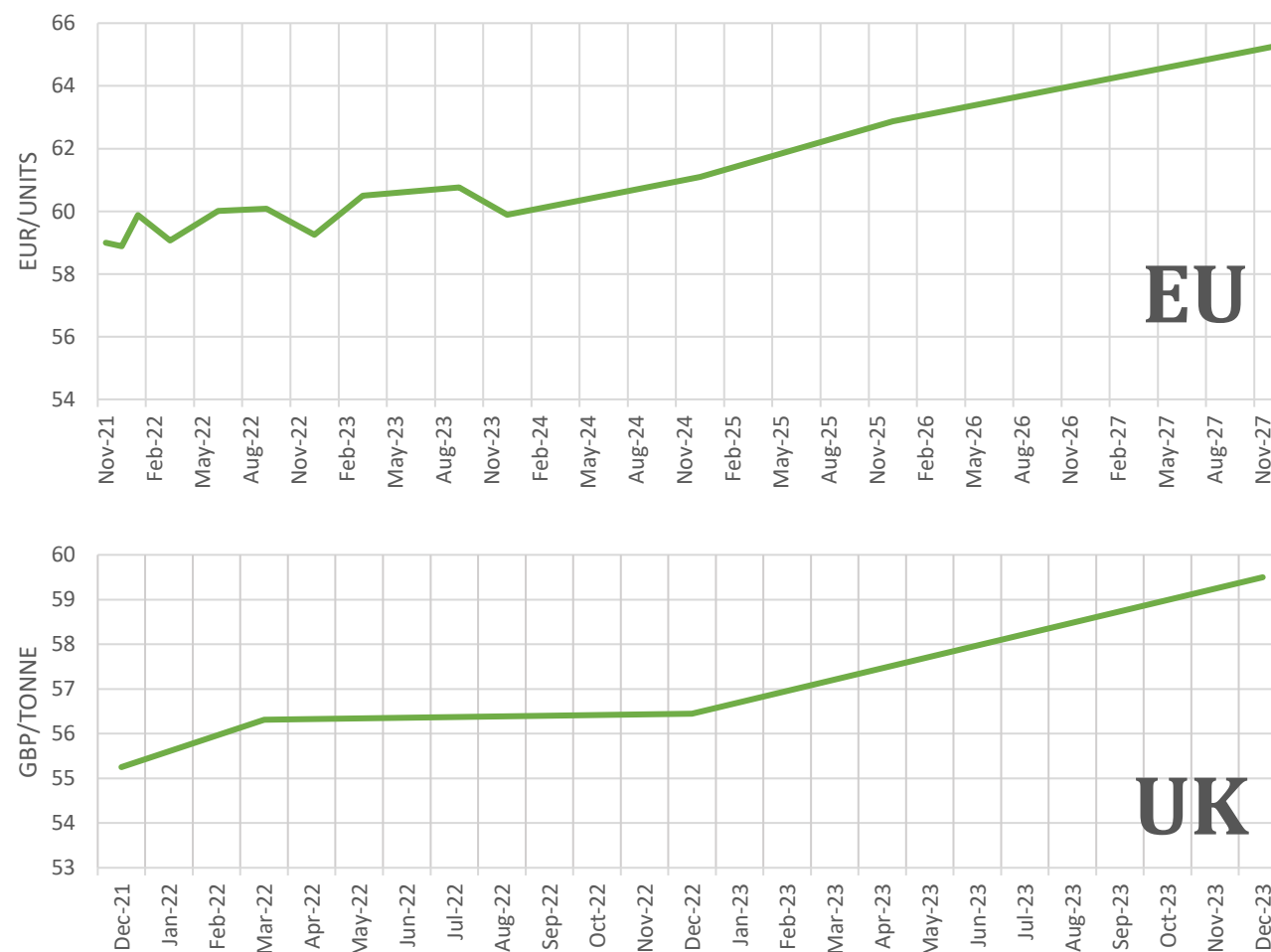
The European Union Allowance (EuA) price per metric tonne has continued to increase during the year, reaching €61/Tn at the end of September 2021 (and most recently €66/Tn in November 2021) from €32.8 in December 2020.

The Chinese ETS average price is the lowest among the main global ETS systems with a price per metric tonne of CNY33 as of November 2021 (c €4.6/ Tonne)

Prices may not be directly comparable across systems and vary greatly, given different institutional settings and differences in ETS design.

GFMA and BCG published in October 2021 a [report](#) that outlines a vision for the evolution of both the compliance and voluntary carbon markets, and outlines key recommendations for market participants, policymakers, regulators, climate science bodies, and other stakeholders.

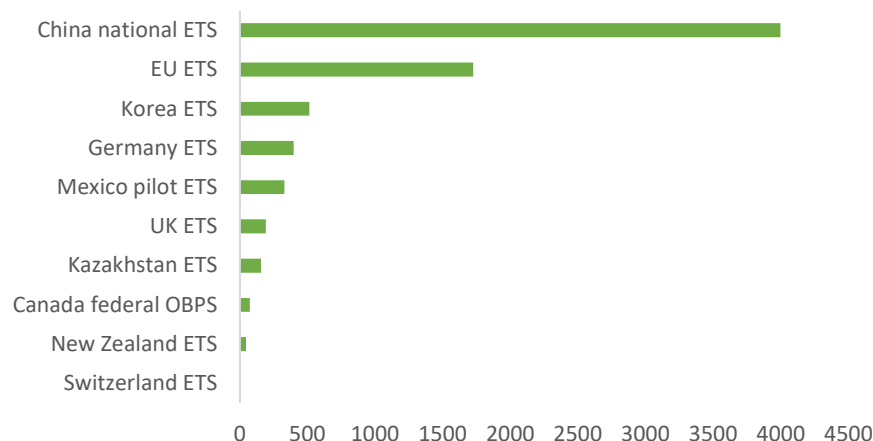
## 4.2 Forward curve: European Union Allowance (EUA) and UK Electronic Energy Future Chain Contract



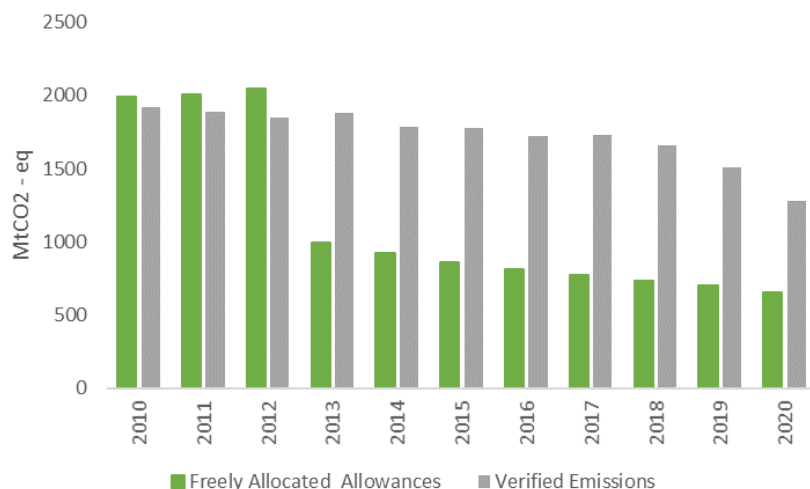
EU and UK forward curves continue to anticipate further price increases in carbon prices.

# Measurement of Carbon Emissions

## 4.3 Amount of Emissions Covered by ETS (MtCO2e)



## 4.4 EU + UK Allowance Vs verified Emissions



Source: The World Bank, European Environment Agency

In 2021, China has overtaken the EU as the largest emissions trading scheme globally was implemented with 3996.9 Mt CO<sub>2</sub>-eq covered.

The European Union Emissions Trading System (EU ETS) is now the second largest greenhouse gas ETS globally, with 1725.7 Mt CO<sub>2</sub>-eq covered.

The third largest ETS globally is the Korea ETS, with 513.4 Mt CO<sub>2</sub>-eq covered.

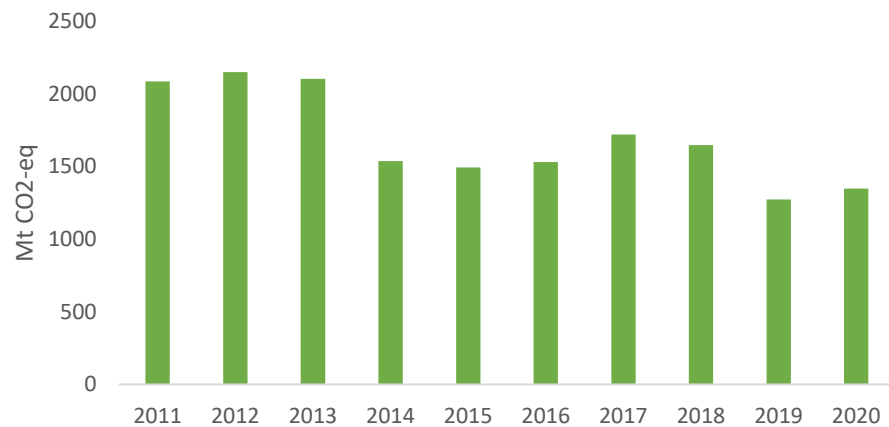
EU+UK verified emissions have been approximately twice as high as freely allocated allowances each year since 2013, with the most recent data showing verified emissions to have been 49% higher than freely allocated allowances in 2020.

**Freely traded allowances:** Companies receive or buy emissions and can trade them with one another. The total number of allowances is limited, which ensures that they have a value. At the beginning of each trading period, most installations (companies) receive a percentage of their allowances for free. This proportion decreases gradually each year.

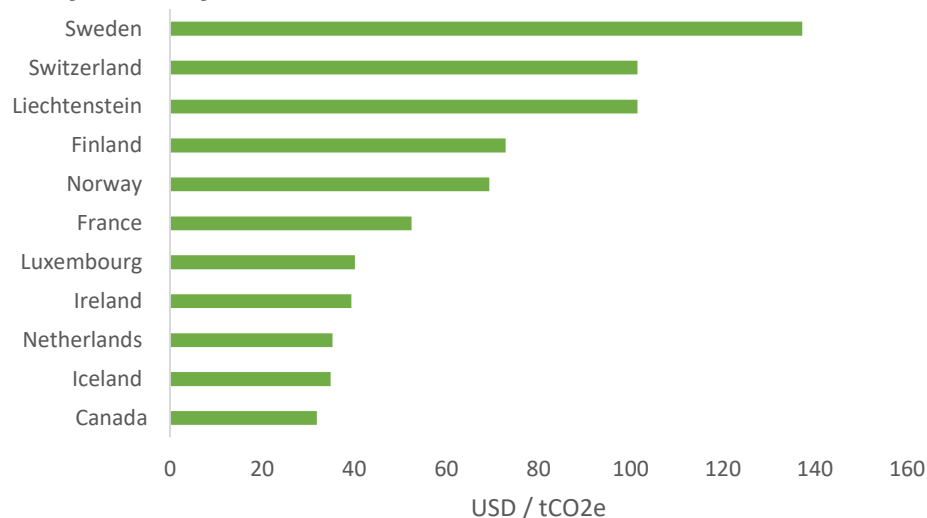
# Carbon Pricing – Allowance & Tax

## 4.5 Allowances auctioned or sold (EUAs and EUAAAs)

EUA: European Union Allowance. EUAA: European Union Aviation Allowance



## 4.6 Carbon Tax by Country



Source: European Environment Agency, The World Bank

The EU ETS involves a cap being set on the total amount of certain greenhouse gases that can be emitted by companies covered by the system. The cap is reduced over time so that total emissions fall.

Within the cap, companies receive or buy emission allowances, which they can trade as needed. The limit on the total number of allowances available ensures that they have a value.

Every year a company must surrender enough allowances to cover all its emissions. If a company reduces its emissions, it can keep the spare allowances to cover its future needs or sell them to another company that is short of allowances.

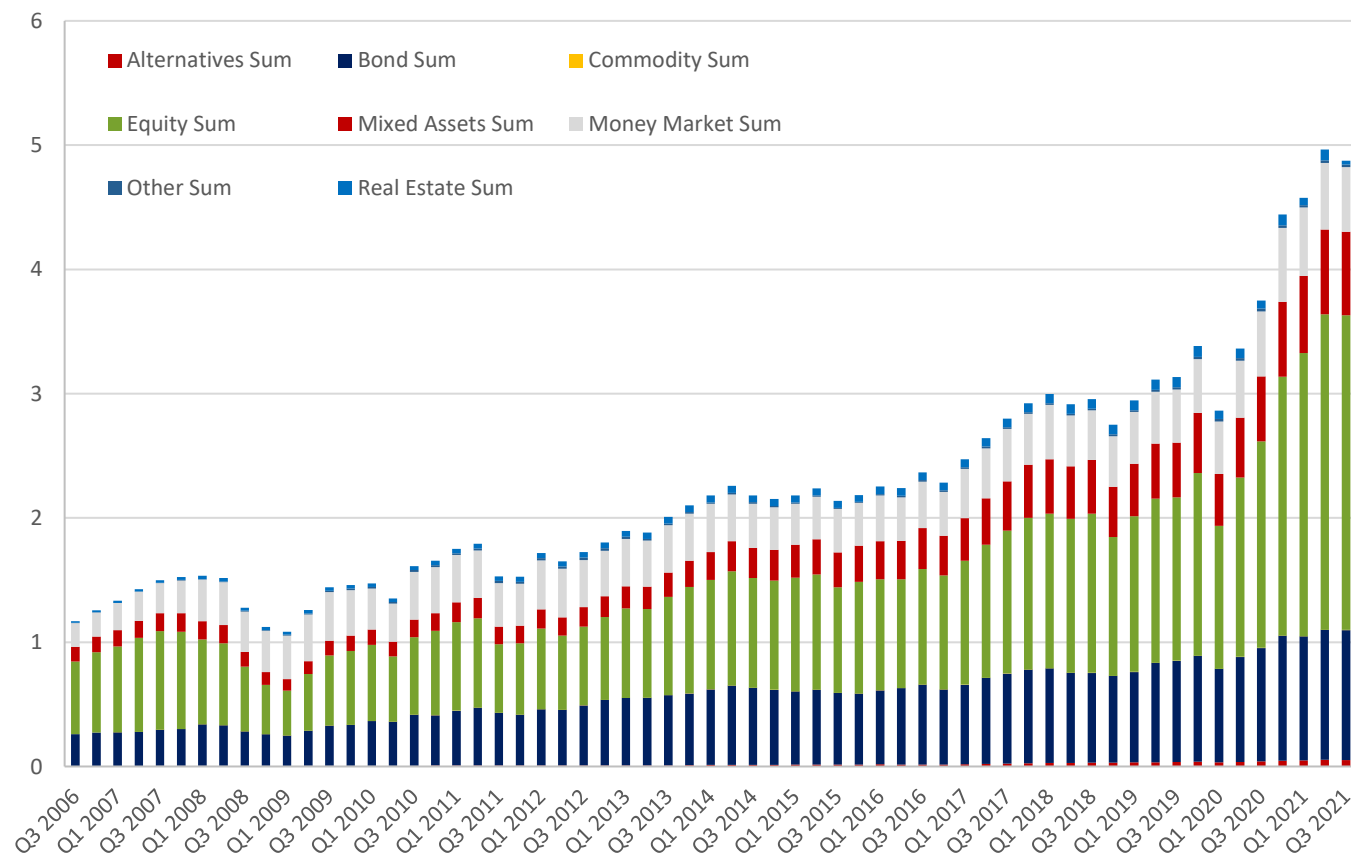
Total allocated allowances (EUA and EUAA) has decreased from 1304.82 Mt CO2-eq in 2019 to 652.24 Mt CO2-eq in 2020.

Carbon Tax is another method of carbon pricing. Sweden currently has the highest carbon tax globally at 137.2 USD/tCO2e. The country with second highest carbon tax is Switzerland, 27% lower than Sweden, at 101.4 USD/tCO2e.

# Fund Management

## 7.1 Global ESG Funds by Asset Class (USD tn)

Mutual Funds (including Fund of Funds) and Exchange Traded Funds



Source: Lipper, Eikon

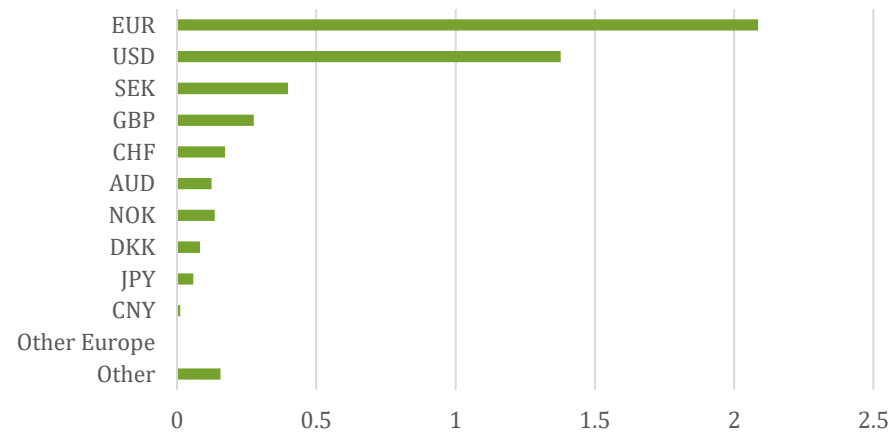
Global ESG Funds slightly decreased during Q3 2021, however exhibiting annual and year-to-date increases.

Funds with an ESG mandate (including Mutual Funds and ETFs) totaled \$4.87tn as of Q3 2021, a \$0.9bn decrease from \$4.96tn in Q2 2021 and a \$1.26tn increase from \$3.7tn in Q3 2020.

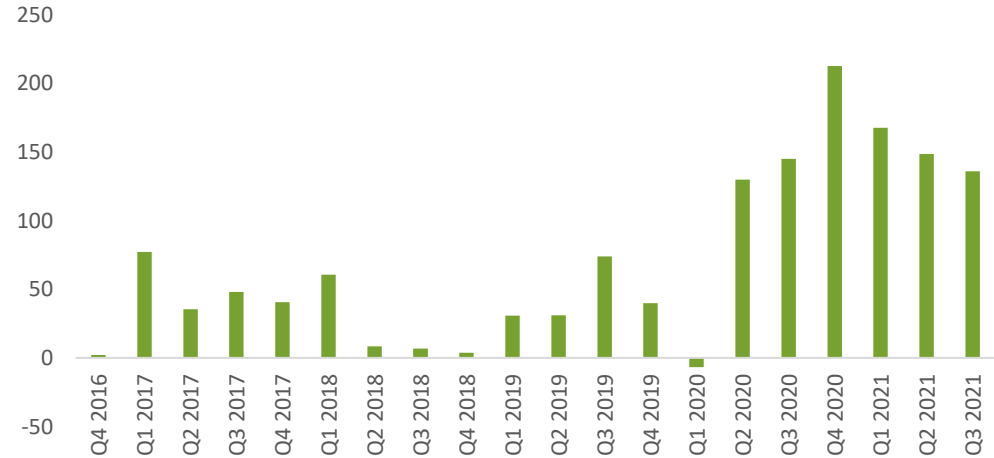
ESG equity funds continue to be by far the largest fund asset class with 52% of total ESG funds and over 2x larger than fixed income which represents 21% of the total.



7.2 Global ESG Funds by currency base (USD tn)

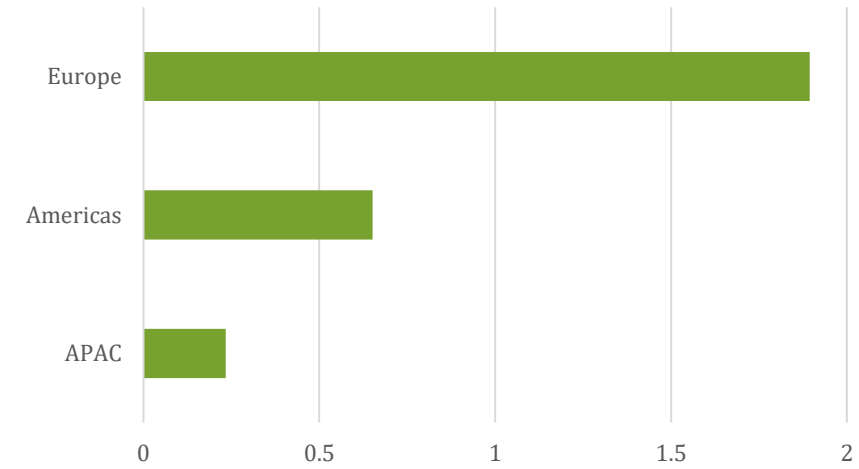


7.4 Global ESG fund flows (\$bn)

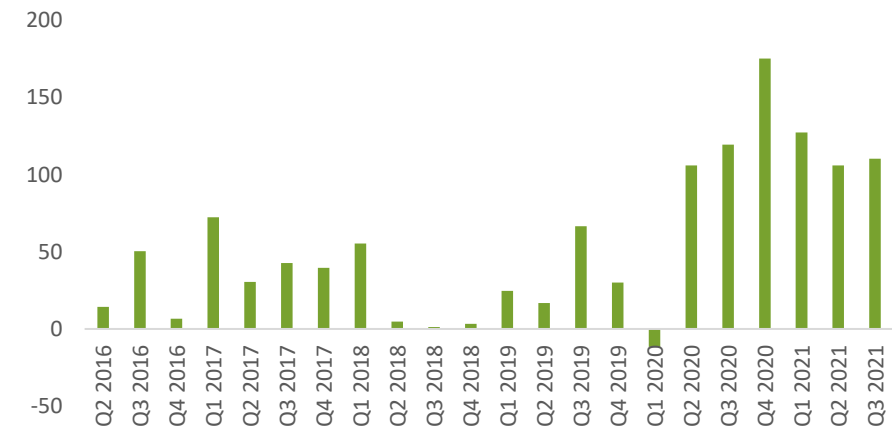


Source: Lipper

7.3 Global ESG Funds by geographical location (USD tn)



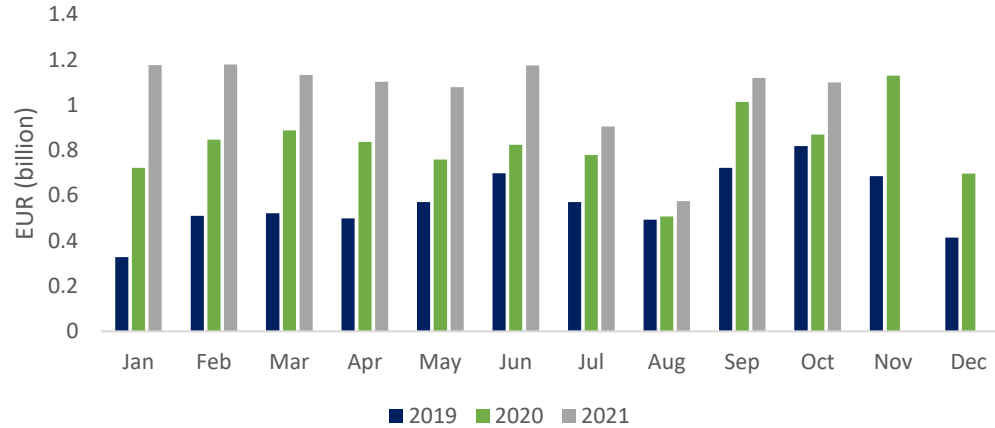
7.5 European ESG fund flows (\$bn)



# ESG Bond Trading

# ESG Bond Trading Volumes

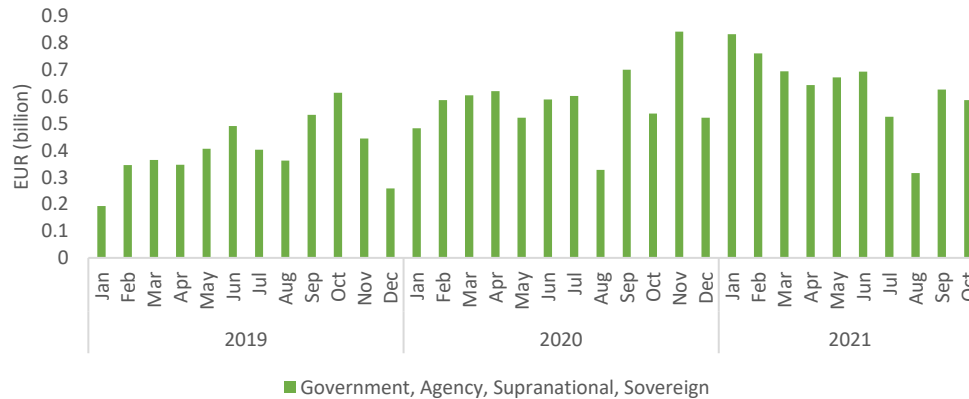
**6.1 European ESG Bond Average Daily Trading Volumes (all issuers)**



**6.2 Average Daily Trading Volumes: European ESG Corporate Bonds**



**6.3 Average Daily Trading Volumes: European ESG Government, Agency, Supranational, and Sovereign Bonds**



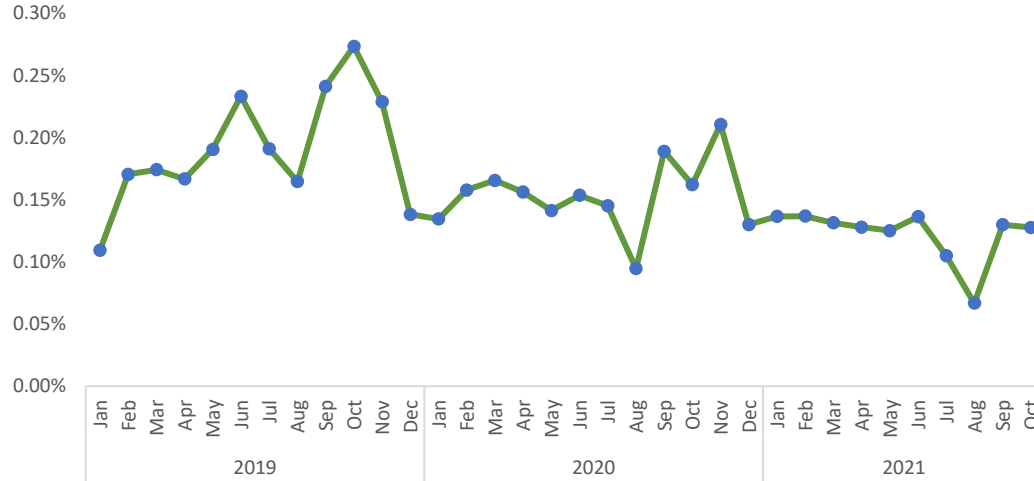
**6.4 Average Daily Trading Volumes: European ESG ABS and Covered Bonds**



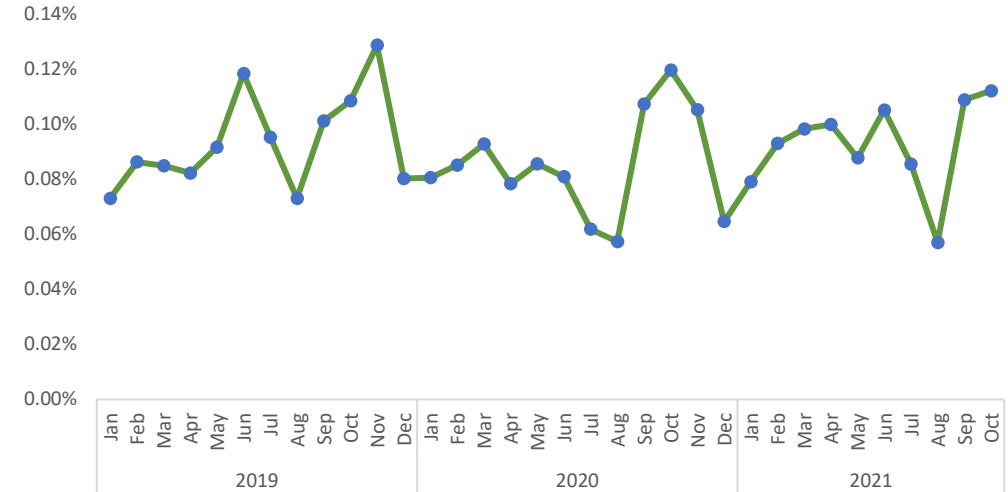
Source: Trax data from MarketAxess

# ESG Bond Turnover Ratios

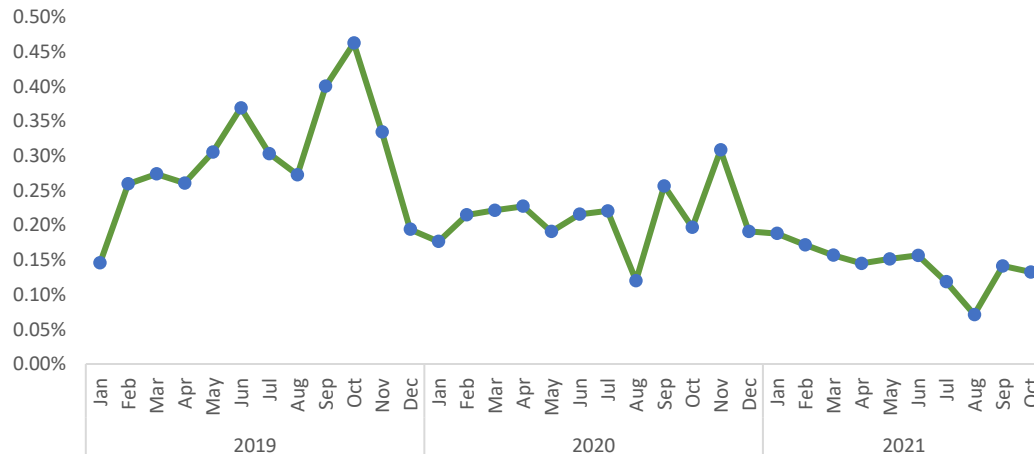
**6.5 European ESG Bond Turnover Ratio (all issuers)**



**6.6 Turnover Ratio: European ESG Corporate Bonds**



**6.7 Turnover Ratio: European ESG Government, Agency, Supranational, and Sovereign bonds**



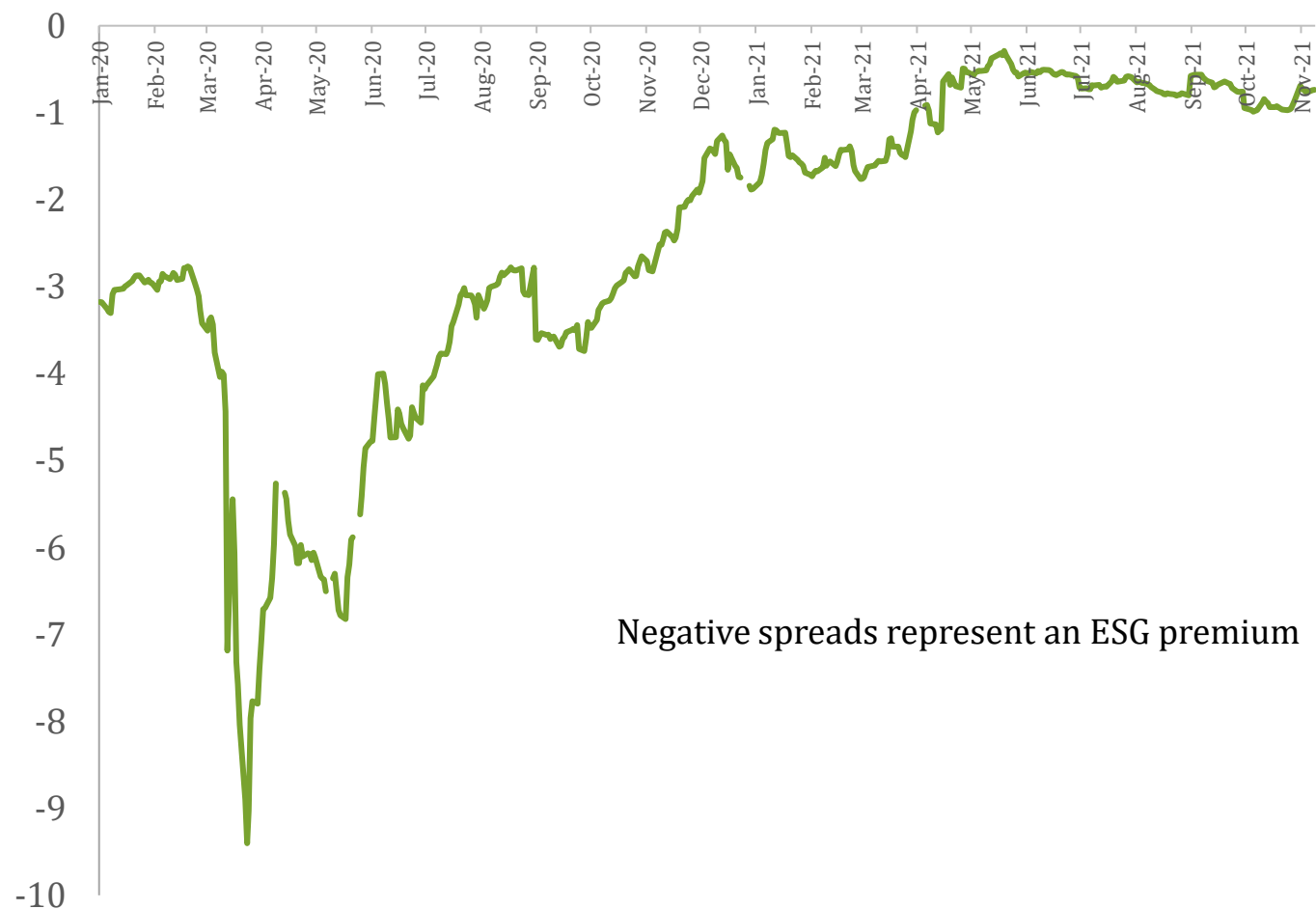
\* Turnover Ratio has been calculated by dividing the average daily trading volume by the outstanding amount

\*\*A constant outstanding amount is used during the calendar year to calculate turnover ratio

Source: Trax data from MarketAxess

# Valuations

### 7.1 Spreads (OAS) of EUR-denominated corporate ESG bonds against non-ESG corporate benchmarks (bps)



Source: AFME with Barclays and Bloomberg data. INDEX\_OAS\_TSY  
\* Spread between EUR-denominated ESG and Green corporate bonds and PanEuro corporate bonds

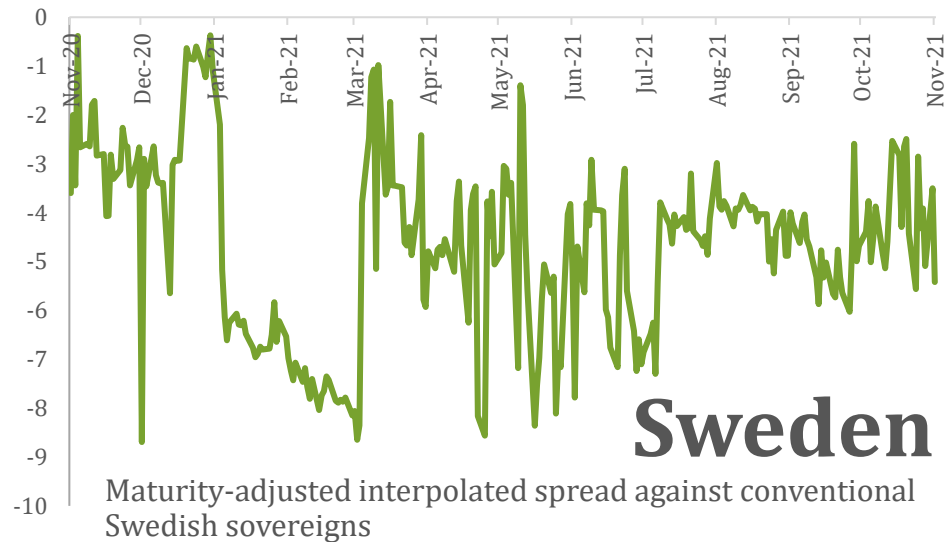
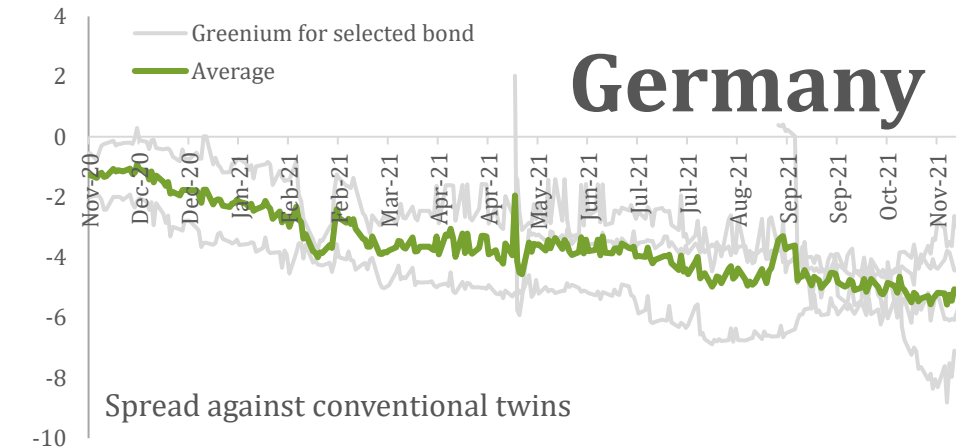
Spreads of corporate ESG bonds against non-sustainable benchmarks have stabilized since April 2021.

ESG premia has tightened from 9bps in April 2020 to 1bp on average during the months of April – November 2021.

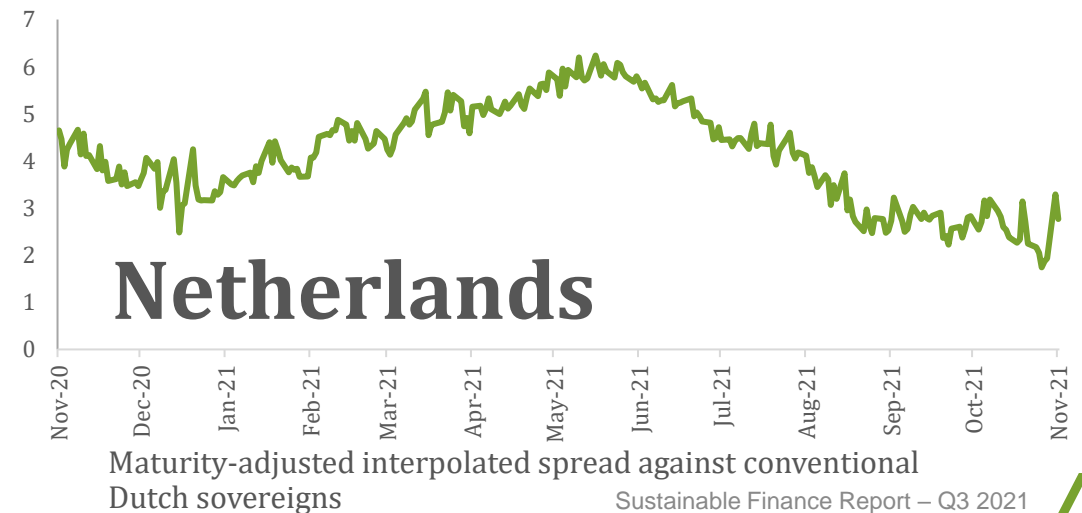
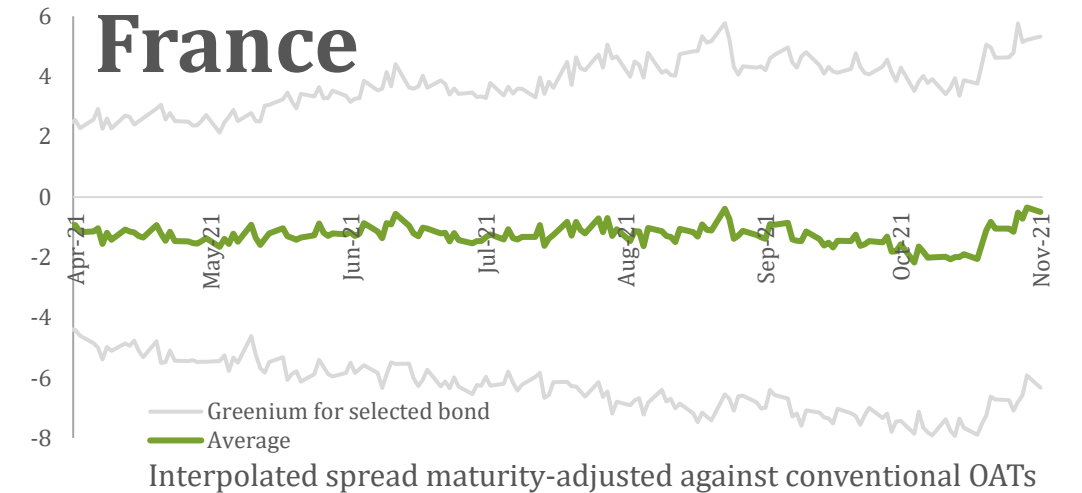
As shown on slides 36 and 37, the green premia (i.e. greenium) for sovereign bonds varies by issuer and by instrument, suggesting that in addition to the sustainability features of the sovereign benchmarks, other technical factors such as liquidity may influence yield premia against conventional bonds.

## 7.2 Spreads of sovereign green bonds against conventional reference (bps)

Negative spreads represent a green premium

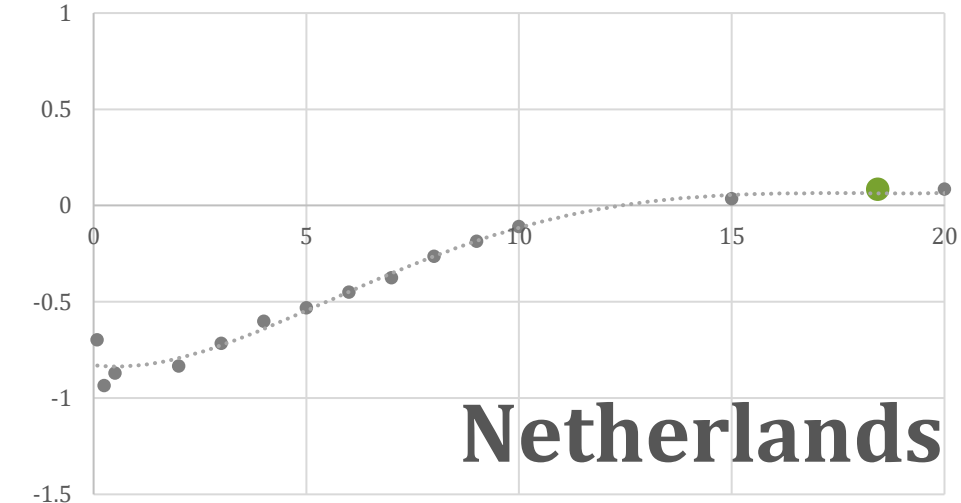
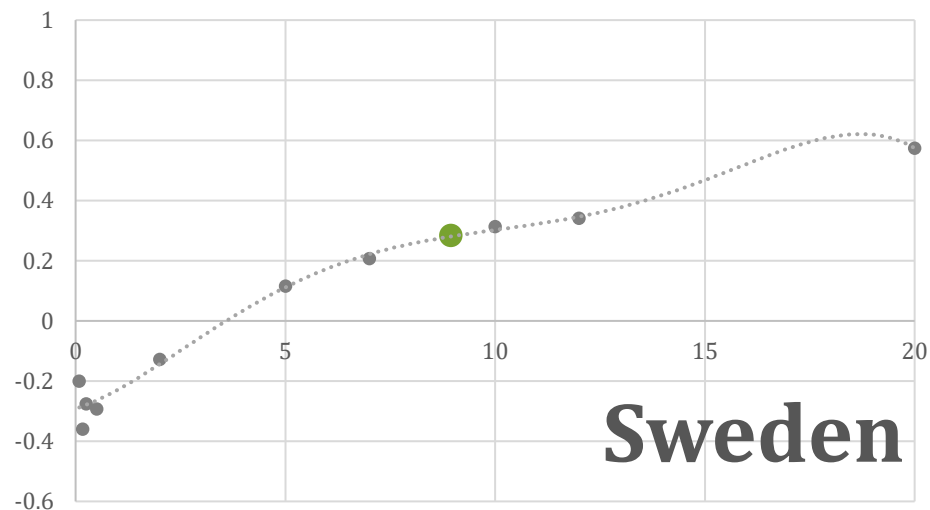
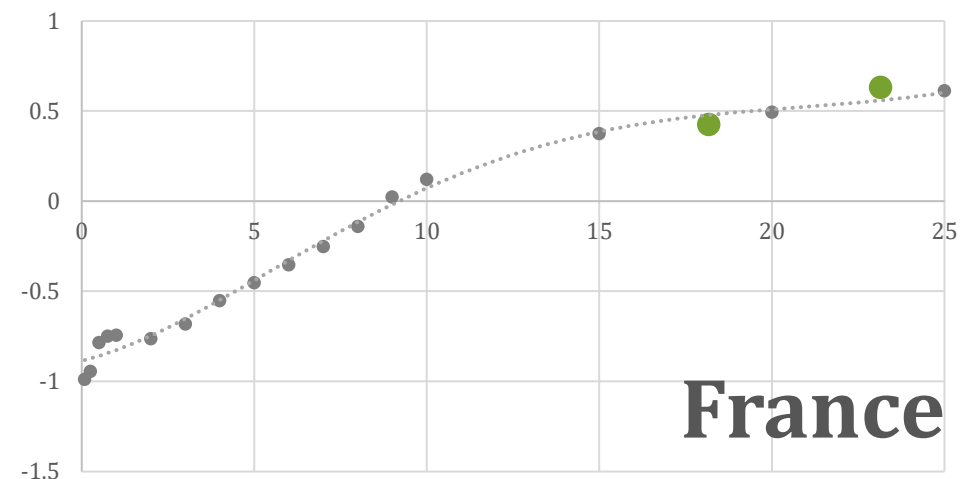
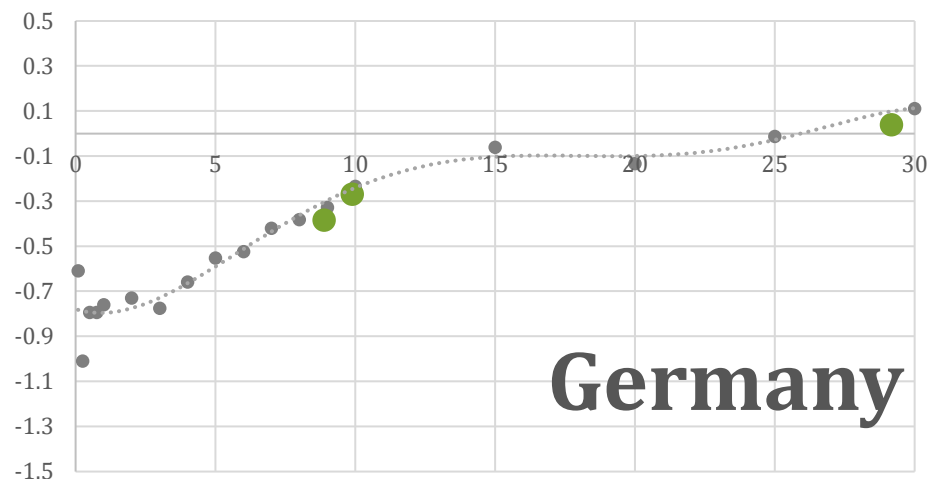


Source: Eikon and Datastream





## 7.3 Sovereign yield curves and yields for selected green sovereign bonds. 16 Nov 2021.



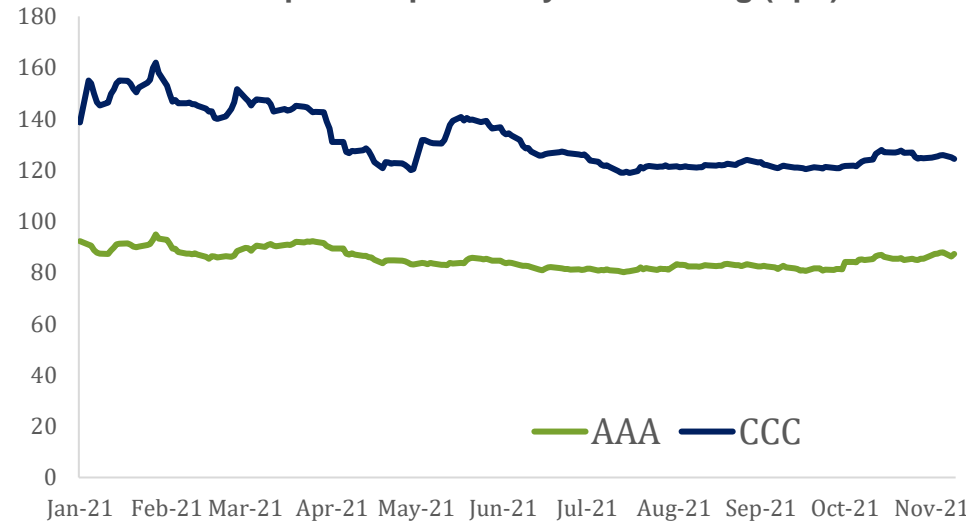
Source: Eikon. Selected green references highlighted in green

# ESG Bond Spreads

**7.4 ESG EUR Corporate spreads (bps)**



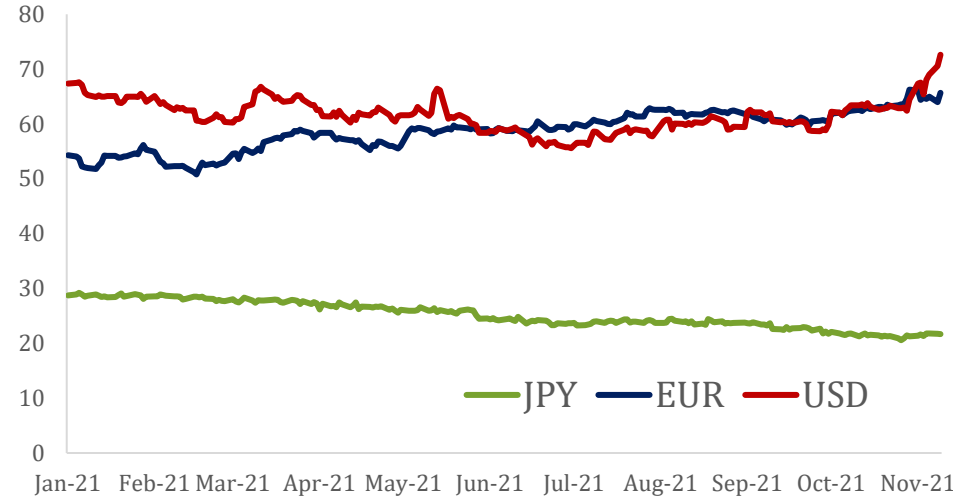
**7.5 ESG EUR corporate spreads by credit rating (bps)**



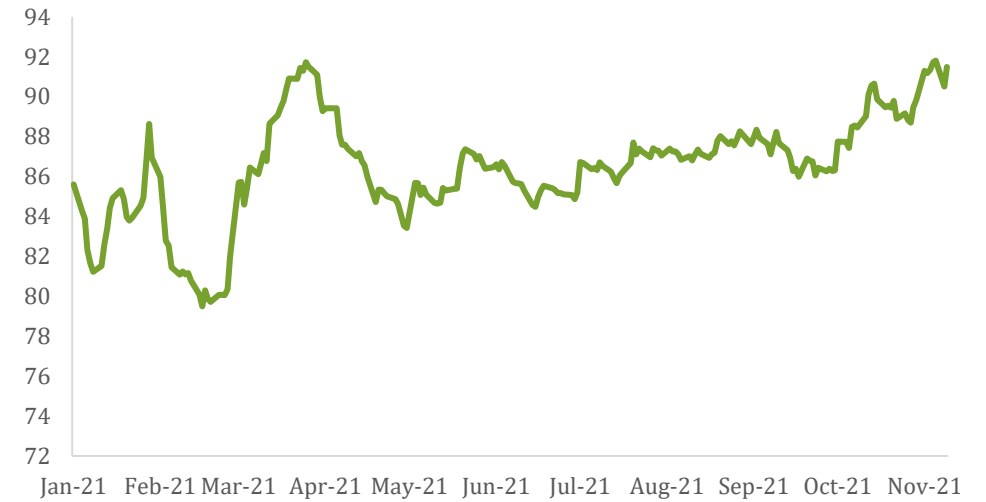
Source: Barclays and Bloomberg. INDEX\_OAS\_TSY

# Green Bond Spreads

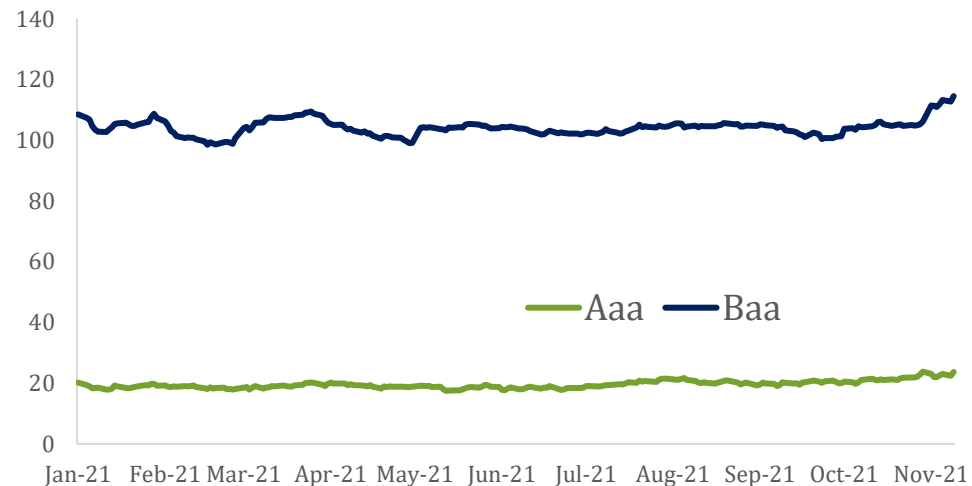
7.6 Green bond spreads by currency (bps)



7.7 EUR Corporate green bond spread (bps)



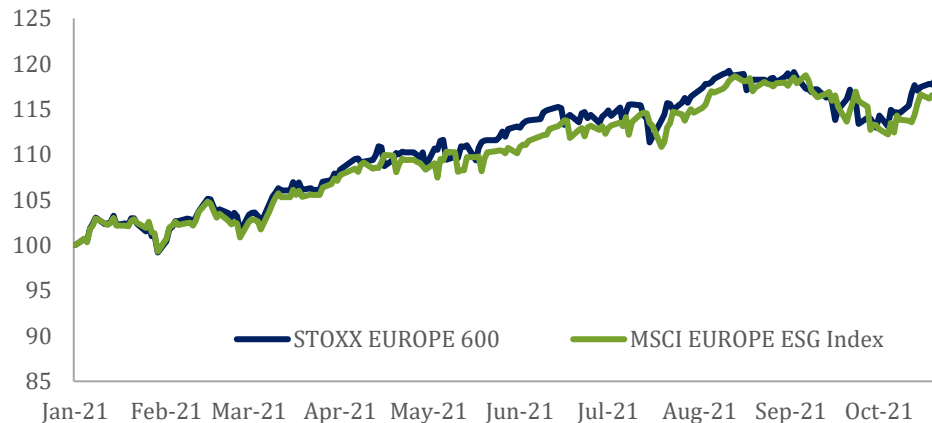
7.8 Global Green bond spreads by credit rating (bps)



Source: Barclays and Bloomberg. INDEX\_OAS\_TSY

# ESG Equity Indices

**7.9 MSCI Europe ESG Net Index EUR\* and EUR STOXX 600 (1 Jan 2021=100)**



**7.10 STOXX Global ESG Environmental Leaders (1 Jan 2021 =100)**



**7.11 STOXX Global ESG Governance Leaders (1 Jan 2021 =100)**



**7.12 STOXX Global ESG Social Leaders (1 Jan 2021=100)**



Source: Eikon, STOXX, MSCI

\*The MSCI Europe ESG Leaders Index is a capitalization weighted index that provides exposure to companies with high ESG performance relative to their sector peers. MSCI Europe ESG Leaders Index consists of large and mid cap companies in 15 developed markets countries

**Green Bonds:** Green bonds fund projects that have positive environmental and/or climate benefits. The majority of the green bonds issued are green “use of proceeds” or asset-linked bonds. Proceeds from these bonds are earmarked for green projects but are backed by the issuer’s entire balance sheet. There are also green “use of proceeds” revenue bonds, green project bonds and green securitised bonds. The Green Bond Principles (GBP) are voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Green Bond market by clarifying the approach for issuance of a Green Bond.

**Carbon Pricing:** Carbon pricing is an instrument that captures the external costs of greenhouse gas (GHG) emissions—the costs of emissions that the public pays for, such as damage to crops, health care costs from heat waves and droughts, and loss of property from flooding and sea level rise—and ties them to their sources through a price, usually in the form of a price on the carbon dioxide (CO<sub>2</sub>) emitted. Carbon pricing can take the form of a carbon tax or fee, or a cap-and-trade system that depends on government allotments or permits.

**ESG:** ESG stands for Environmental Social and Governance. It refers to the three key factors when measuring the sustainability and ethical impact of an investment in a business or company.

**ETS:** Emissions trading system is a market-based approach to controlling pollution by providing economic incentives for reducing the emissions of pollutants. The EU emissions trading system (EU ETS) is a cornerstone of the European Union's policy to combat climate change and its key tool for reducing industrial greenhouse gas emissions cost-effectively.

**EUA:** A European Union allowance (EUA) is the official name for Europe’s emission allowances, which in 2008 was defined as the official Kyoto allowance for countries in the EU. One EUA entitles the holder to emit one ton of carbon dioxide or carbon-equivalent greenhouse gas.

**Europe:** Countries included: Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Switzerland, United Kingdom.

**Social Bonds:** Proceeds of Social bonds are used to raise funds for new and existing projects that tackle a specific social issue and/or seek to achieve positive social outcomes. The reference framework for issuance of Social Bonds is the Social Bond Principles (SBP). The SBP promote integrity in the Social Bond market through guidelines that recommend transparency, disclosure and reporting. Social objectives may include (but are not limited to): affordable housing, affordable basic infrastructure, employment generation and sustainable food systems.

**SRI:** Socially responsible investing or SRI, is a strategy that emphasizes not only the financial gains from an investment but also ethical or social change.

**Sustainable Bonds:** Proceeds of Sustainable Bonds are split between green projects and social projects.

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