

Q1 2026

# ESG Finance Report

*European Sustainable Finance*

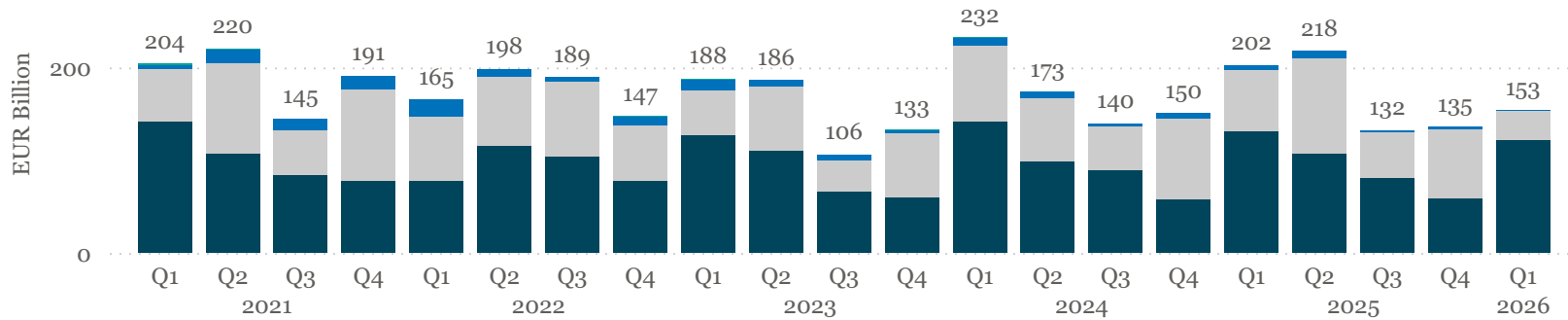
# afme / Contents

Key Findings	3
Regulatory Update	9
ESG Bond and Loan Issuance	13
ESG Bonds Outstanding	21
Carbon Pricing, Emissions and Trading	25
ESG Fund Management	30
ESG Bond Trading	33
Valuations	36
Methodology and Criteria	45

# afme / Key findings

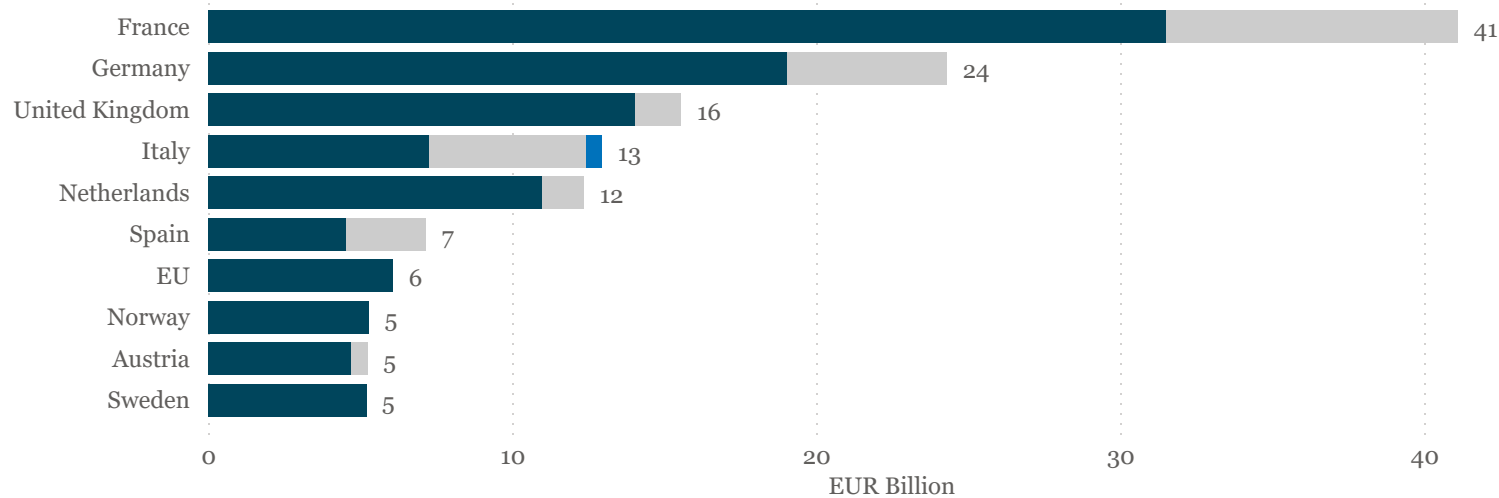
## 1.1 European ESG Bond and Loan Issuance 2021 - 2026YtD (Q1)

● ESG Bonds ● Sustainability-linked and Green Loans ● Sustainability-linked Bonds ● Transition Bonds



## 1.2 European ESG Bond and Loan Issuance by Country (top 10 - 2026YtD (Q1))

● ESG Bonds ● Sustainability-linked and Green Loans ● Sustainability-linked Bonds



Source: Dealogic

## ESG bond and loan issuance declined 24% YoY in Q1 2026

In Q1 2026, European ESG bond and loan issuance totalled €153bn, an increase of 14% from Q4 2025 and a decline of 24% from Q1 2025. The YoY decrease was primarily driven by lower sustainability-linked and green loan issuance, which decreased by 52%.

ESG bonds and loans include ESG-labelled bonds (proceeds-based), sustainability-linked bonds, transition bonds, green loans and sustainability-linked loans.

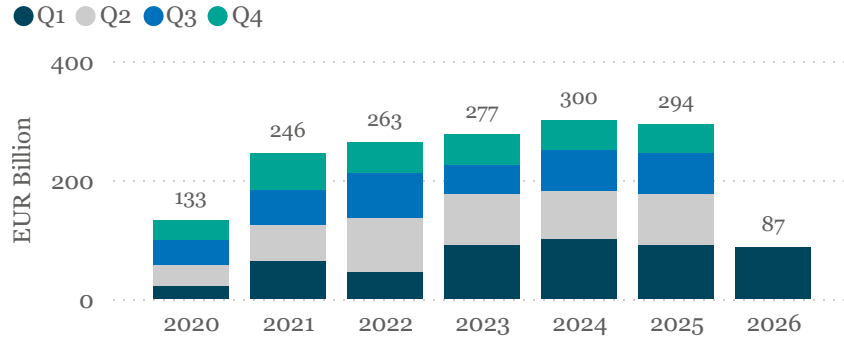
ESG Bond issuance declined by 7.6% YoY, accumulating €122bn in proceeds in Q1 2026. Sustainability-linked bonds totalled €0.52bn, down almost 90% from Q1 2025.

During Q1 2026, French issuers led in total loan and bond origination with €41bn, followed by German issuers with €24bn. Issuers from only two countries, Italy and Greece, issued sustainability-linked and transition bonds, with 96% of the primary flow originating from Italy.

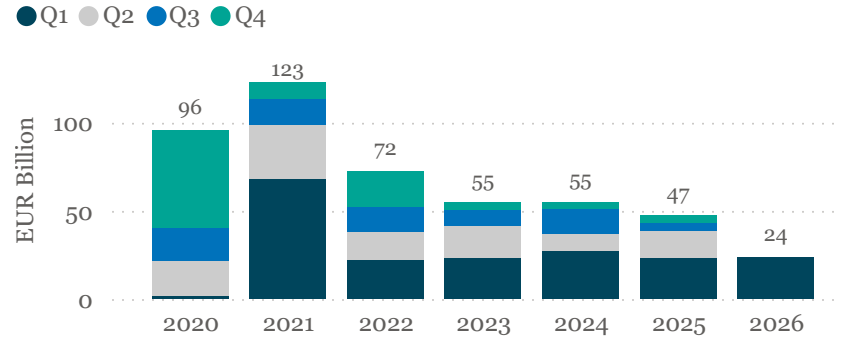
ESG securitisation saw a significant increase following a slow 2025, with €3.1bn issued in Q1 2026 on 5 deals from €1.8bn in 2025FY on 4 deals.

# afme / Key findings

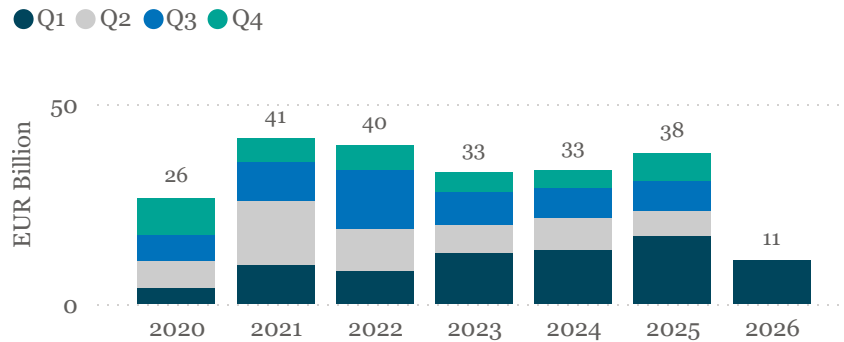
## 1.3 European Green Bond Issuance



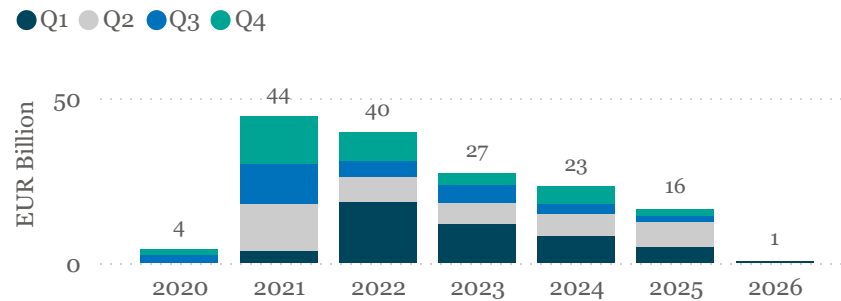
## 1.4 European Social Bond Issuance



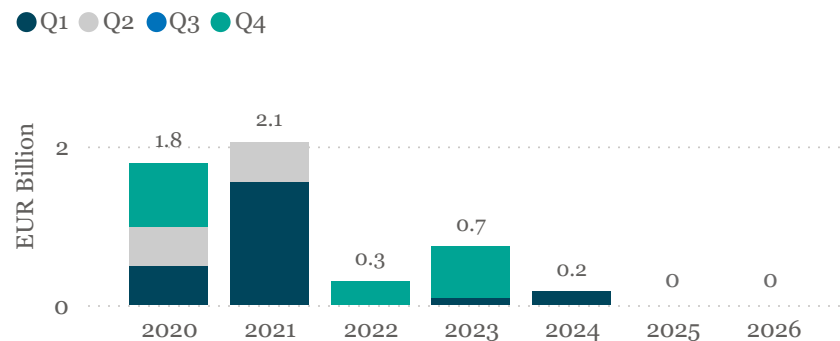
## 1.5 European Sustainable Bond Issuance



## 1.6 European Sustainability-linked Bond Issuance



## 1.7 European Transition Bond Issuance



## European ESG bond issuance continued its declining trend YoY

Sustainability-linked bond issuance experienced the sharpest YoY decline, falling by almost 90% to €0.52bn.

Green and sustainable bond issuance declined by 4.6% YoY and 36.5% YoY, respectively. Green bond issuance continues to be the largest ESG category, with €87.4bn in proceeds in the first quarter.

Social bond issuance was the only ESG bond category that exhibited an annual increase, albeit small at 2% compared to Q1 2025.

Notably, no transition bonds were issued in 2025 or in Q1 2026.

## Top Single ESG Bond Issues by Amount in 2026 YtD (Q1)

Green	Amount EUR (bn)	Maturity Date	ISIN
United Kingdom	7.22	07/03/37	GB00BVP99905
Republic of Italy	4.99	30/04/46	IT0005631608
KfW	4.99	01/04/33	XS3292846030
European Investment Bank - EIB	3.96	15/03/34	EU000A4EQY56
Amprion GmbH	1.00	15/01/38	DE000A460EY8
Green Lion 2026-1 BV	1.00	23/01/62	XS3248359112

Social	Amount EUR (bn)	Maturity date	ISIN
UNEDIC	3.50	25/11/36	FR00140173A6
CADES	3.39	12/02/31	US12802D2T21
CADES	2.95	03/03/33	US12802D2U93
CADES	2.50	25/05/33	FR0014015JW7
Agence Centrale des Organismes de Securite Sociale - ACOSS	1.50	20/03/28	FR0129672582

Sustainability	Amount EUR (bn)	Maturity date	ISIN
Agence Francaise de Developpement - AFD	1.98	28/01/36	FR0014015RA6
Junta de Andalucia	1.25	30/04/36	ES0000090979
European Investment Bank - EIB	1.15	21/01/30	EU000A4EJ8C4
Autonomous Community of Madrid	1.00	30/04/36	ES00001010S1
Ile-de-France	1.00	25/05/36	FR0014015IR9

## Government-related entities originated the largest ESG single issues

Sovereign and supranational entities continue to significantly contribute to the growth of green and sustainable primary markets.

In Q1 2026, the Government of the United Kingdom issued the largest single green bond of £6bn (€7.22bn), with the proceeds intended for nuclear inclusion. Italy issued the second largest green bond with €5bn in proceeds.

The French Union Nationale interprofessionnelle pour l'Emploi dans l'Industrie et le Commerce (UNEDIC) issued the largest social bond (€3.5bn) while Caisse d'Amortissement de la Dette Sociale (CADES) maintained its position as a market leader for social bonds, with three of the largest social bonds issuances in the first quarter.

Sustainability bonds were issued in smaller tranches than other ESG instruments. The largest issue of the quarter amounted at €2bn and was originated by the Agence Francaise de Developpement (AFD), followed by the Junta de Andalucia's issuance of €1.25bn.

## European Green Bond Standard (EU GBS)-compliant issues by Amount in 2026 YtD (Q1)

EuGB Issue	Nationality	Amount EUR (bn)	Maturity date	ISIN
European Investment Bank - EIB	EU	3.96	15/03/34	EU000A4EQY56
ABN AMRO Bank	Netherlands	1.25	09/04/30	XS3311914850
Nordea Mortgage Bank Oyj	Finland	1.00	03/04/29	XS3330368518
Ile-de-France Mobilites	France	1.00	03/02/46	FR0014015XO5
Bpifrance SA	France	0.99	25/02/36	FR0014016JF0
EDP Servicios Financieros Espana SAU	Portugal	0.65	04/02/32	XS3286252963
Deutsche Bank	Germany	0.50	19/02/30	DE000A460FV1
Argenta Spaarbank NV	Belgium	0.50	02/02/34	BE6371398502
REN Finance BV	Portugal	0.30	18/02/34	XS3296399085

\* EU includes the EIB

## EU GBS-compliant market uptake strengthens in Q1 2026

The new European Green Bond Standard (EU GBS), which came into force in December 2024, establishes criteria for green bonds, including enhanced transparency and oversight of pre- and post-issuance reviews.

In Q1 2026, a total of 9 (€10.4bn) European Green Bonds compliant with the EU Green Bond Standard (EU GBS) were issued, representing 12% of the Q1 2026 EU green bond issued amount (€87.4bn).

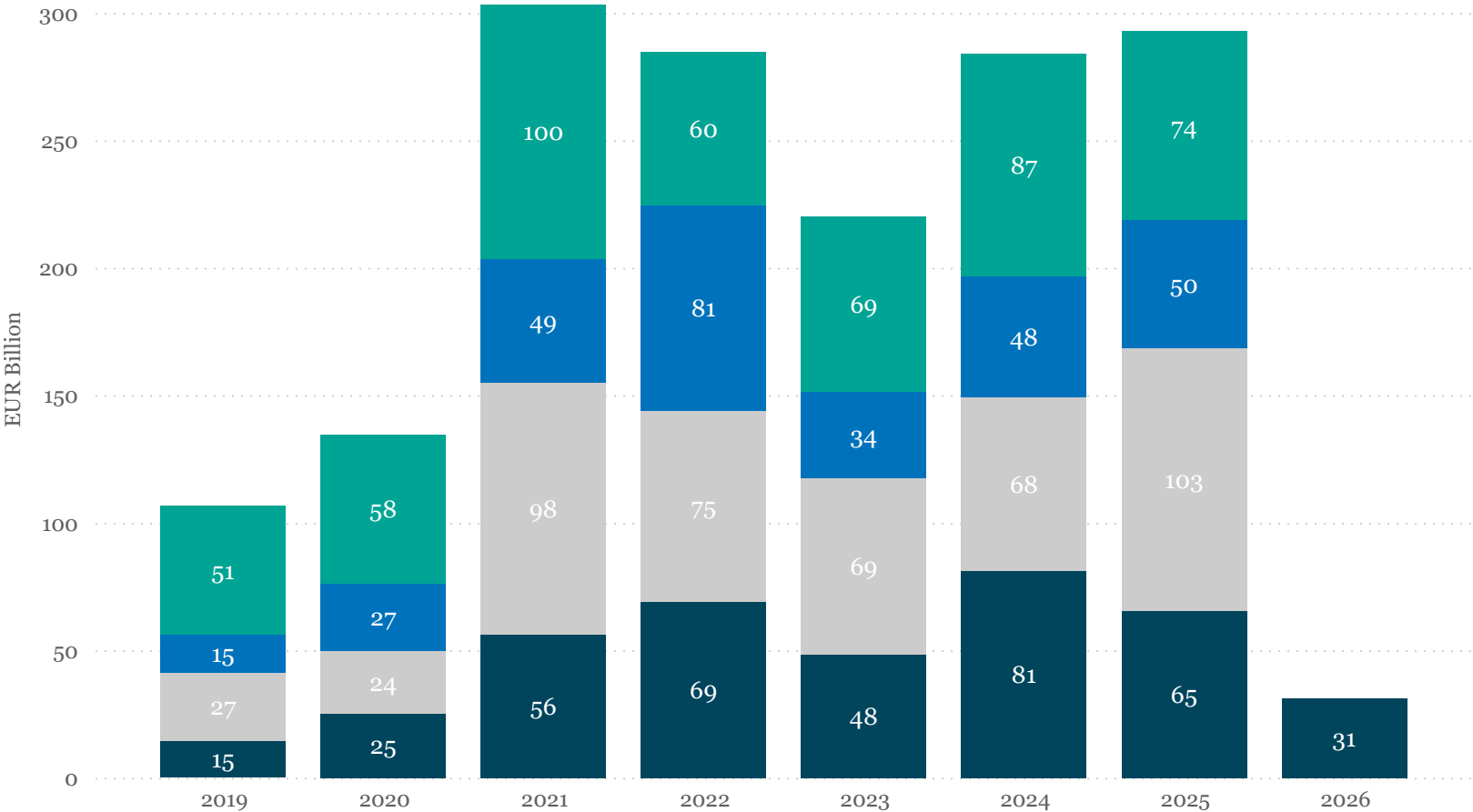
In the first quarter, the EIB issued the largest EU GBS-compliant bond, accumulating €3.96bn, followed by ABN AMRO Bank (€1.25bn).

Notably, Deutsche Bank issued its first EuGB in January 2026, raising €0.5bn and becoming the first G-SIB to issue an EuGB.

# afme / Key findings

## 1.8 European Sustainability-linked and Green Loan Issuance 2019 - 2026YtD (Q1)

● Q1 ● Q2 ● Q3 ● Q4



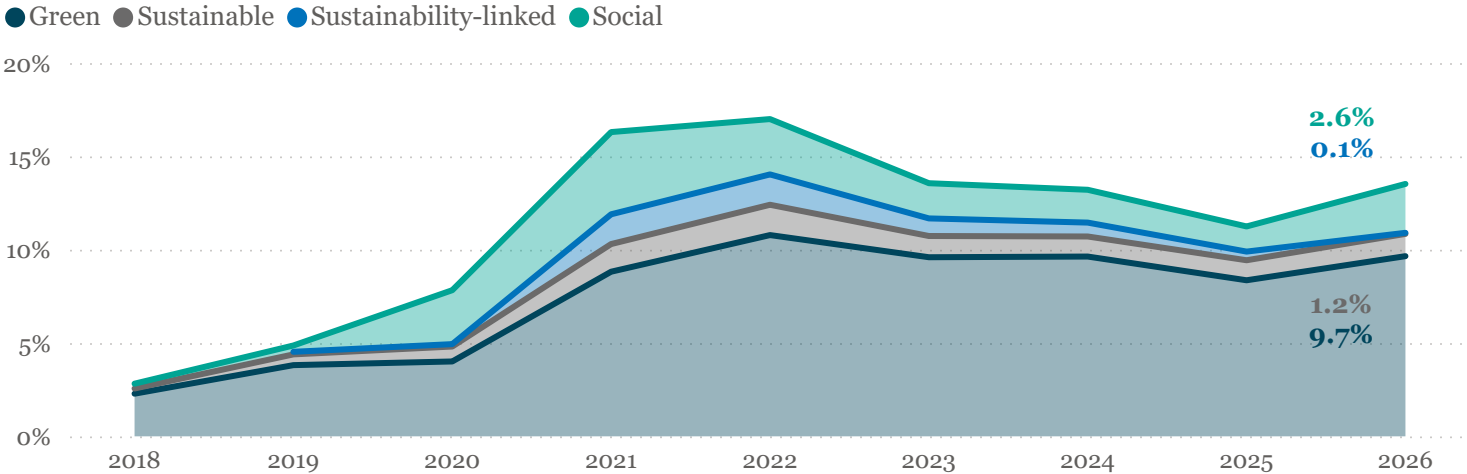
### European sustainability-linked and green loan issuance decreased in Q1 2026

In Q1 2026, European sustainability-linked and green loans origination totalled €31bn, decreasing 52% YoY and 58% QoQ.

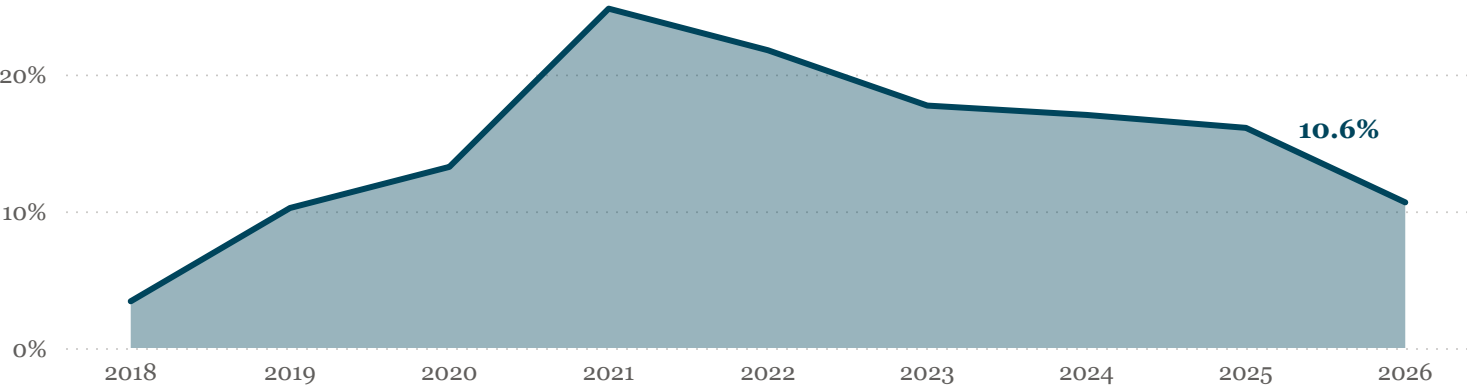
Source: Dealogic

# afme / Key findings

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



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



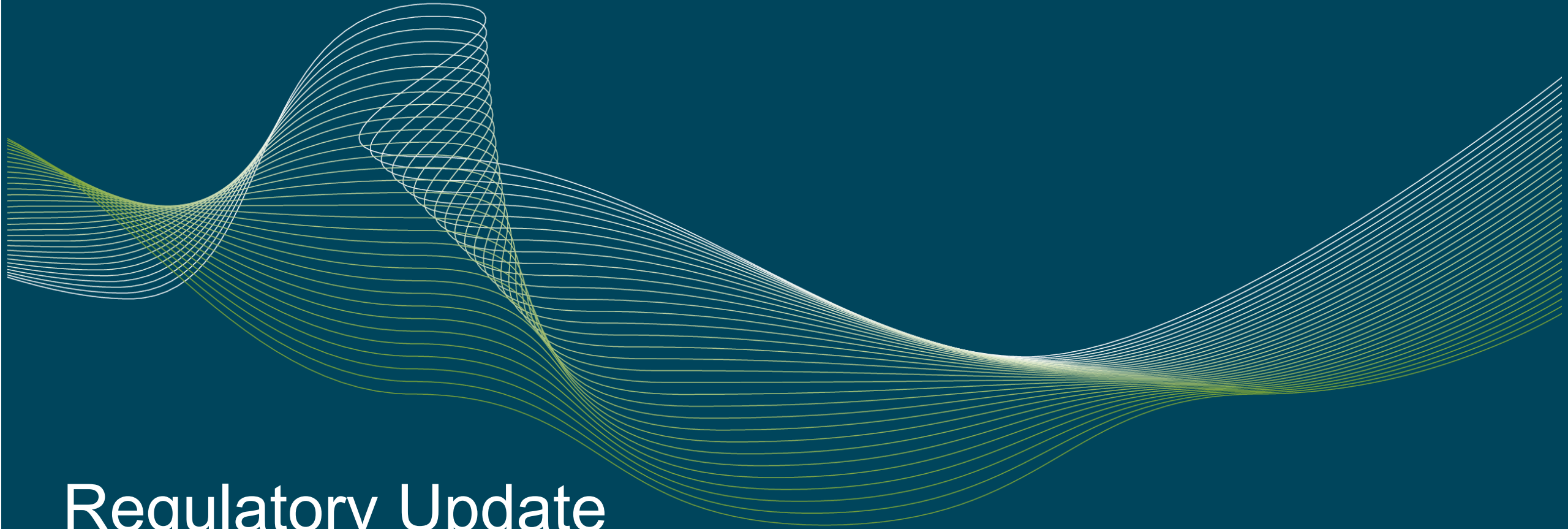
ESG includes Environmental, Social and Sustainable

## Increase in the share of ESG bonds in total bond issuance in Europe

ESG bond issuance represented 13.6% of total European bond issuance during Q1 2026, including 9.7% green bonds, 2.6% social bonds, 1.2% sustainable bonds and 0.1% sustainability-linked bonds. This represented an increase from 10.9% in 2025.

Sustainability-linked and green loan issuance represented 10.6% of total European syndicated loan origination during Q1 2026, a decrease from the market share observed in 2025 (16.1%).

Source: Dealogic



# Regulatory Update

2026

Q2

- European Commission (EC) consults on draft simplified ESRS and adopts finalised Delegated Act (tbc)
- EC consults on draft Sustainability reporting standard for voluntary use (VESRS) and adopts finalised Delegated Act (tbc)
- EC to adopt finalised Delegated Act reviewing the Taxonomy Environmental and Climate Delegated Acts, including Taxonomy Technical Screening Criteria (TSC) review
- SFDR 2.0: Member States to agree common position for interinstitutional negotiations
- External reviewers of European Green Bonds to register with ESMA following the end of the transitional regime under the EU Green Bond Standard (EuGB) Regulation
- EBA launches consultation on simplification of supervisory reporting
- EBA to publish final draft ITS on ESG Pillar 3 disclosures
- EC to adopt Energy package, including Electrification Action Plan
- EC consults on updating Benchmark values for free allocation of emission allowances (2026-2030) under the EU ETS
- FCA to consult on streamlining product-level sustainability reporting for asset managers and FCA-regulated asset owners

\*Please note that the above is a selective list of initiatives and timelines are indicative and may be subject to change.

2026

Q3

- SFDR 2.0: European Parliament (EP) to adopt position for interinstitutional negotiations
- EFRAG to issue Exposure Draft of ESRS for non-EU groups (N-ESRS) for public consultation
- European Supervisory Authorities (ESAs) to collect stakeholders' views and draft advice on the review of the Disclosures Delegated Act under Article 8 of the Taxonomy Regulation
- EC to adopt ETS review proposal
- EC to adopt Report on competitiveness of the banking sector

2026

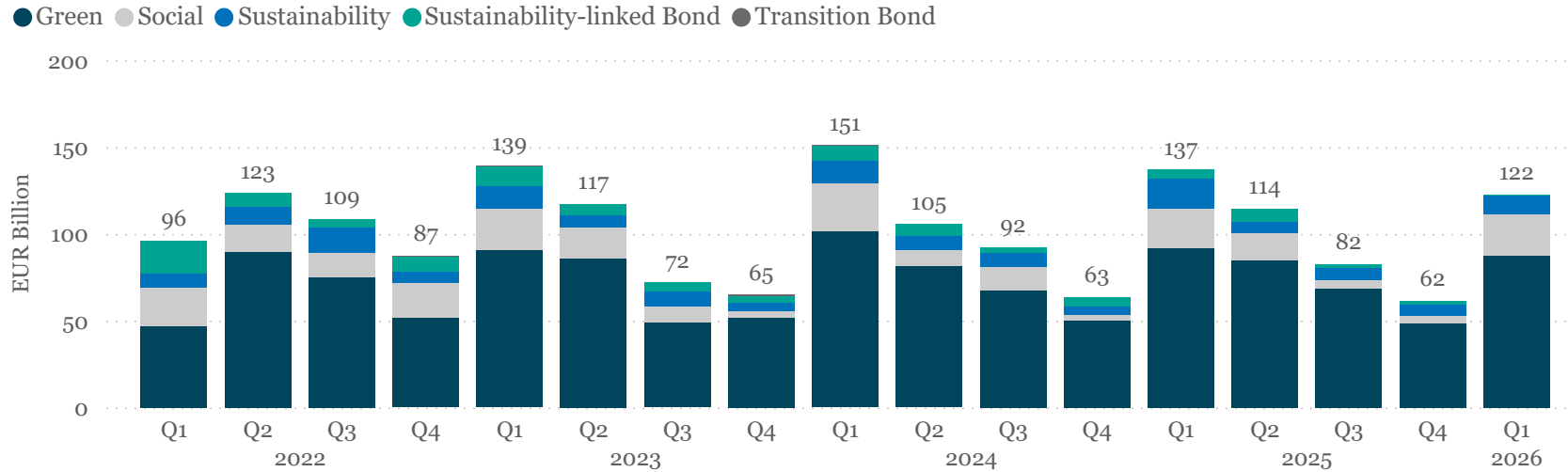
Q4

- Simplified ESRS: End of scrutiny period in EP and Council (tbc)
- SFDR 2.0: Interinstitutional negotiations, possible political agreement (tbc)
- Review of Taxonomy Climate & Environmental Delegated Acts: End of scrutiny period in EP and Council (tbc)
- ESAs to finalise technical advice on the review of the Disclosures Delegated Act under Article 8 of the Taxonomy Regulation
- FCA to publish Policy Statement on the introduction of requirements for UK listed companies to report against UK Sustainability Reporting Standards (SRS)
- FCA to publish Policy Statement with final rules on regulation of ESG rating providers

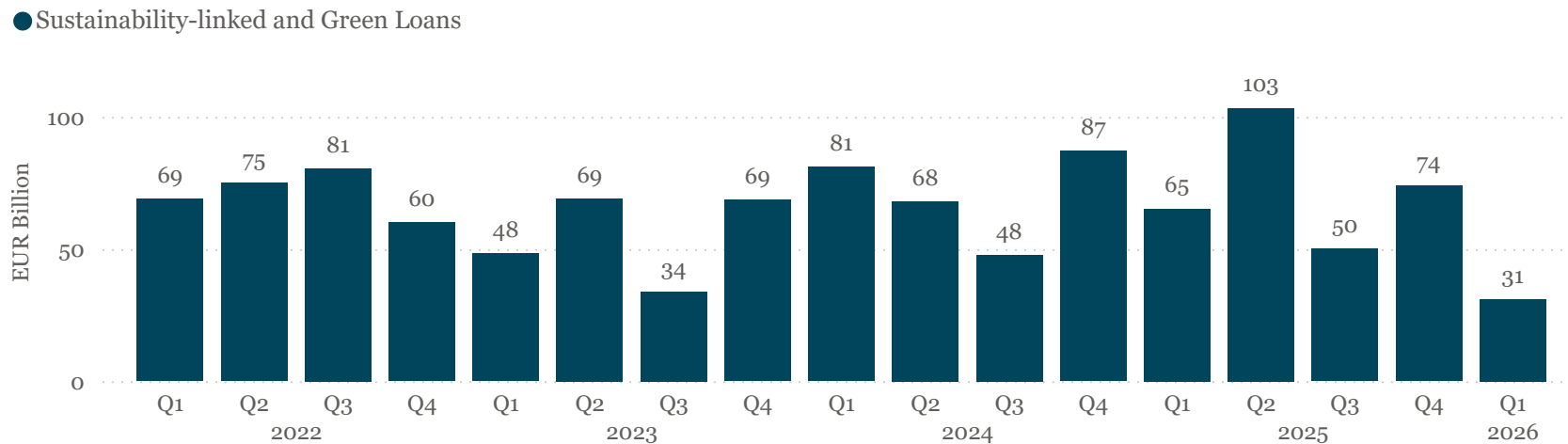
# ESG Bond and Loan Issuance

# afme/ ESG Bond and Loans Issuance

## 2.1 European ESG, Sustainability-linked and Transition Bond Issuance



## 2.2 European Sustainability-linked and Green Loan Issuance



### Drop in sustainability-linked and green loan issuance in Q1 2026

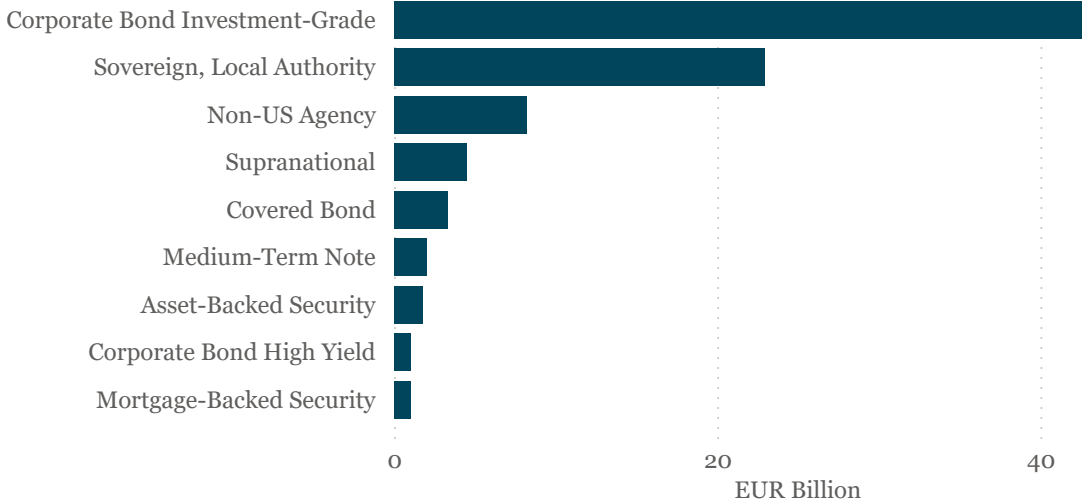
Proceeds from ESG, sustainability-linked and transition bonds totalled €122bn in Q1 2026, a decline of 11% from €137bn in Q1 2025.

Sustainability-linked and green loan origination fell by 58% QoQ and by 52% YoY, totalling €31bn in proceeds in the first quarter of 2026.

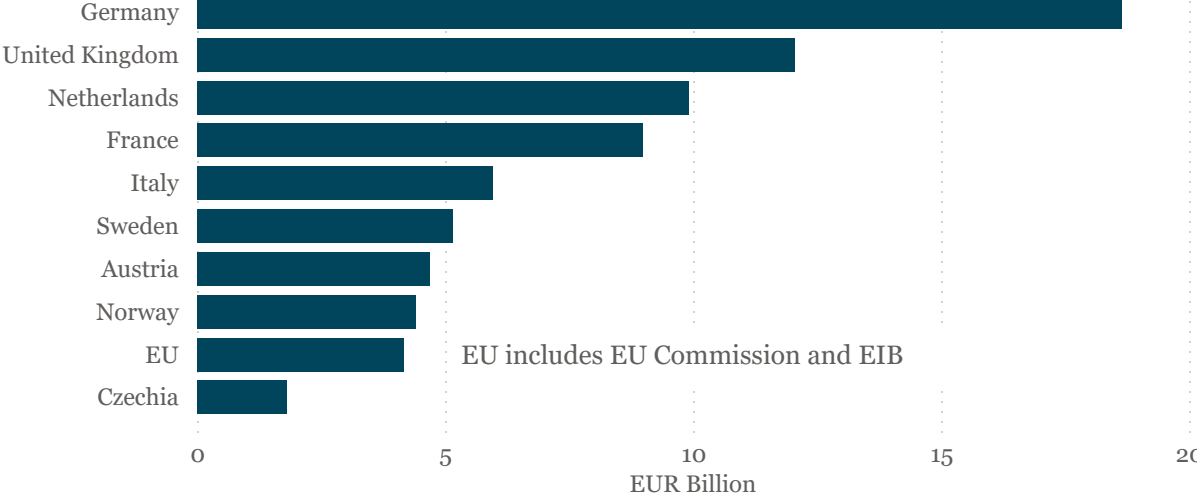
Investment-grade corporate issuers accounted for 49% of the total proceeds from green bonds, while non-US agencies dominated social bond issuance (66% of the total).

Globally, the European Union continues to be the primary region for green and social bond issuance, as well as for sustainability-linked and green loan origination. Whereas APAC issuers led the quarter in sustainable bond issuance. [See pages 15-20]

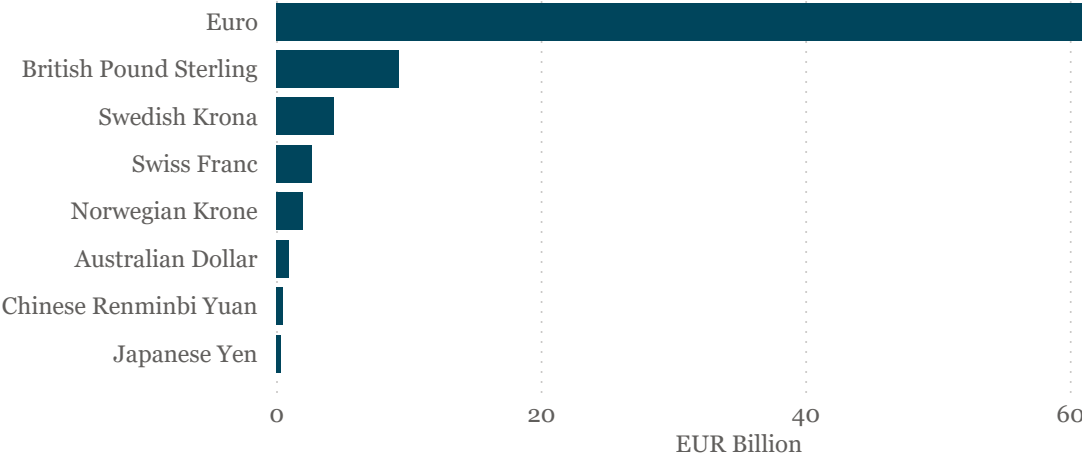
2.3 Green Bond Issuance by Deal Type: 2026YtD (Q1)



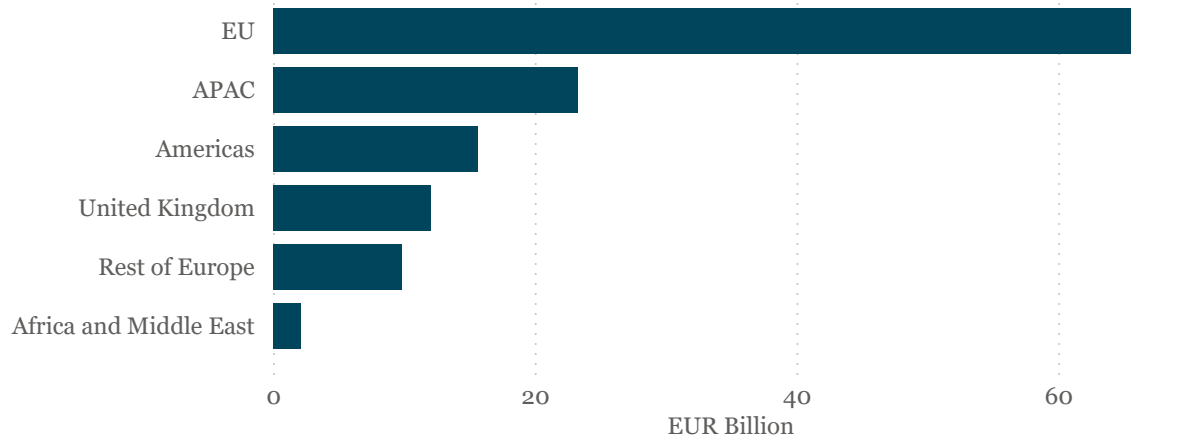
2.4 Green Bond Issuance by Country (top 10): 2026YtD (Q1)



2.5 Green Bond Issuance by Currency (top 8): 2026YtD (Q1)



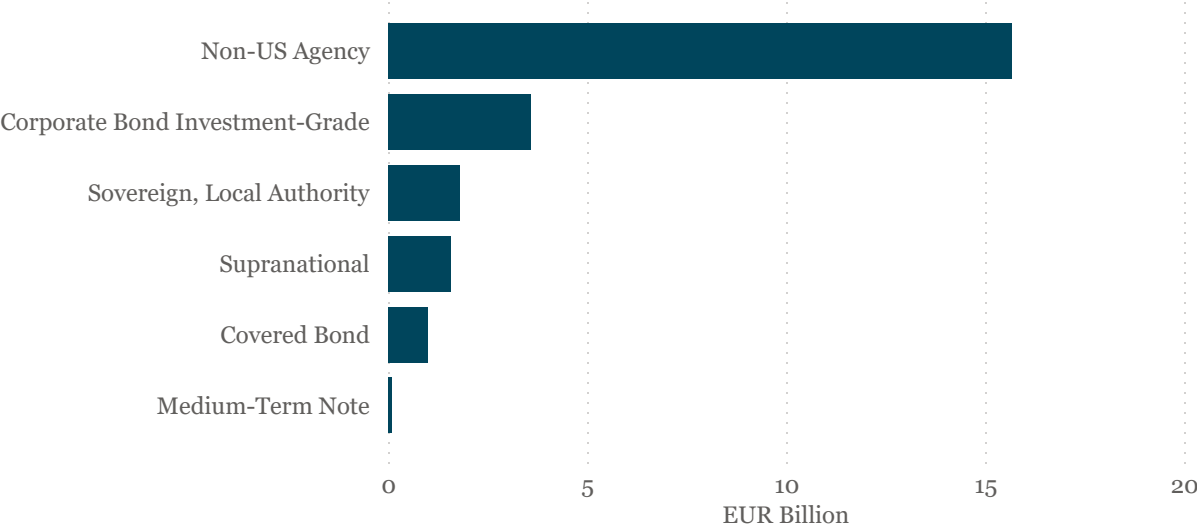
2.6 Green Bond Issuance Global Comparison: 2026YtD (Q1)



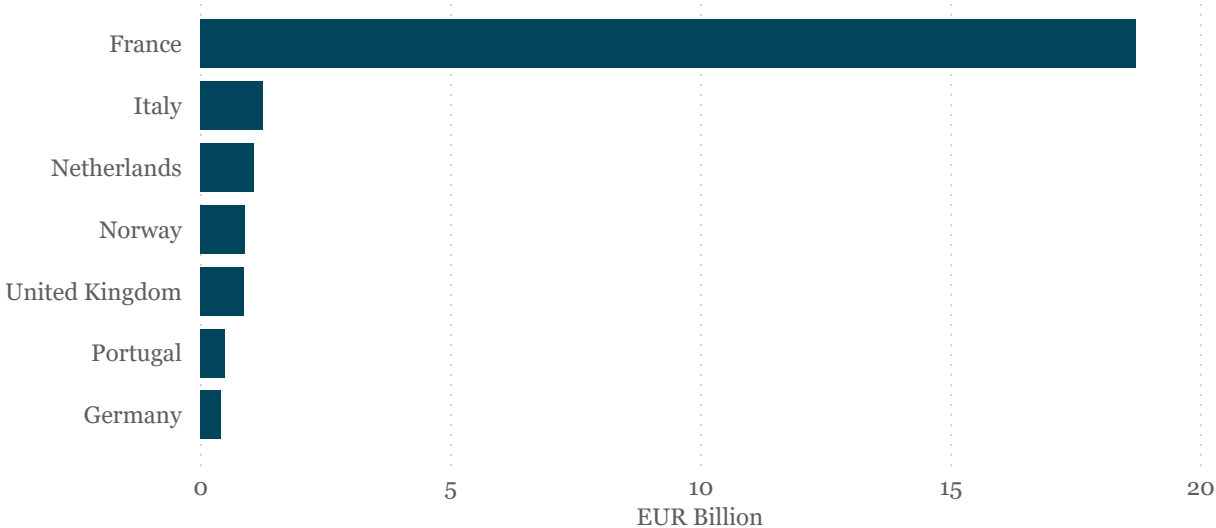
Source: Dealogic

# afme / Social Bond Issuance

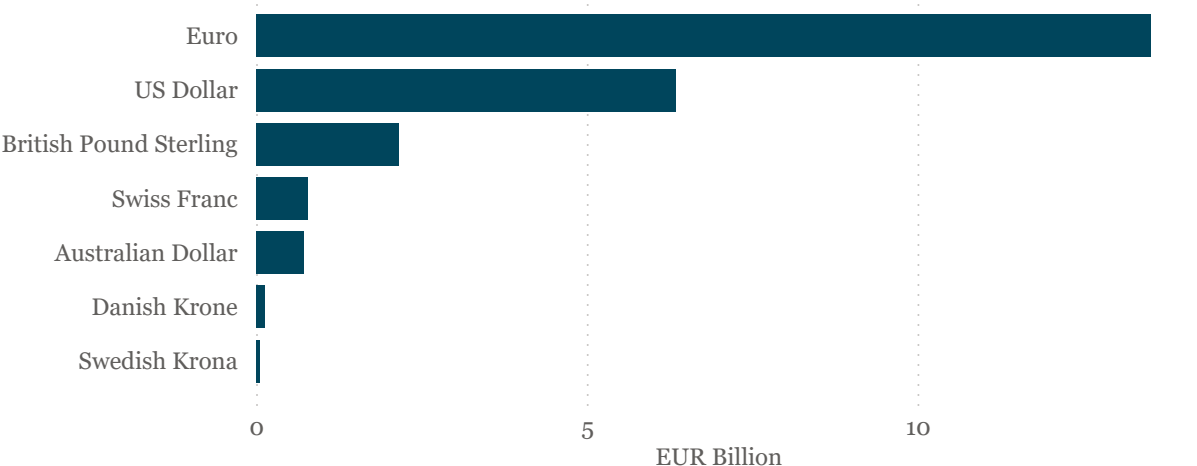
2.7 Social Bond Issuance by Deal Type: 2026YtD (Q1)



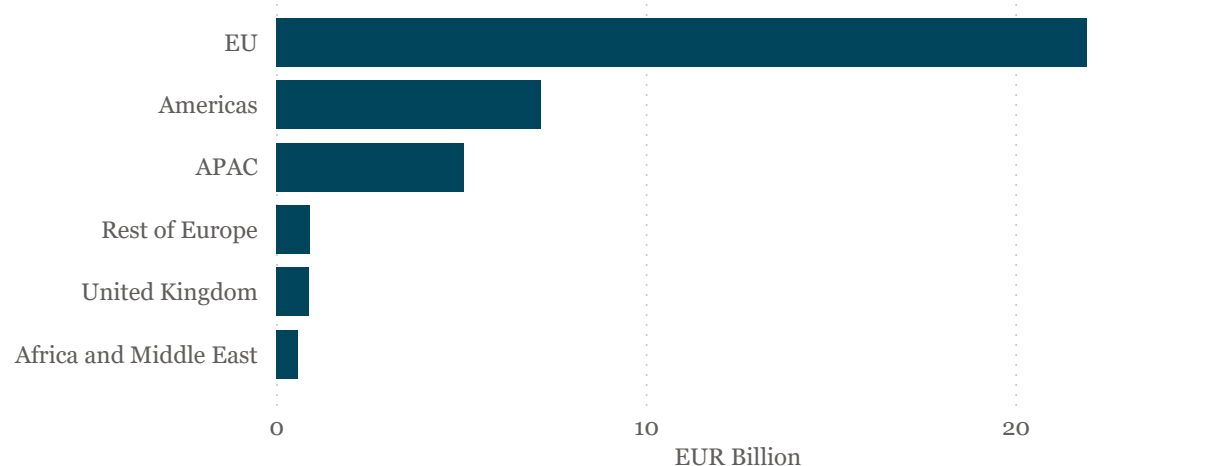
2.8 Social Bond Issuance by Country: 2026YtD (Q1)



2.9 Social Bond Issuance by Currency: 2026YtD (Q1)



2.10 Social Bond Issuance Global Comparison: 2026YtD (Q1)

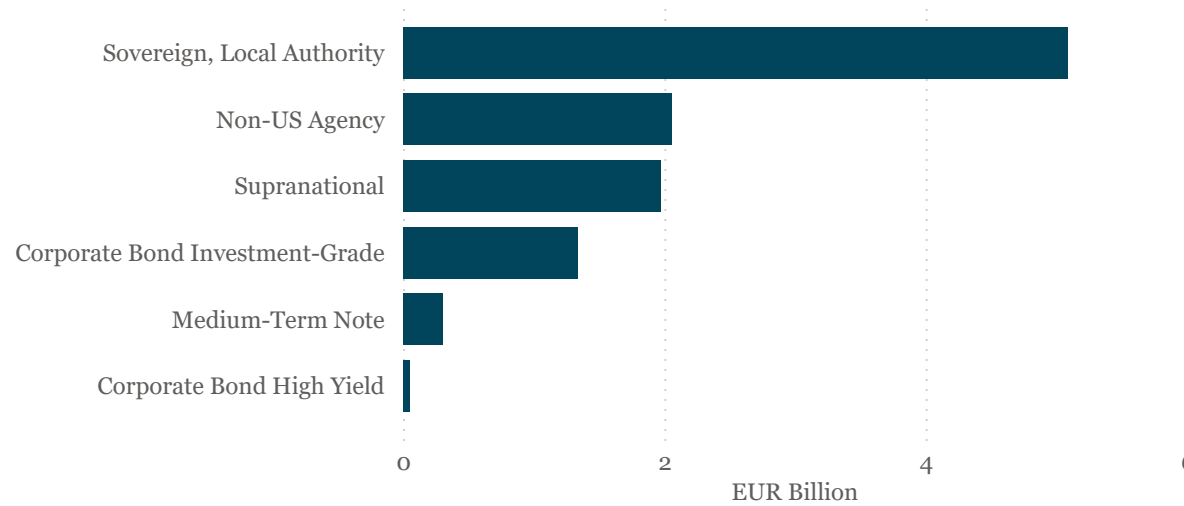


Source: Dealogic

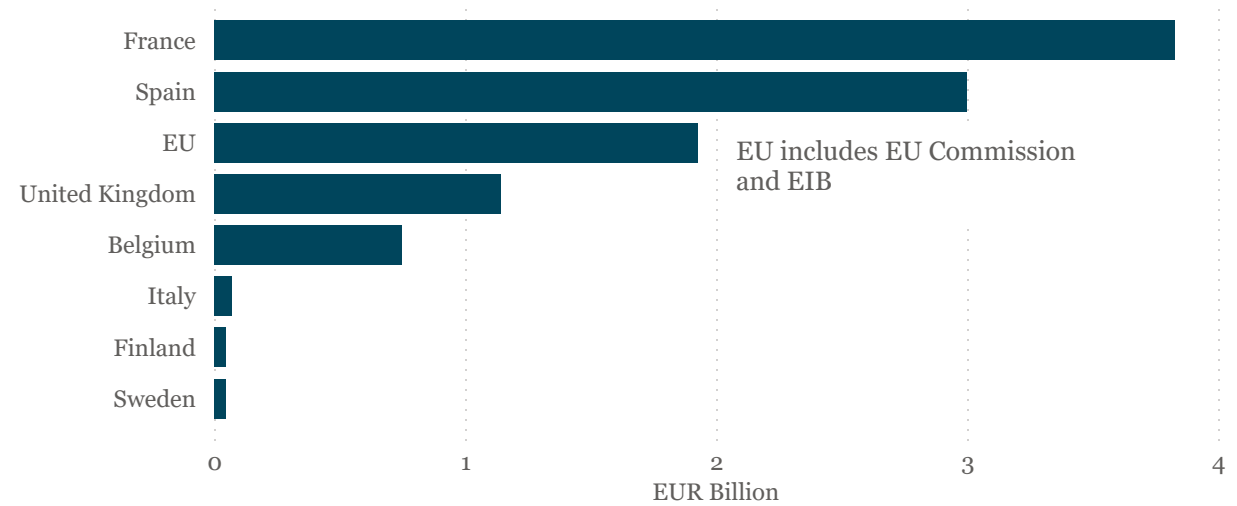
# afme / Sustainable Bond Issuance

Proceeds of Sustainable Bonds are allocated between green projects and social projects

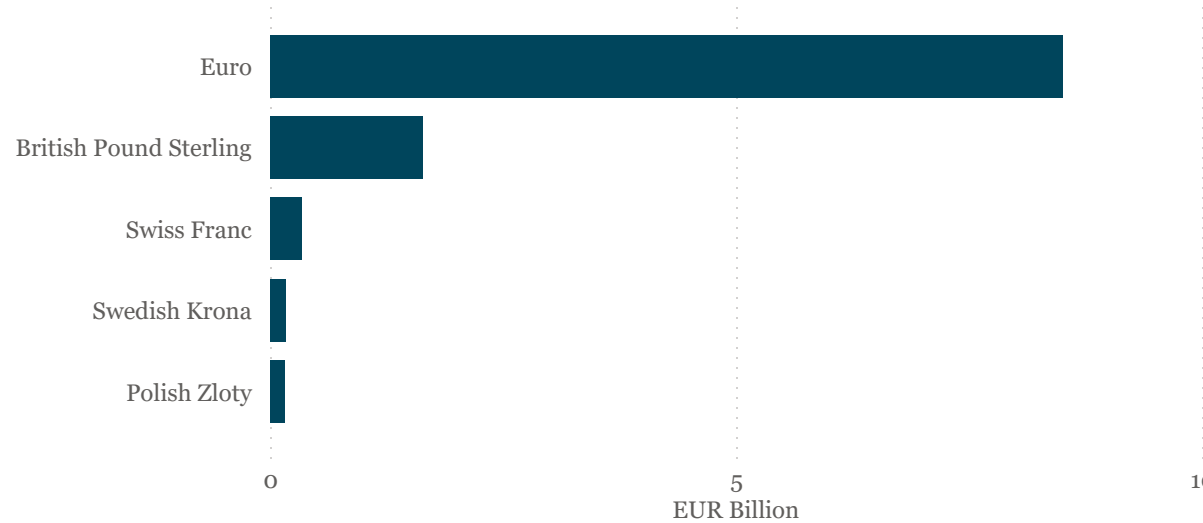
## 2.11 Sustainable Bond Issuance by Deal Type: 2026YtD (Q1)



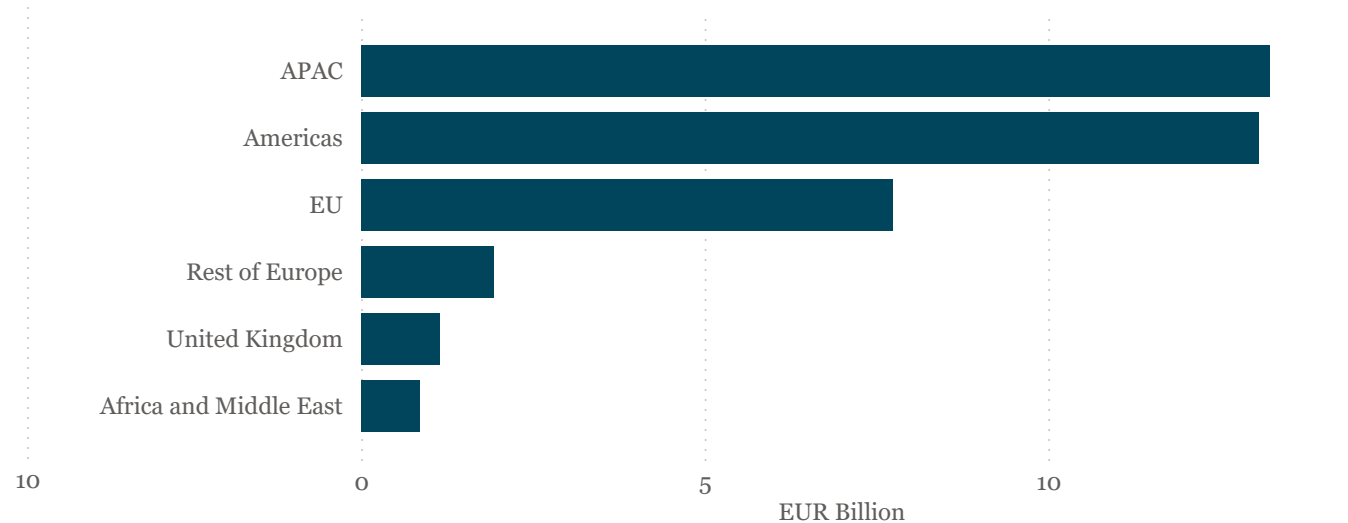
## 2.12 Sustainable Bond Issuance by Country: 2026YtD (Q1)



## 2.13 Sustainable Bond Issuance by Currency: 2026YtD (Q1)



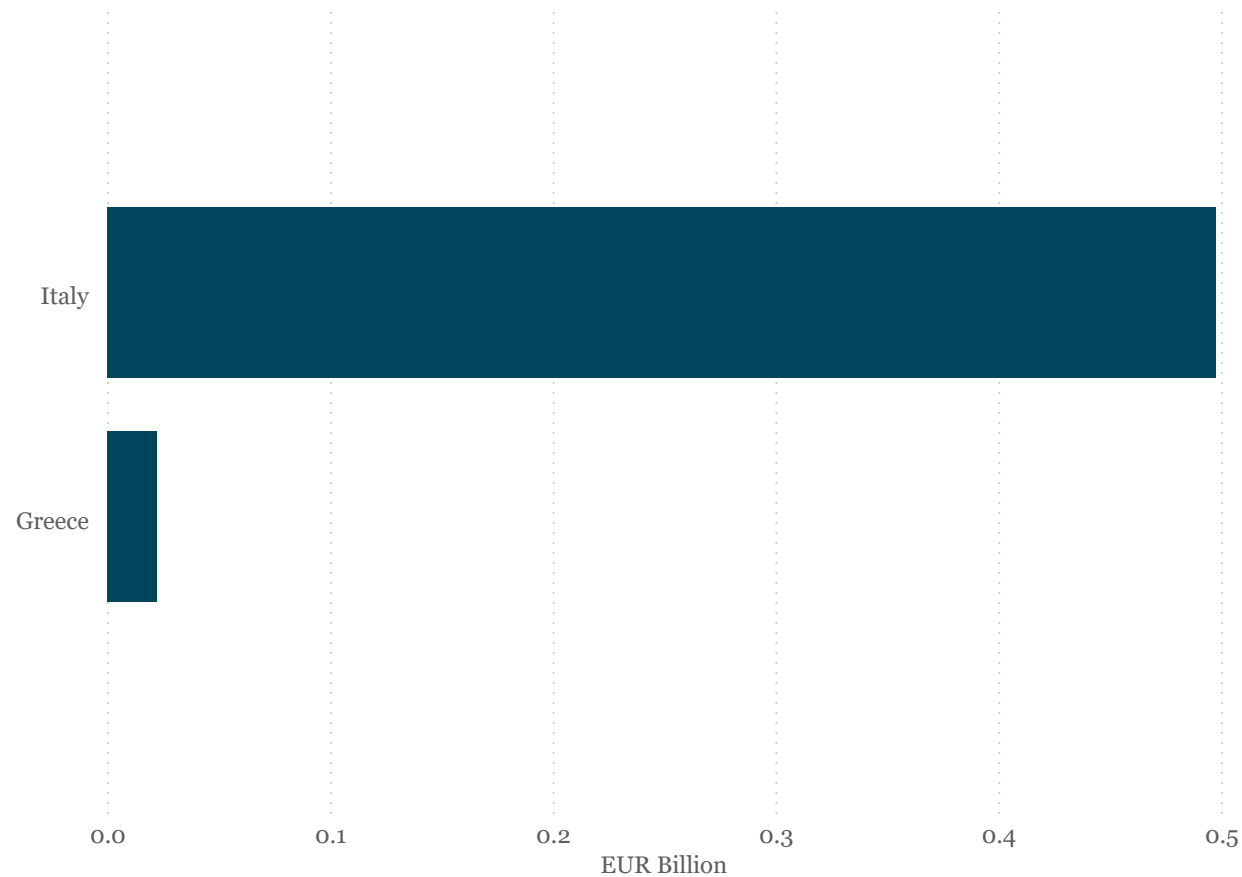
## 2.14 Sustainable Bond Issuance Global Comparison: 2026YtD (Q1)



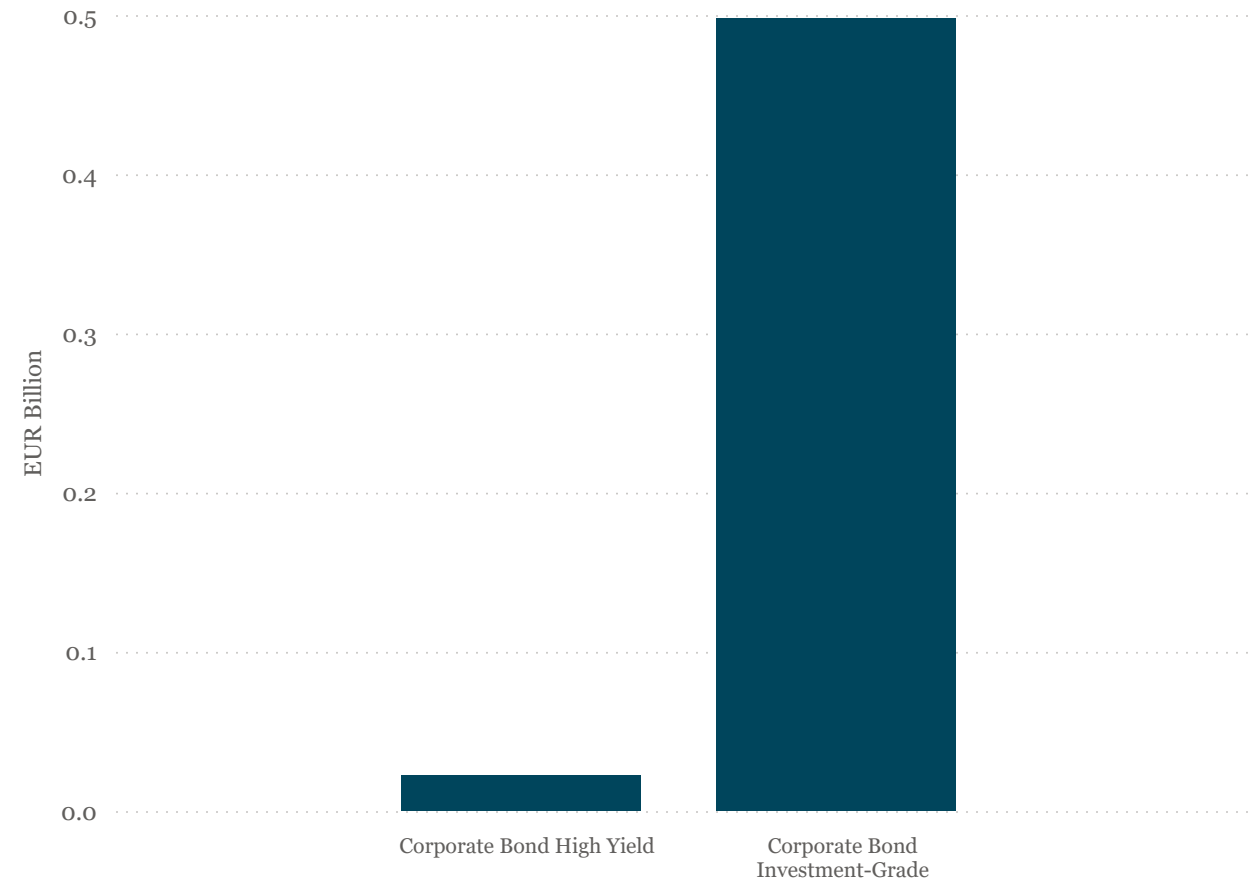
# afme / Sustainability-linked Bond Issuance

Sustainability-linked bonds are performance-based bonds where payment is contingent on pre-determined KPIs which are aligned with sustainability strategies. Transition bonds are bonds issued with a “transition” label indicating use of proceeds to improve environmental performance but not yet reaching “green” categorisation.

**2.15 European Sustainability-linked Bond Issuance by Country:  
2026YtD (Q1)**

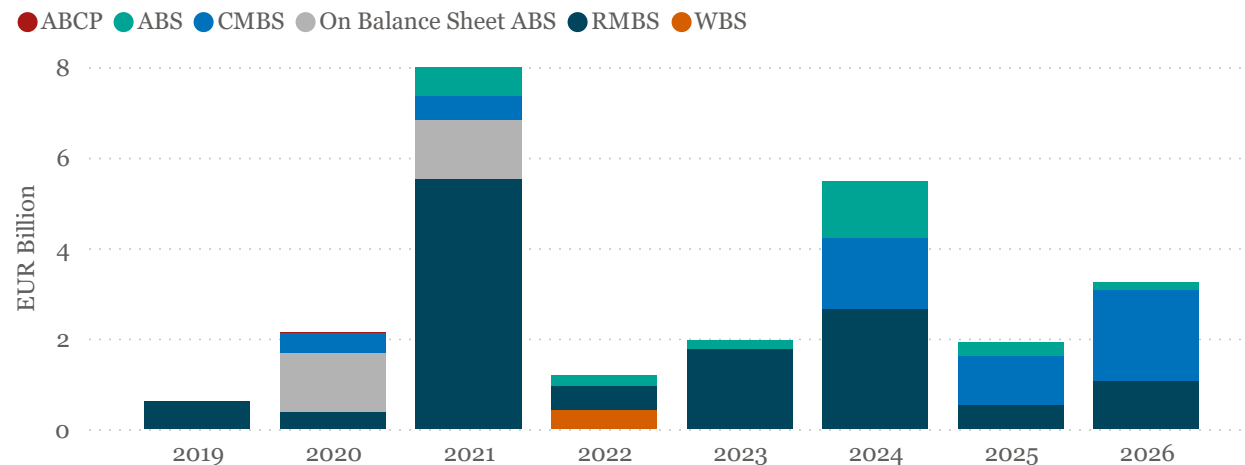


**2.16 European Sustainability-linked Bond Issuance by Deal Type:  
2026YtD (Q1)**

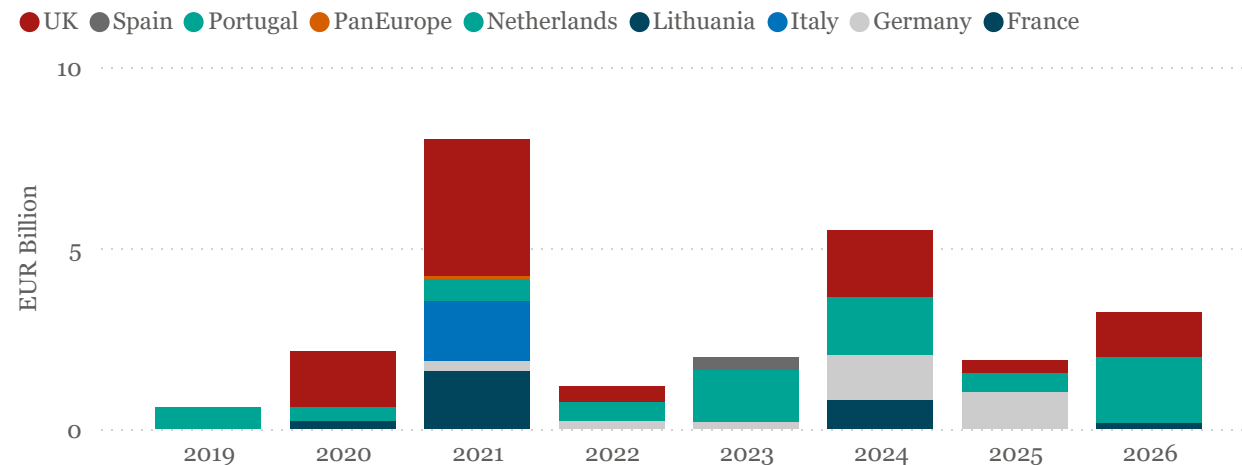


# afme / ESG Securitisation Issuance

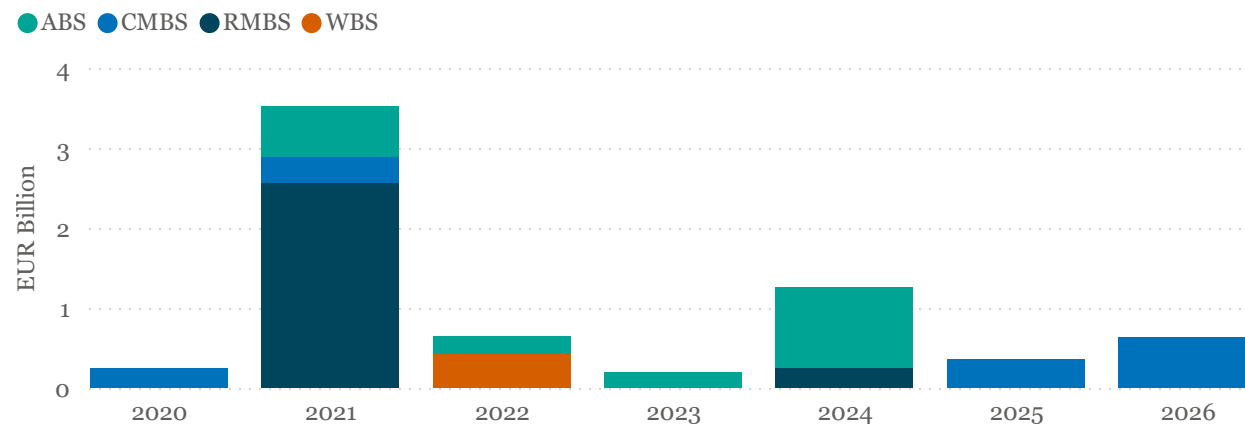
## 2.17 European ESG Securitisation Issuance by Asset Class



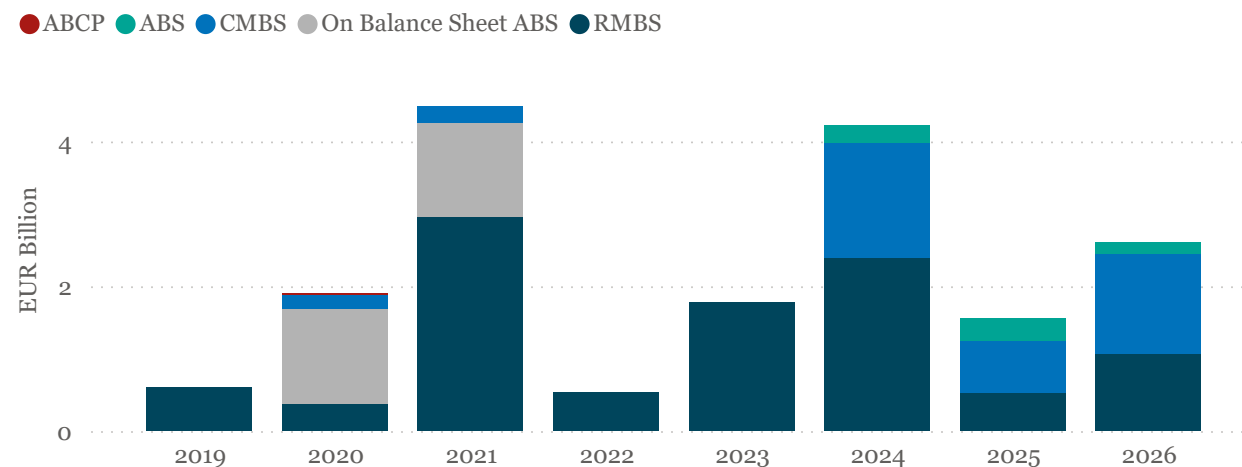
## 2.18 European ESG Securitisation Issuance by Country of Asset



## 2.19 European Social and Sustainable Securitisation Issuance by Asset Class



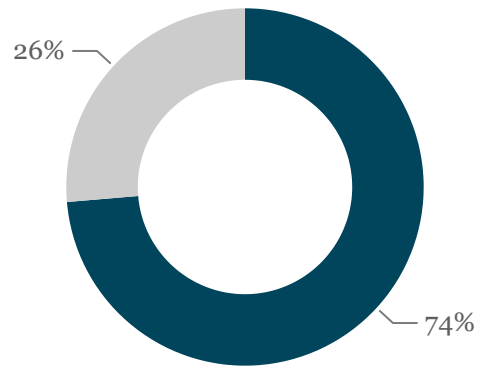
## 2.20 European Green Securitisation Issuance by Asset Class



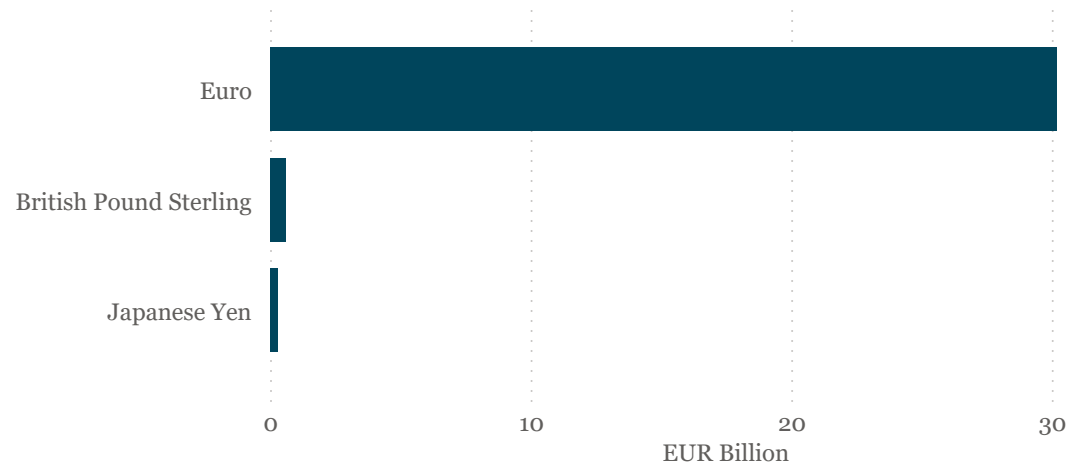
# afme / Sustainability linked and Green Loan Issuance

**2.21 Sustainability-linked and Green Loan Issuance by Deal Type: 2026YtD (Q1)**

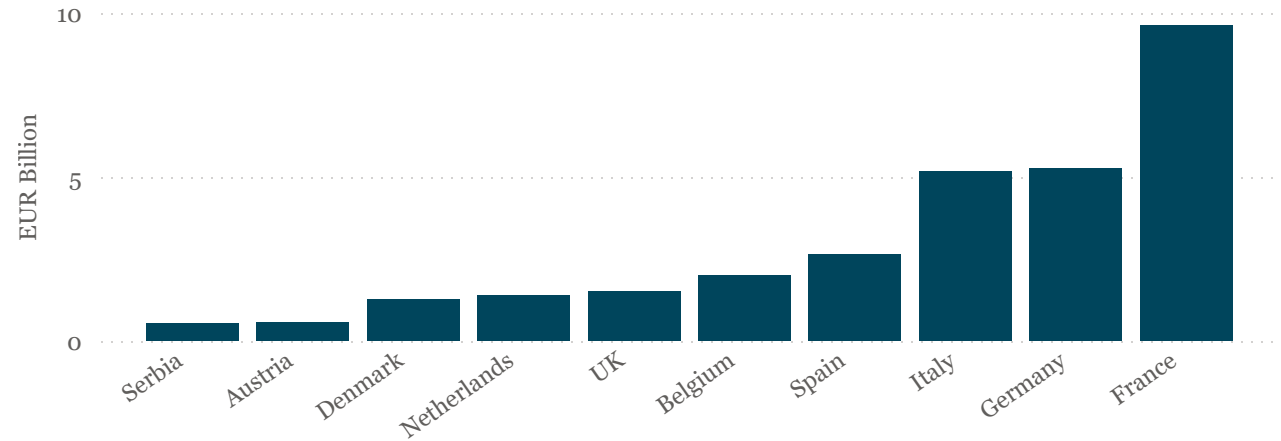
● Investment Grade  
● Leveraged



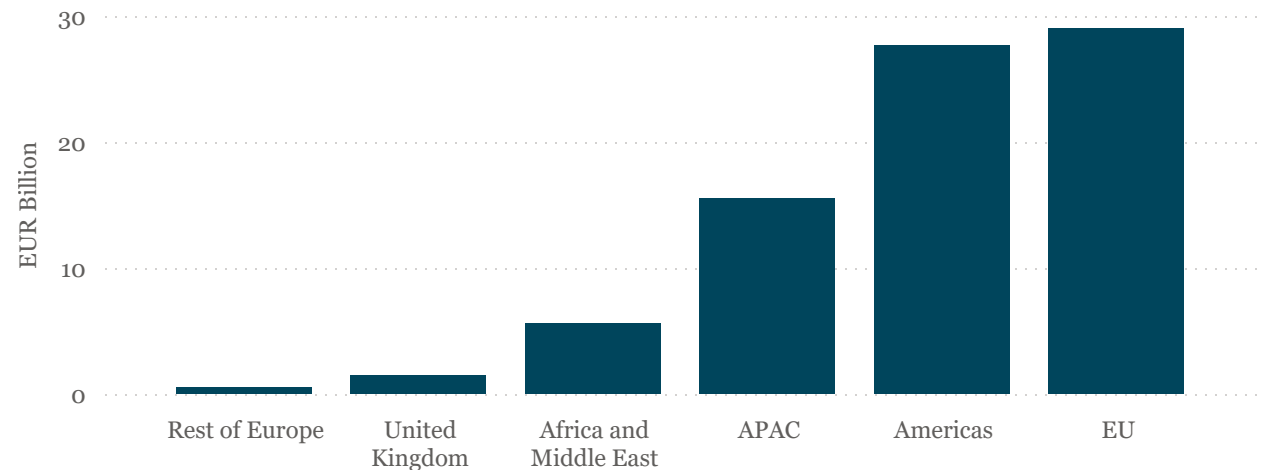
**2.23 Sustainability-linked and Green Loan Issuance by Currency: 2026YtD (Q1)**

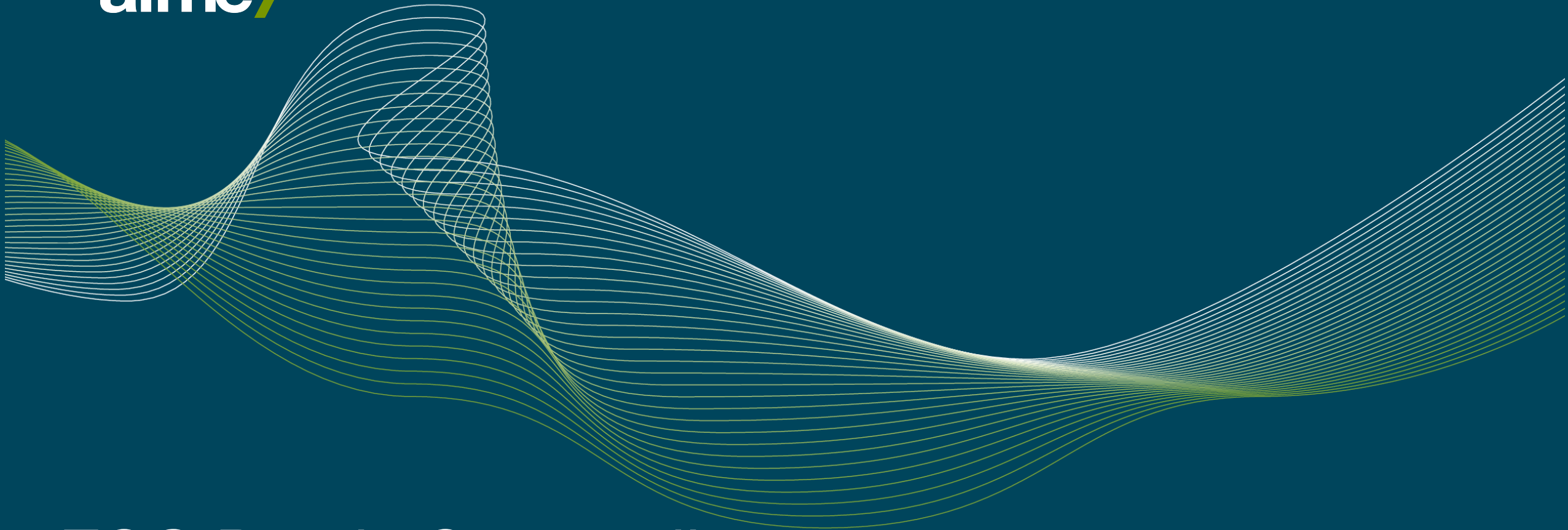


**2.22 Sustainability-linked and Green Loan Issuance by Country (top 10): 2026YtD (Q1)**



**2.24 Sustainability-linked and Green Loan Issuance Global Comparison: 2026YtD (Q1)**

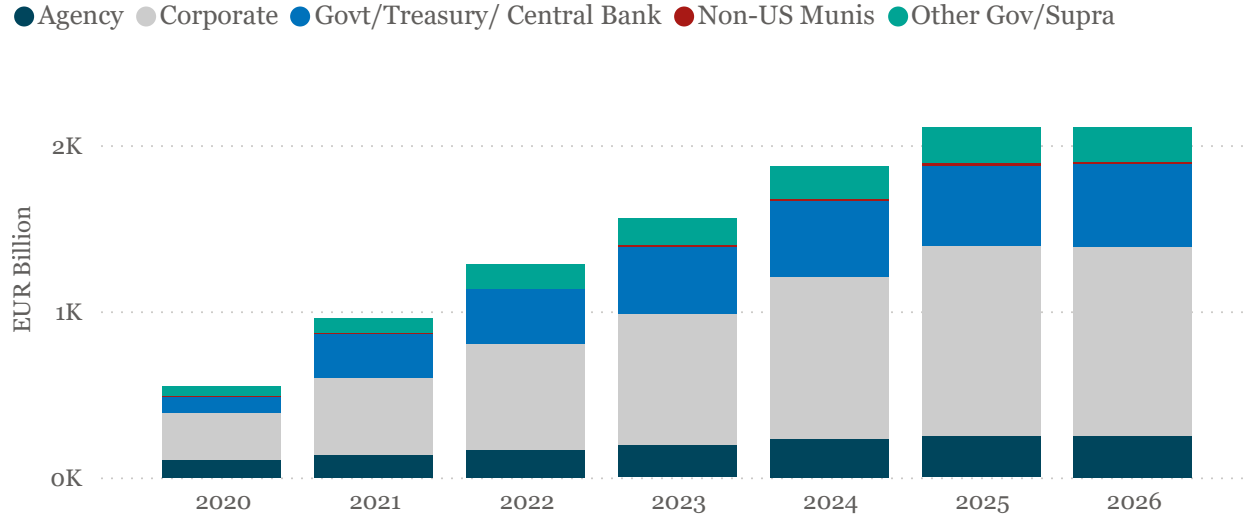




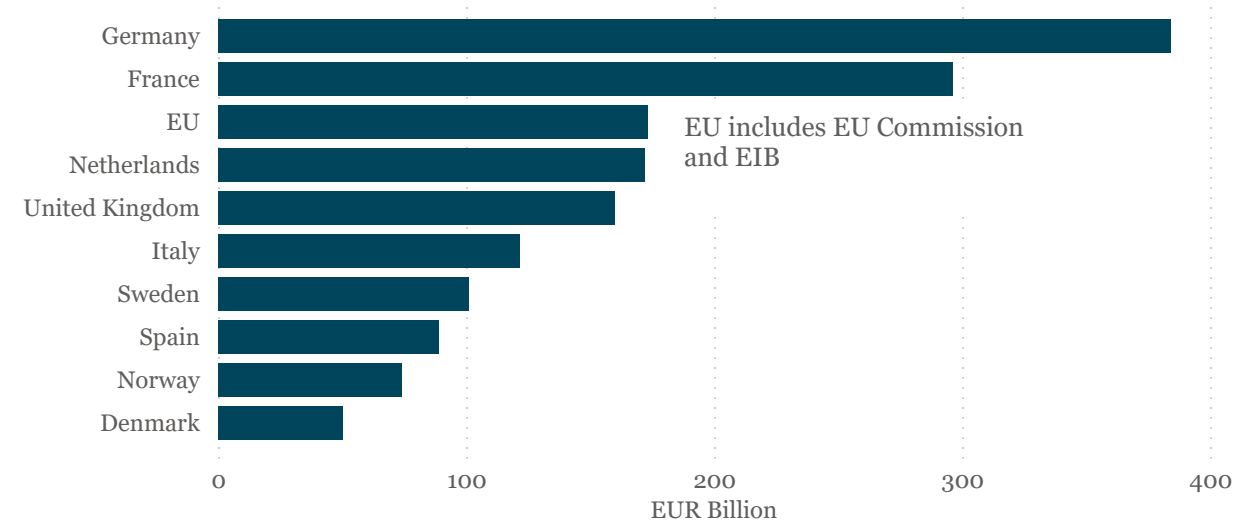
# ESG Bonds Outstanding

# afme / Green Bonds Outstanding

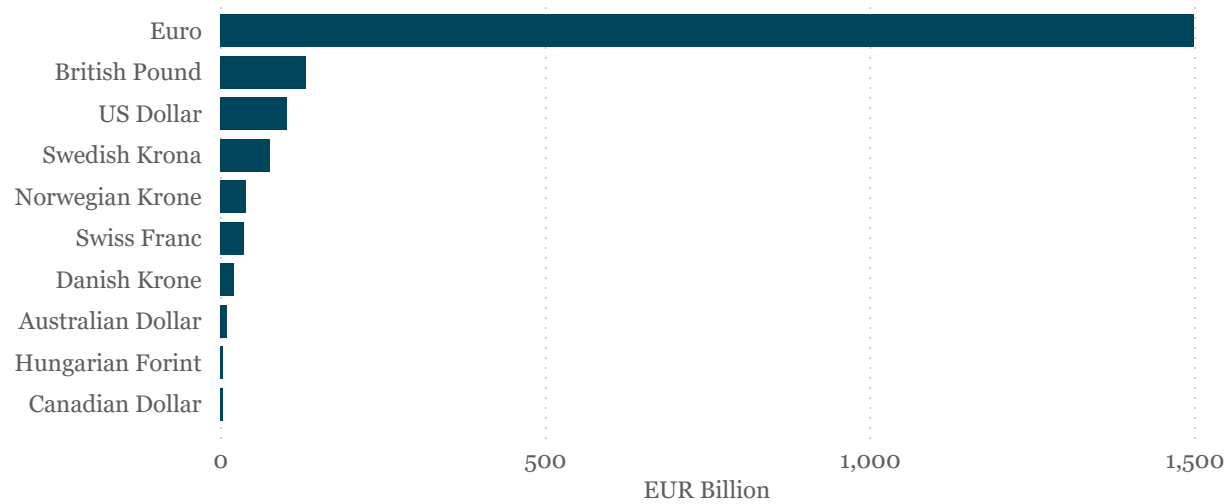
## 3.1 Evolution of European Green Bonds Outstanding



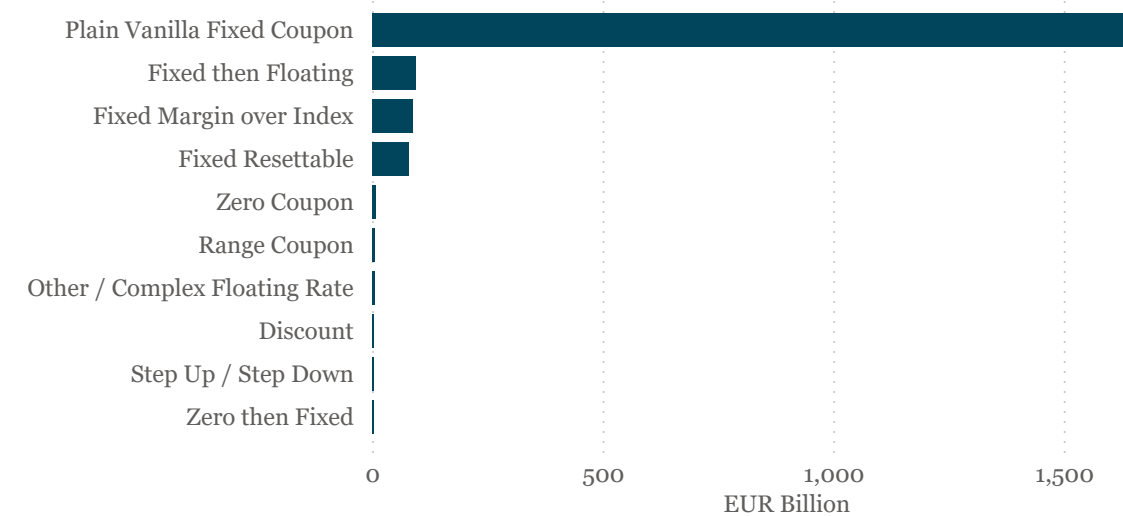
## 3.2 Green Bonds Outstanding by Country (top 10)



## 3.3 Green Bonds Outstanding by Currency (top 10)

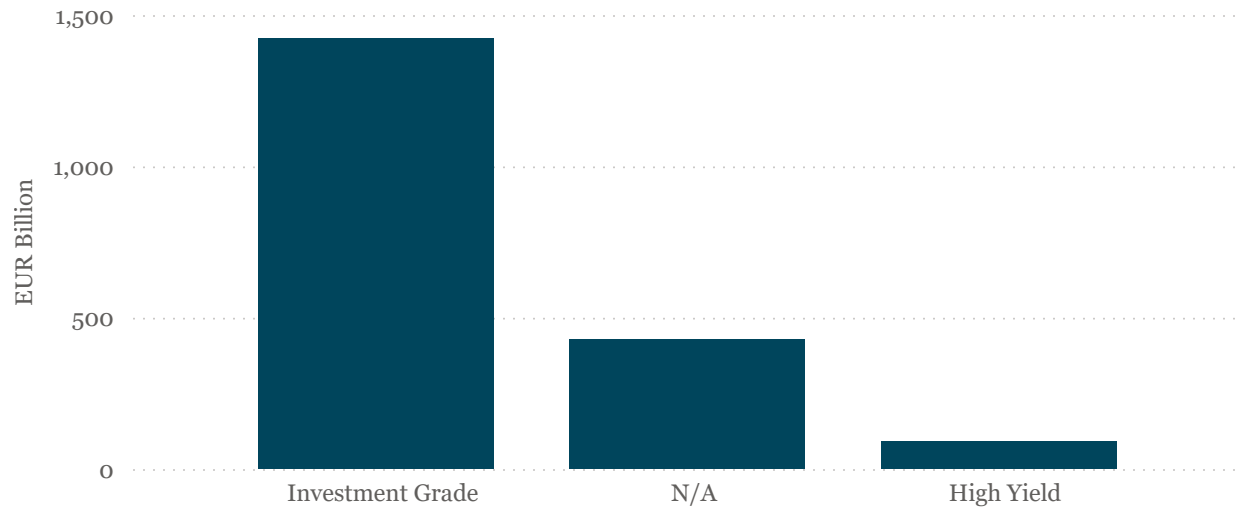


## 3.4 Green Bonds Outstanding by Coupon Type (top 10)

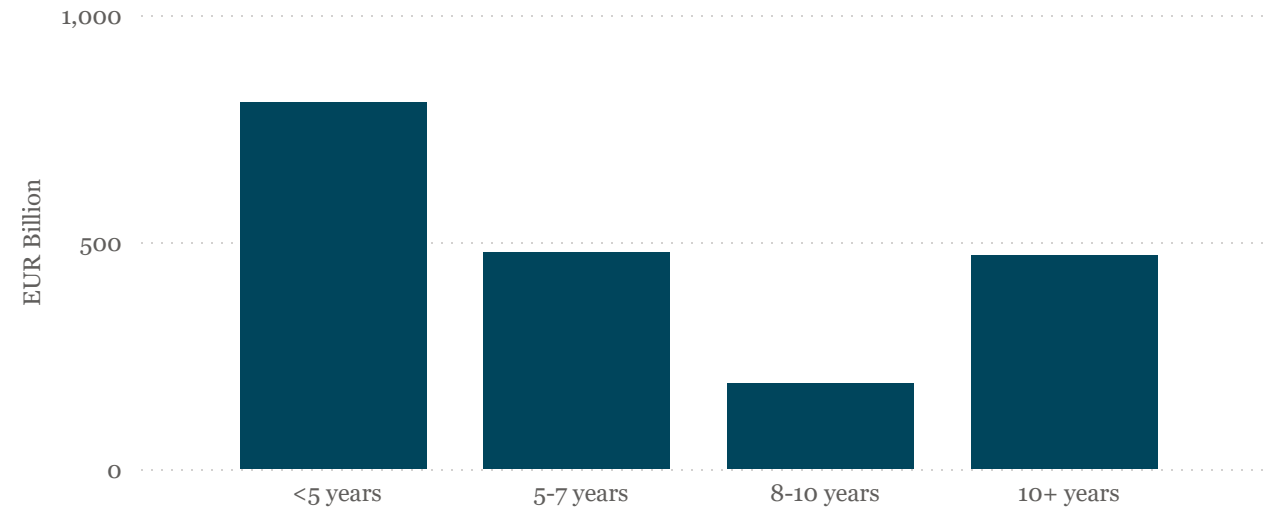


# afme / Green Bonds Outstanding

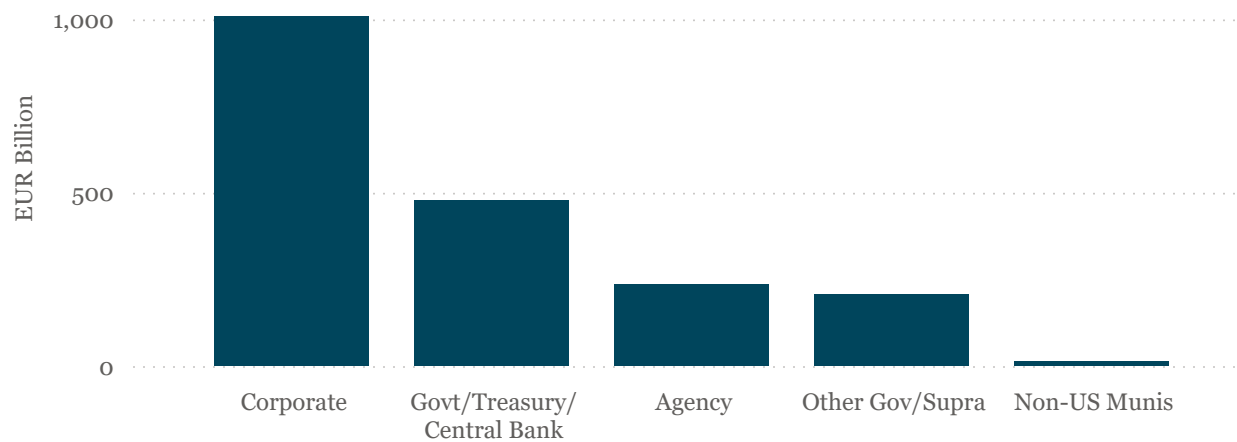
### 3.5 Green Bonds Outstanding by Bond Grade



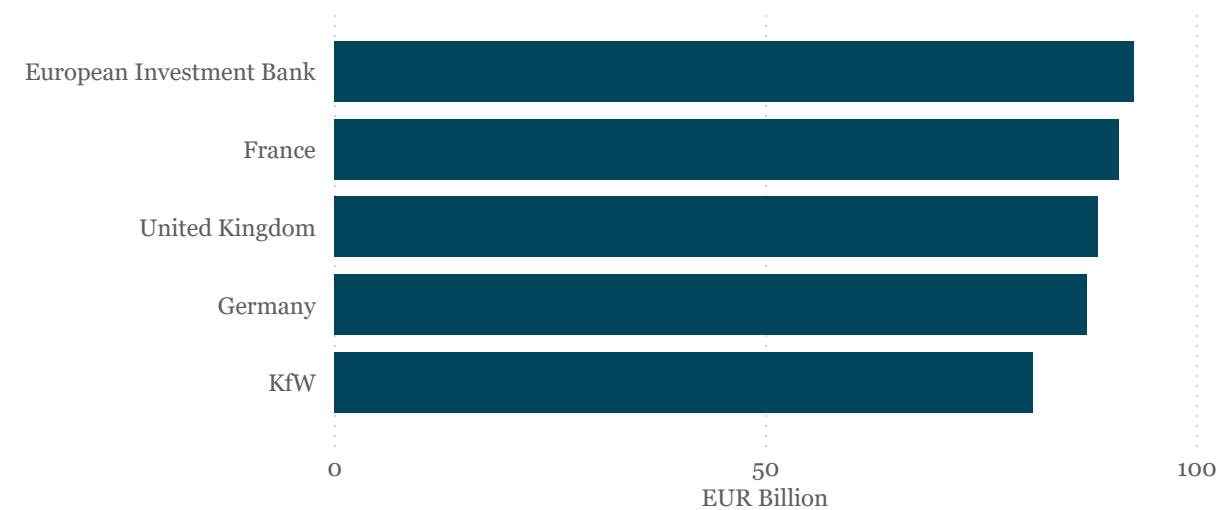
### 3.6 Green Bonds Outstanding by Years to Maturity



### 3.7 Green Bonds Outstanding by Asset Class

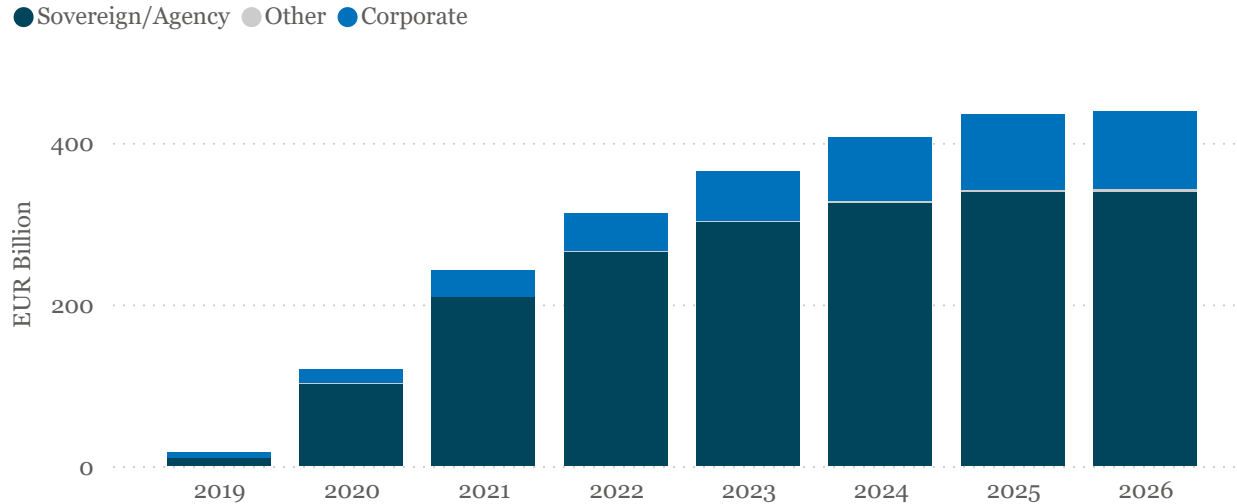


### 3.8 Green Bonds Outstanding by Single Issuers (top 5)

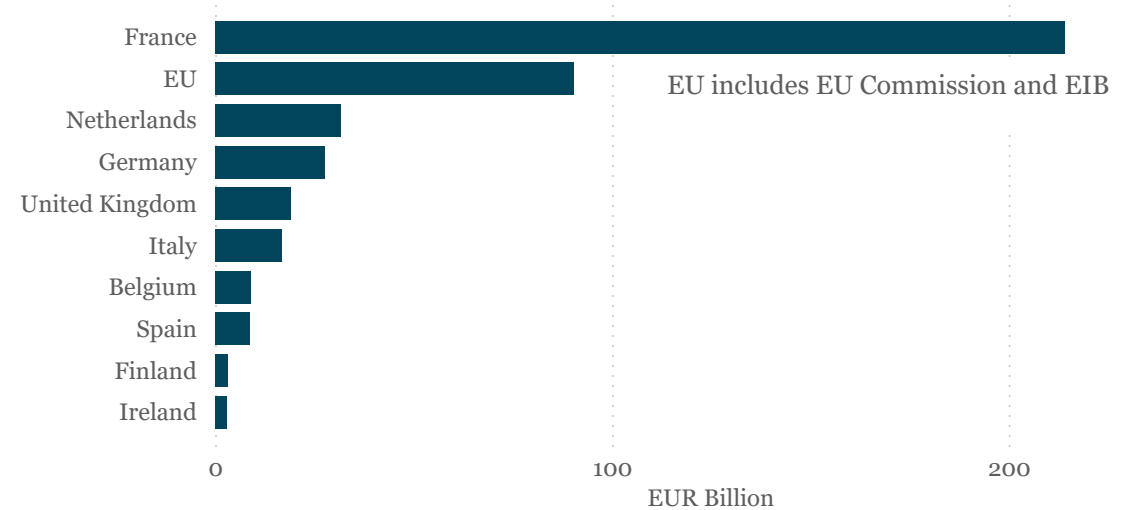


# afme / Social Bonds Outstanding

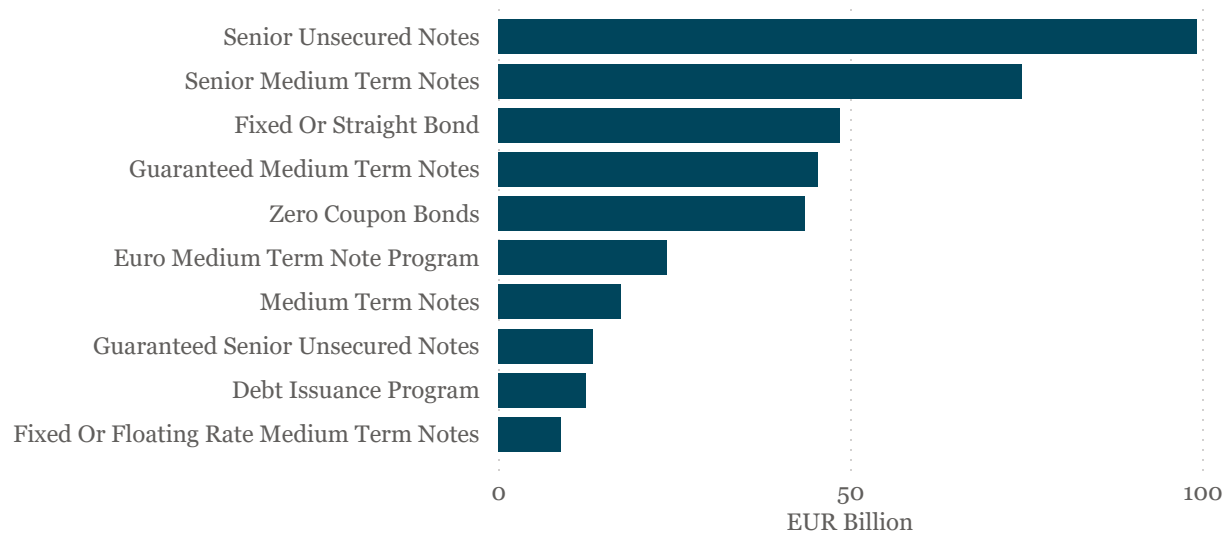
## 3.9 Evolution of Social Bonds Outstanding



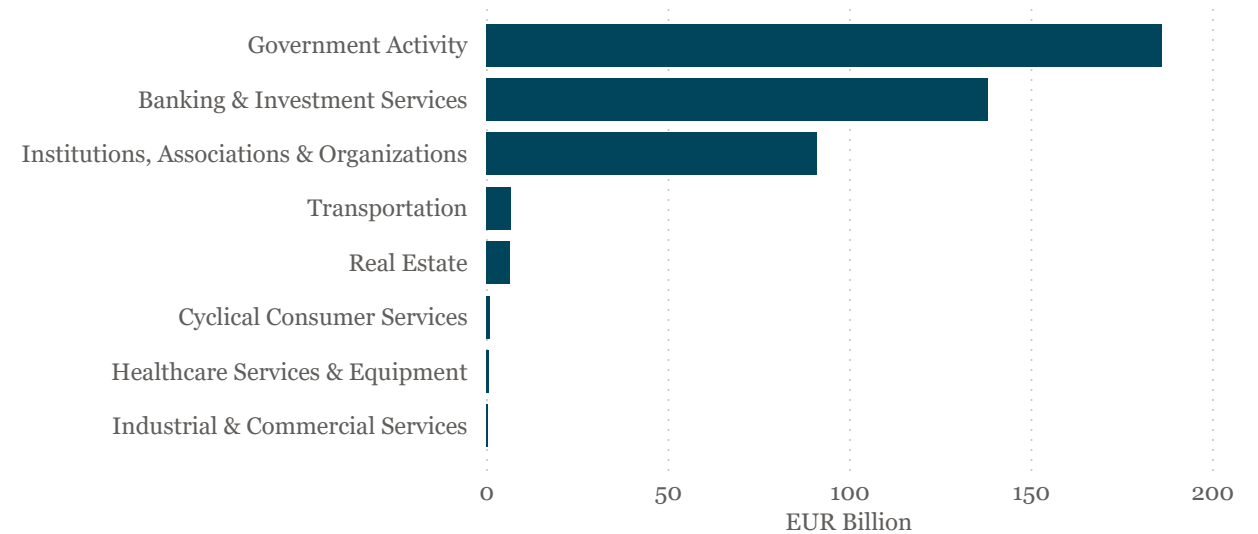
## 3.10 Social Bonds Outstanding by Country (top 10)



## 3.11 Social Bonds Outstanding by Security Type (top 10)



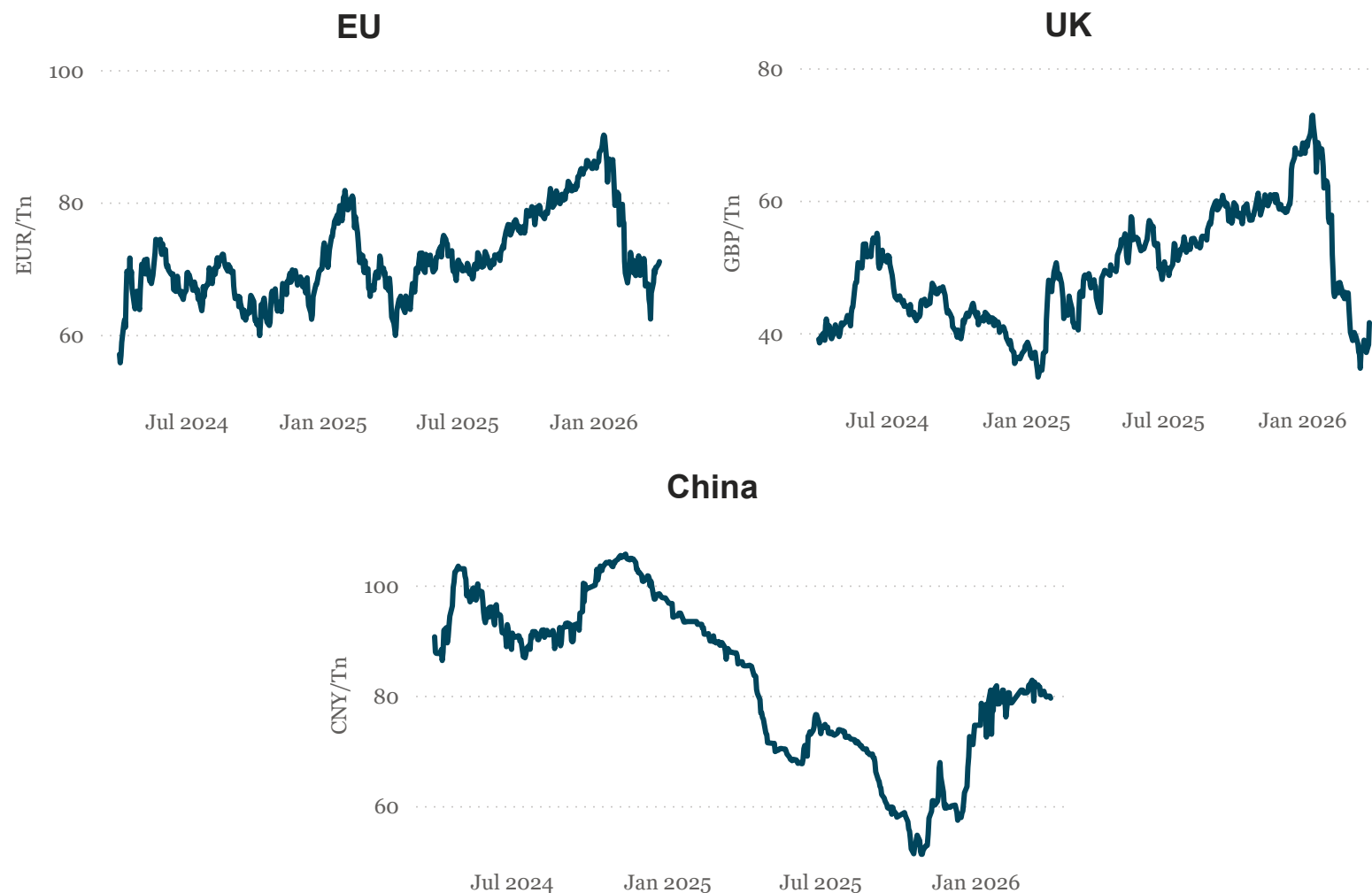
## 3.12 Social Bonds Outstanding by Economic Sector



# Carbon Pricing, Emissions and Trading

# afme / Carbon Market Prices

## 4.1 Comparison of Global ETS Allowance Prices



\* China's ETS includes exclusively the Shanghai ETS. Does not include other pilot programmes (Shenzen, Beijing, Guangong, Tianjin, Hubei, Chongqing or Fujian)

### ETS carbon prices sharp decline in the EU and UK in early 2026

EU prices peaked in mid-January 2026 at EUR 90/Tn, before dropping by almost 31% to EUR 62.3/Tn by 19 March. Similarly, UK prices fell by 52% over the same period, reaching GBP 34.7/Tn.

Following the lows reached in March, prices in both the EU and UK have only partially recovered.

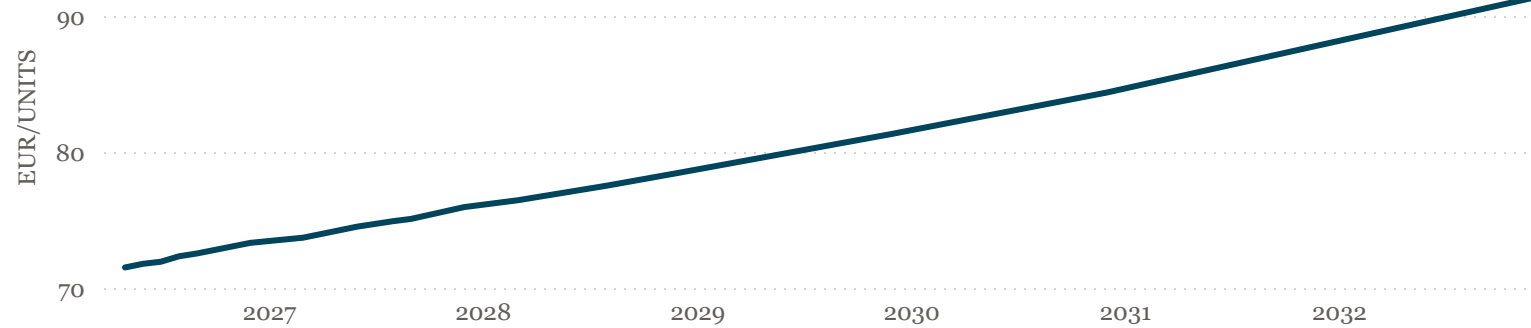
Separately, carbon prices in China, the largest global ETS system, continued their upward trend, closing Q1 2026 at CNY 79.5/Tn, following a strong increase in the previous quarter.

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

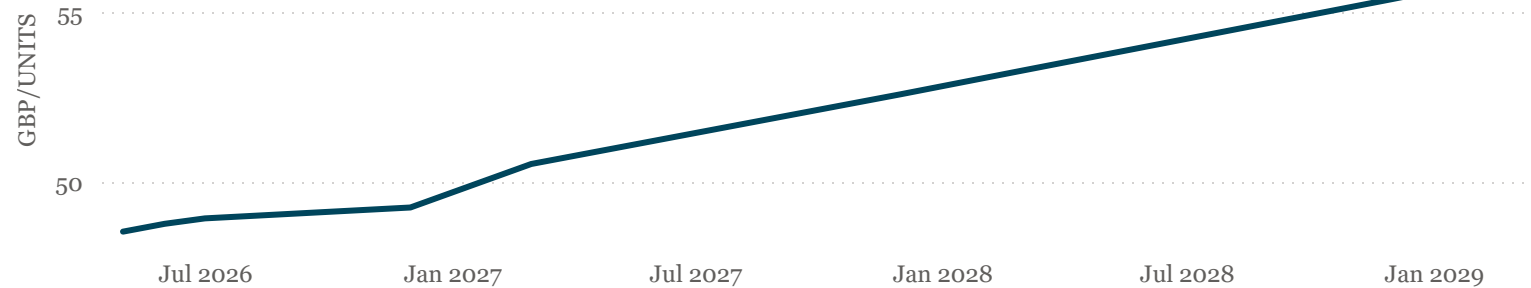
# afme / Carbon Market Future Prices

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

EU



UK

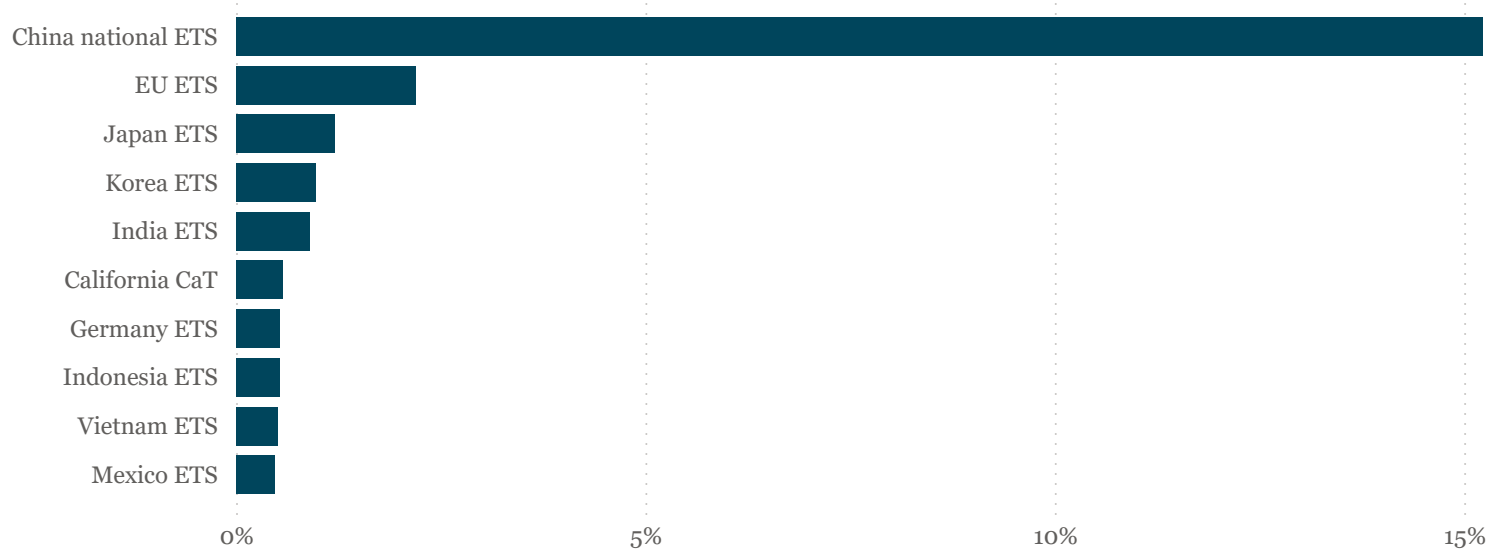


EU : Market curve observed early May 2026  
UK : Market curve observed early May 2026

EU and UK forward curves anticipate higher carbon prices for the medium- long-term future.

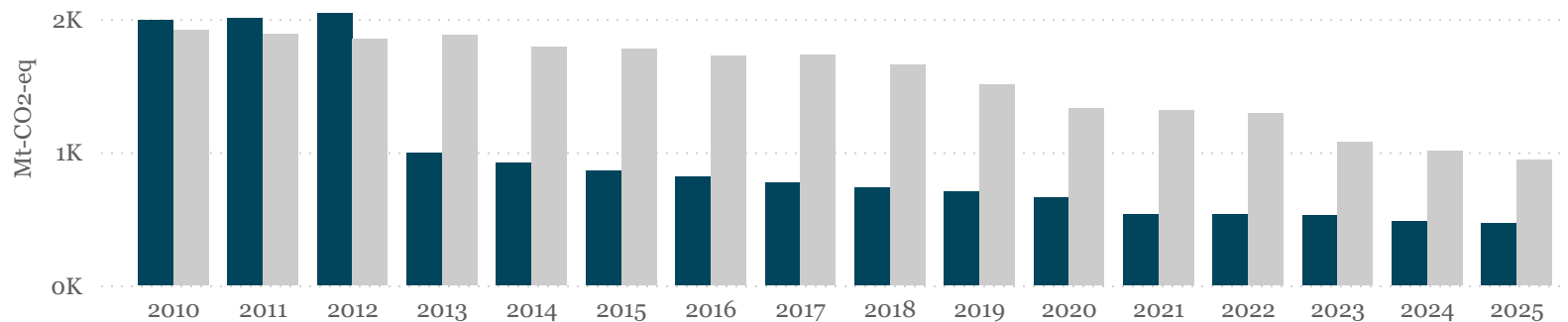
# afme / Carbon Emissions coverage

## 4.3 Share of Annual Covered Global GHG Emissions



## 4.4 EU + UK Allowance vs Verified Emissions

● Freely allocated allowances ● Verified emissions



As of May 2026, China stood out as the largest ETS market, covering over 15.2% of global GHG emissions.

The EU continued as the second largest market in emission trading, covering for 2.2% of global GHG emissions. Note that this does not account for national instruments.

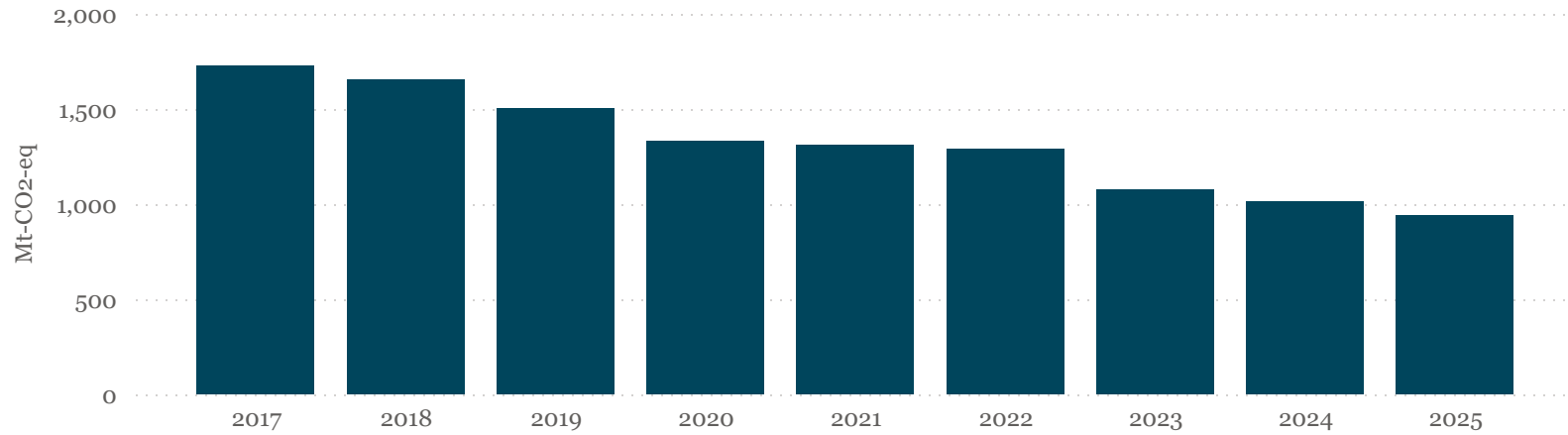
Japan ranks third, with an ETS constituting 1.2% of the global total.

Combining every instruments while accounting for overlap of coverage brings us to 27.3% of the global GHG emissions that are covered either by an ETS or a carbon tax.

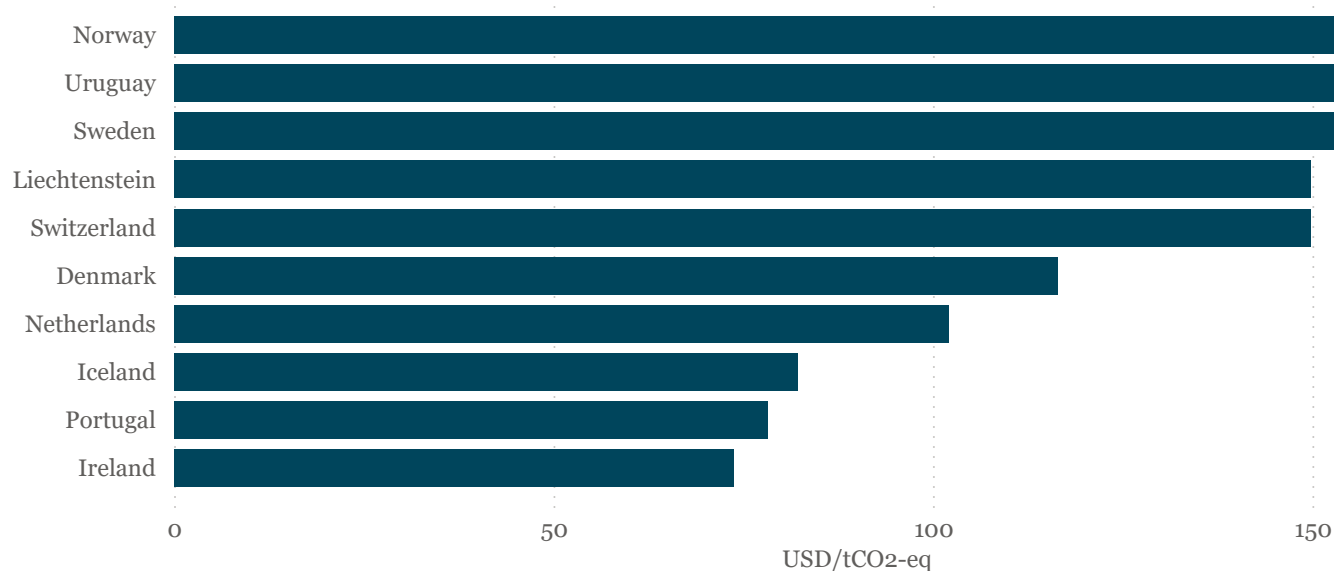
In the EU + UK area, aggregate freely allocated allowances and verified emissions have seen a consistent decrease since 2013. Notably, in 2013, allocated allowances experienced a significant reduction, falling below the levels of verified emissions for the first time.

# afme / Carbon Pricing - Allowance and Tax

## 4.5 Allowances Auctioned or Sold (EUAs and EUAAs)



## 4.6 Carbon Tax by Country (2026)



Some countries have multiple instruments. Only the main rate is shown for these countries.

Source: European Environment Agency, The World Bank (data last updated May 2026)

The EU ETS operates on a "cap-and-trade" principle, where a cap is set on the total amount of certain greenhouse gases that can be emitted by installations covered by the system. The cap is reduced over time so that total emissions fall.

Within this cap, companies receive or purchase emission allowances, which they can trade with one another as needed. Each allowance gives the holder the right to emit one tonne of CO<sub>2</sub> or the equivalent amount of another greenhouse gas.

Companies must hold enough allowances to cover all of their emissions. If a company emits less than it is allowed to, it can keep the spare allowances to cover its future needs, or sell them to companies in need. Companies that are not compliant with this system face significant fines.

Total allocated allowances (EUA and EUAA) decreased from 1728 MtCO<sub>2</sub>-eq in 2017 to 940 MtCO<sub>2</sub>-eq in 2025.

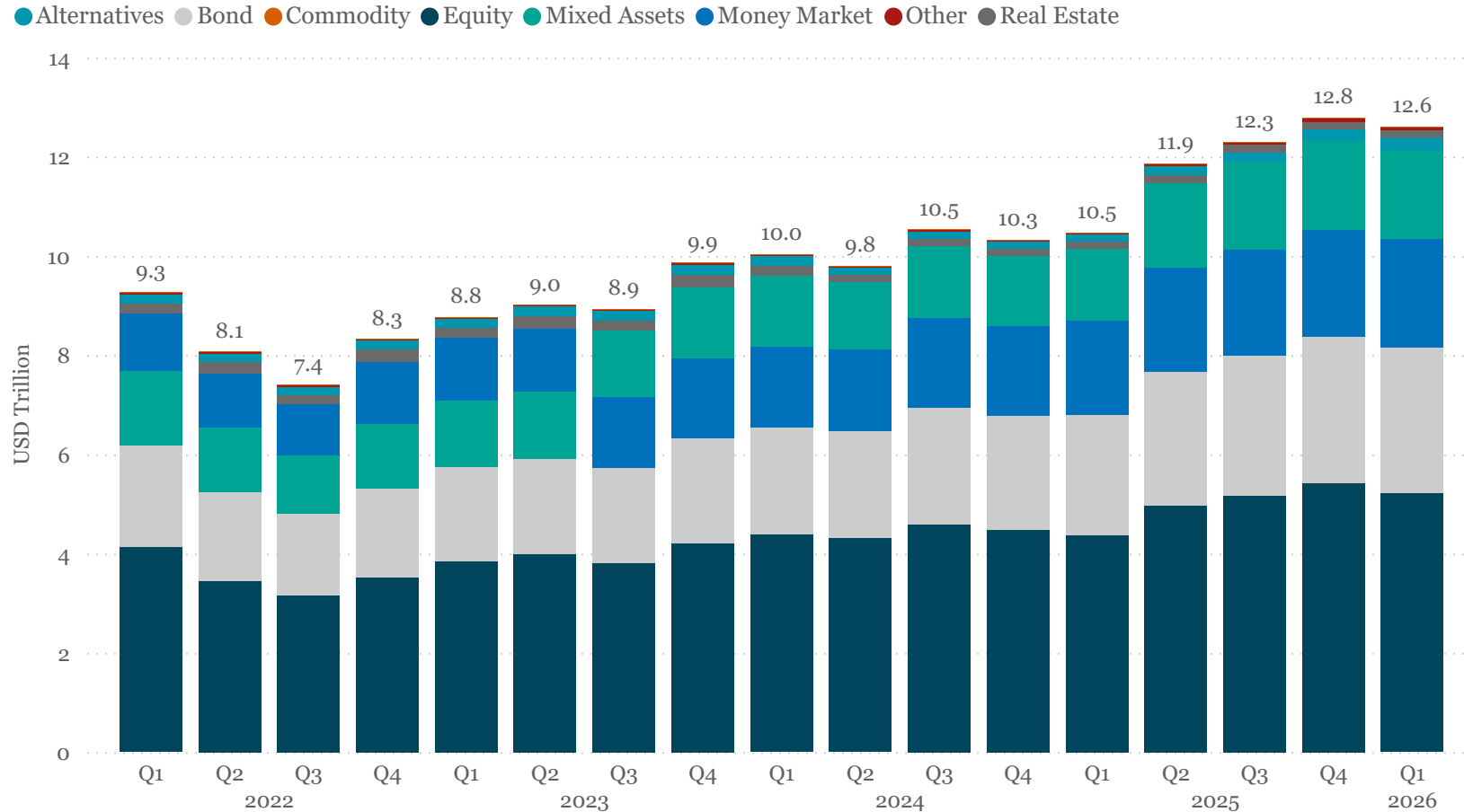
Carbon Taxes are another method of carbon pricing. As of May 2026, Norway implements the highest carbon tax (169.7 USD/tCO<sub>2</sub>e), followed by Uruguay (165.6 USD/tCO<sub>2</sub>e) and Sweden (154.6 USD/tCO<sub>2</sub>e).



# Fund Management

# afme / Global ESG Funds

## 5.1 Global ESG Funds by Asset Class



### Slight decline in ESG assets under management in Q1 2026

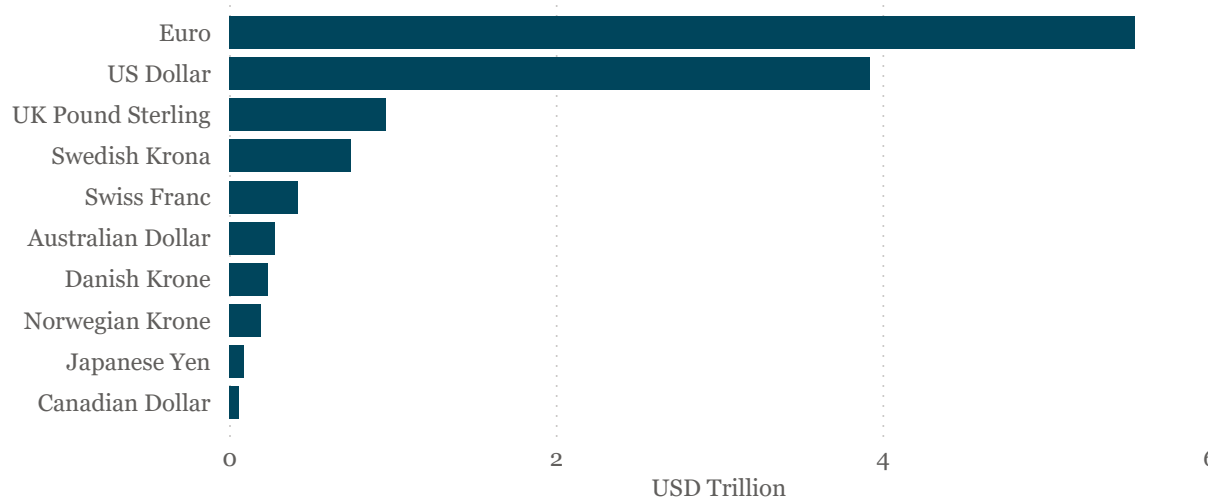
Global funds with an ESG mandate (including Mutual Funds and ETFs) reached USD 12.6tn in Q1 2026, representing a 1.6% decrease from the previous quarter (USD 12.8tn) and a 20% increase from Q1 2025 (USD 10.5tn).

The Year-on-Year rise was primarily driven by increased allocations to equity and bond funds, which together made up almost 65% of the fund's assets.

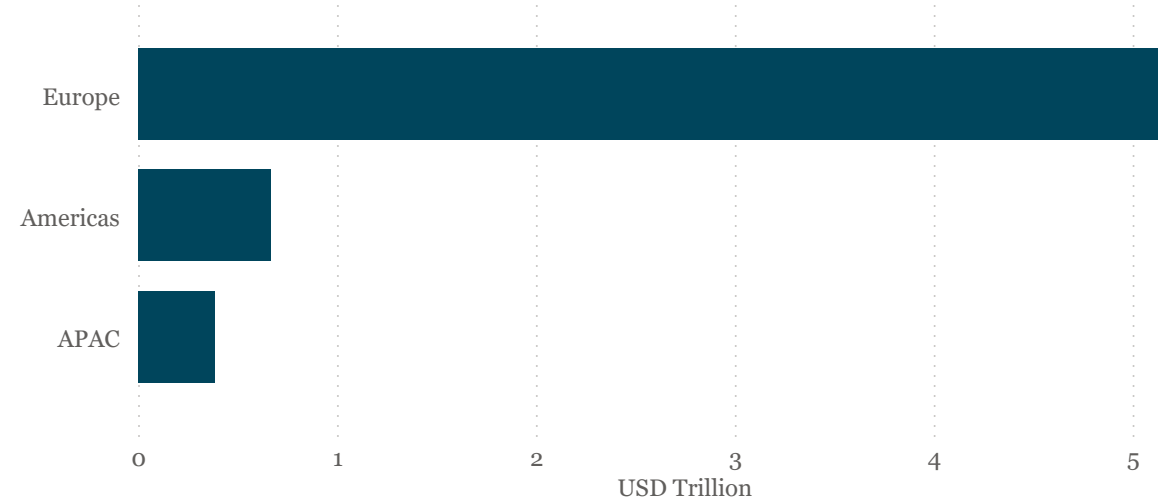
In 2026 YtD, Global ESG funds saw inflows reaching USD 102bn, largely driven by European funds. Notably, in the Americas fund flows saw a small but visible increase in fund flows at \$10.1bn in Q1 2026, from \$1.2bn inflows in Q4 2025 and a sequence of net outflows in Q1-Q3 2025.

# afme / Size of Global ESG Funds

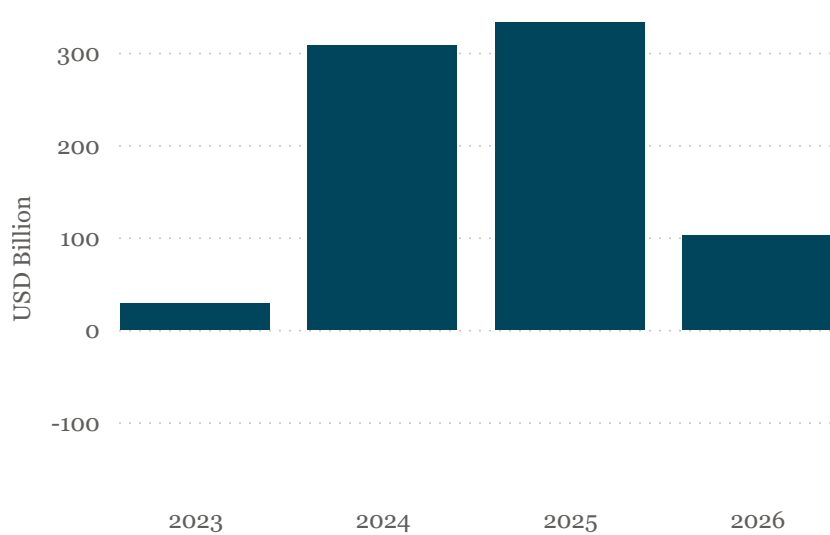
### 5.2 Global ESG Funds by Currency Base (top 10)



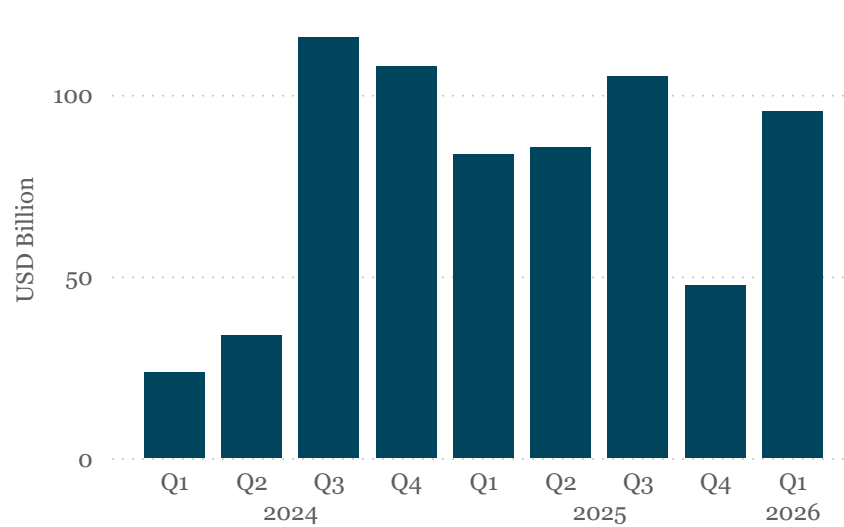
### 5.3 Global ESG Funds by Geographical Location



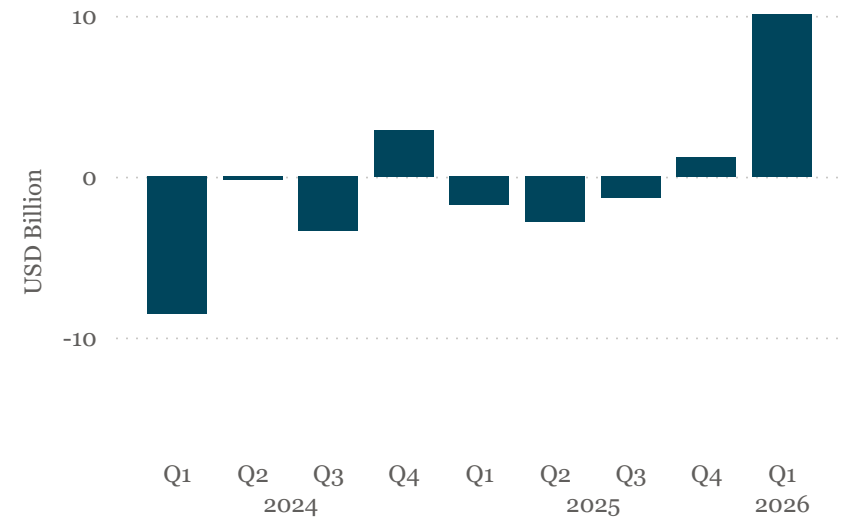
### 5.4 Global ESG Fund Flows



### 5.5 European ESG Fund Flows



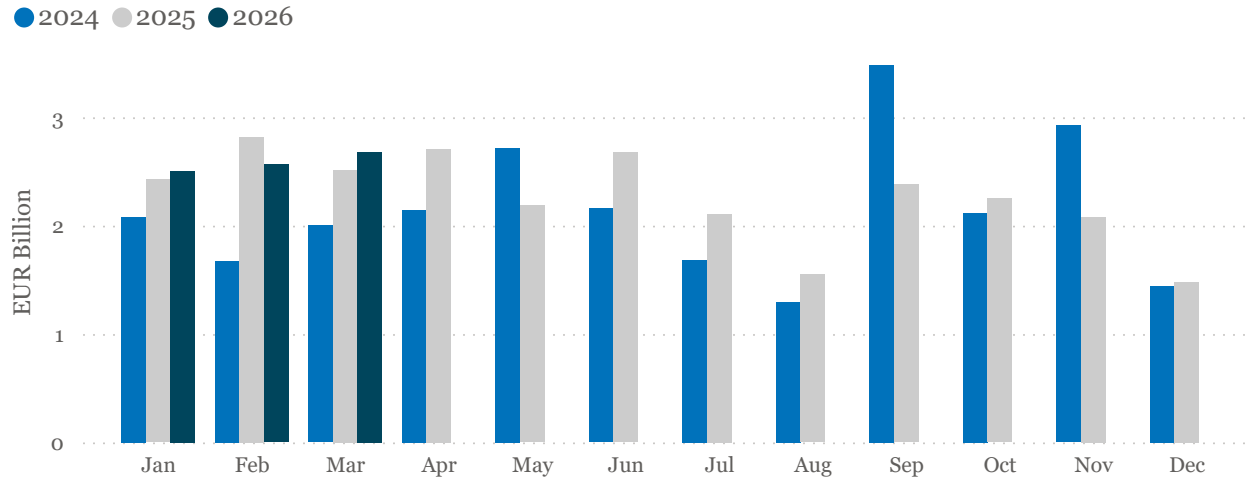
### 5.6 Americas ESG Fund Flows



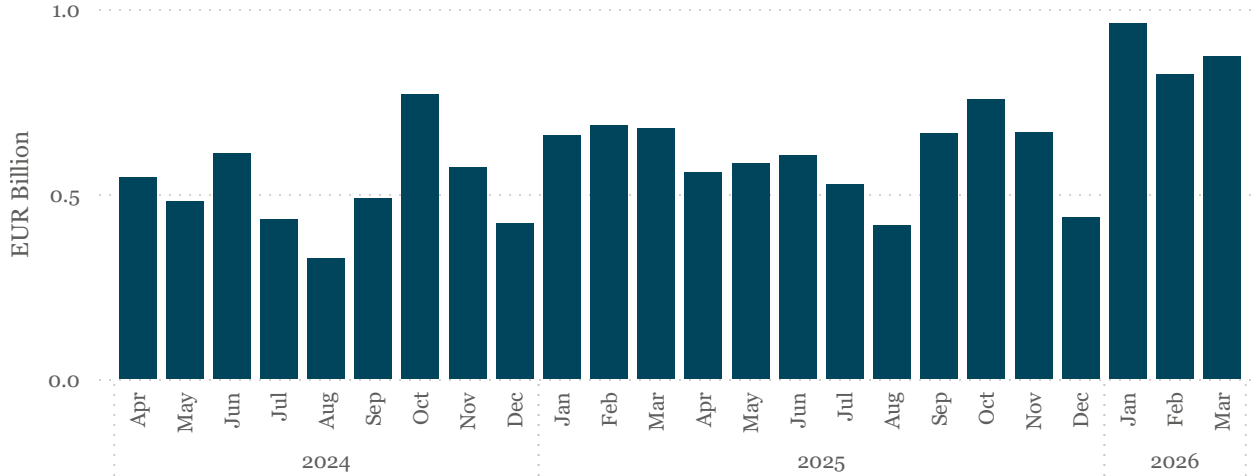
# ESG Bond Trading

# afme / ESG Bond Trading Volumes

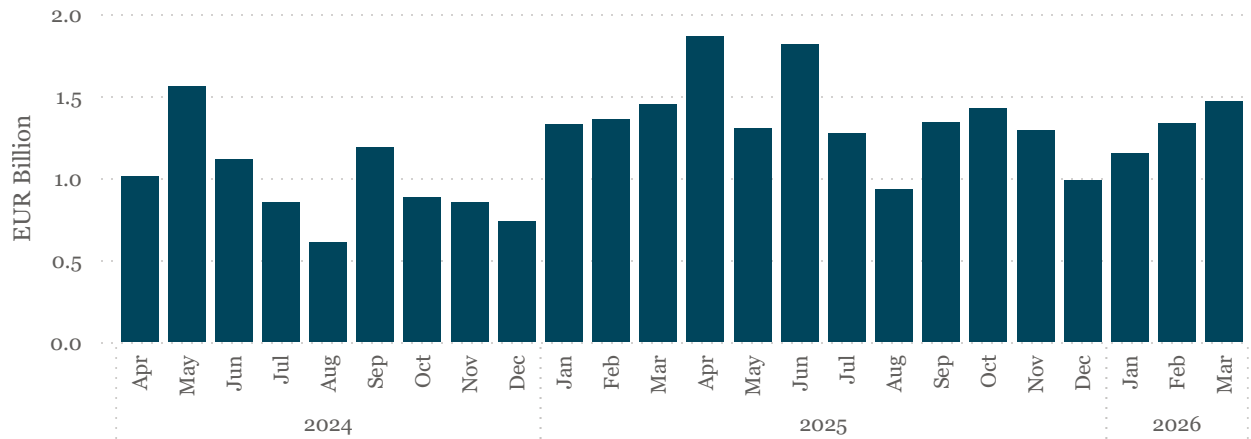
6.1 European ESG Bond Average Daily Trading Volumes (all issuers)



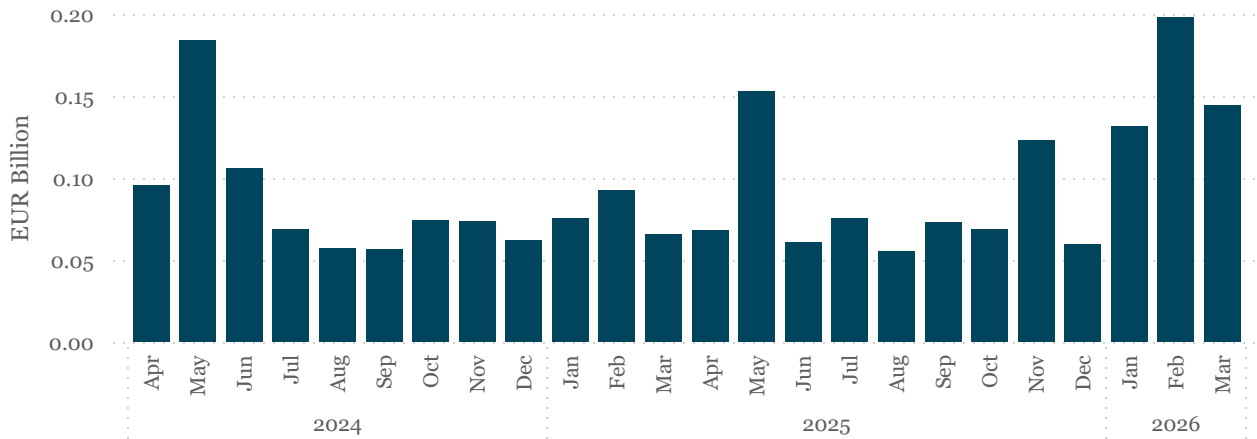
6.2 Average Daily Trading Volumes: European ESG Corporate Bonds



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

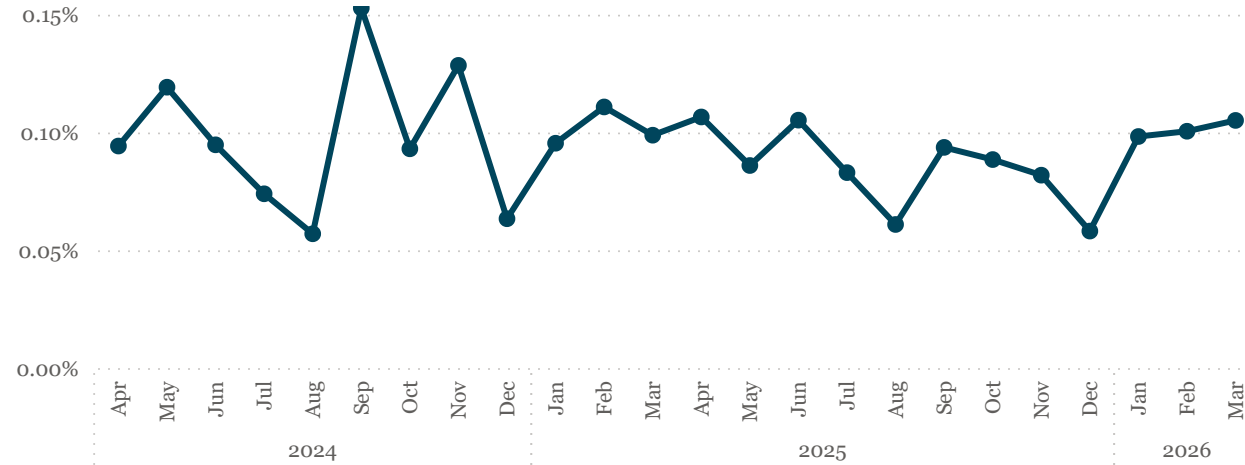


6.4 Average Daily Trading Volumes: European ESG ABS and Covered Bonds

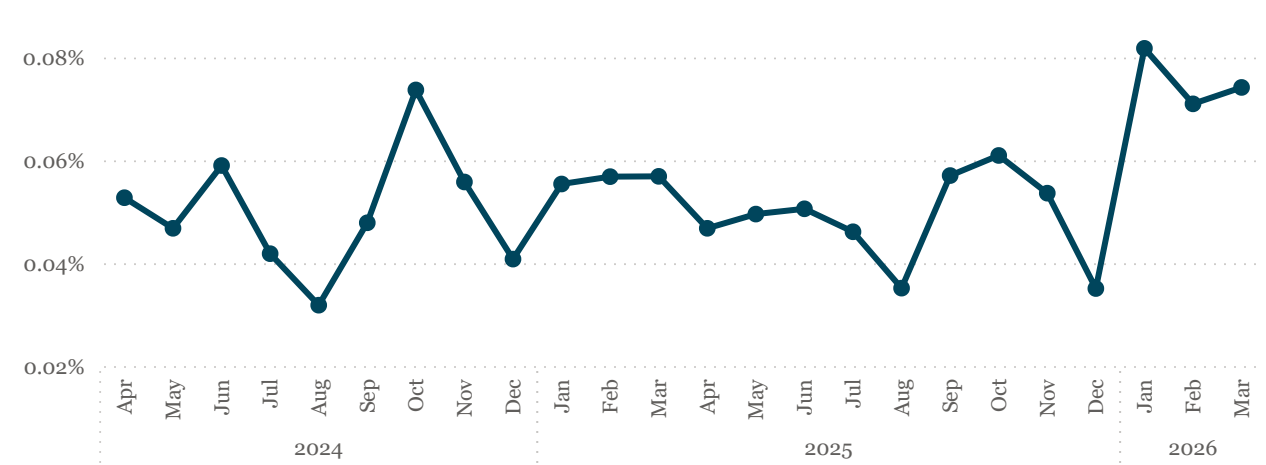


# afme / ESG Bond Turnover Ratios

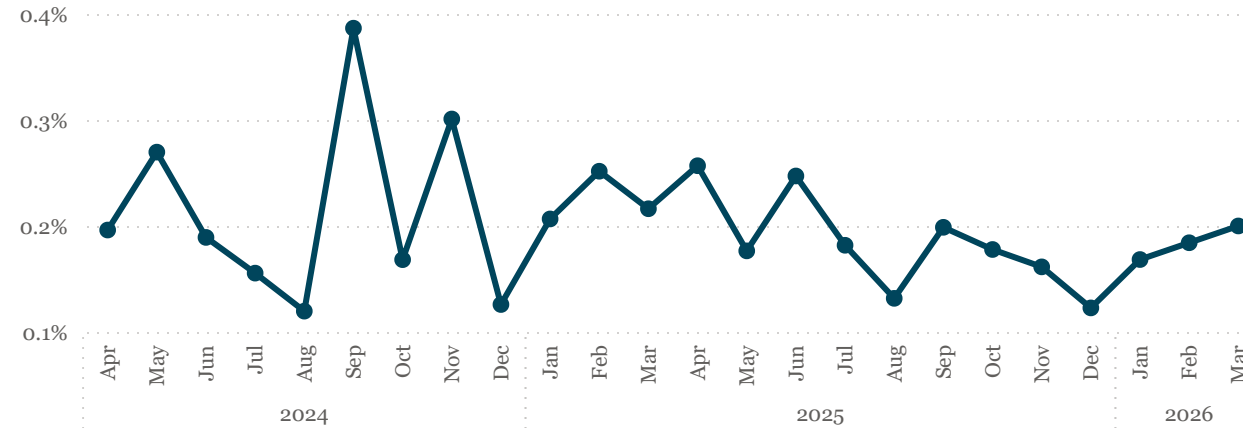
6.5 European ESG Bond Turnover Ratio (all issuers)



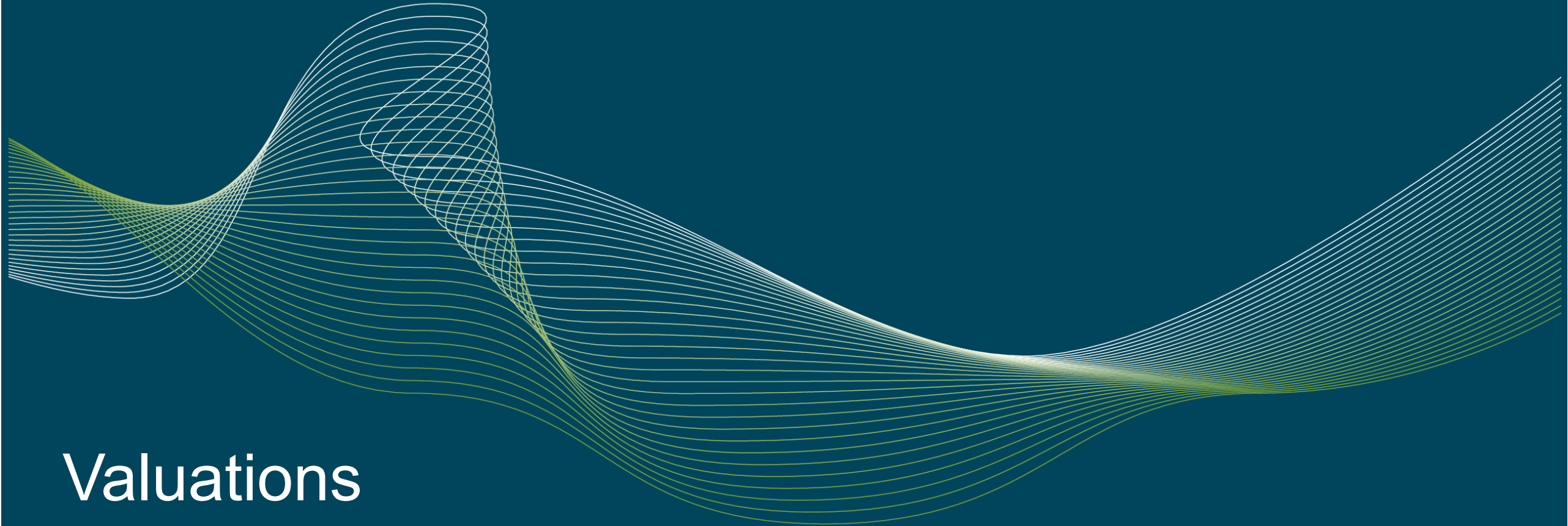
6.6 Turnover Ratio: European ESG Corporate Bonds



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

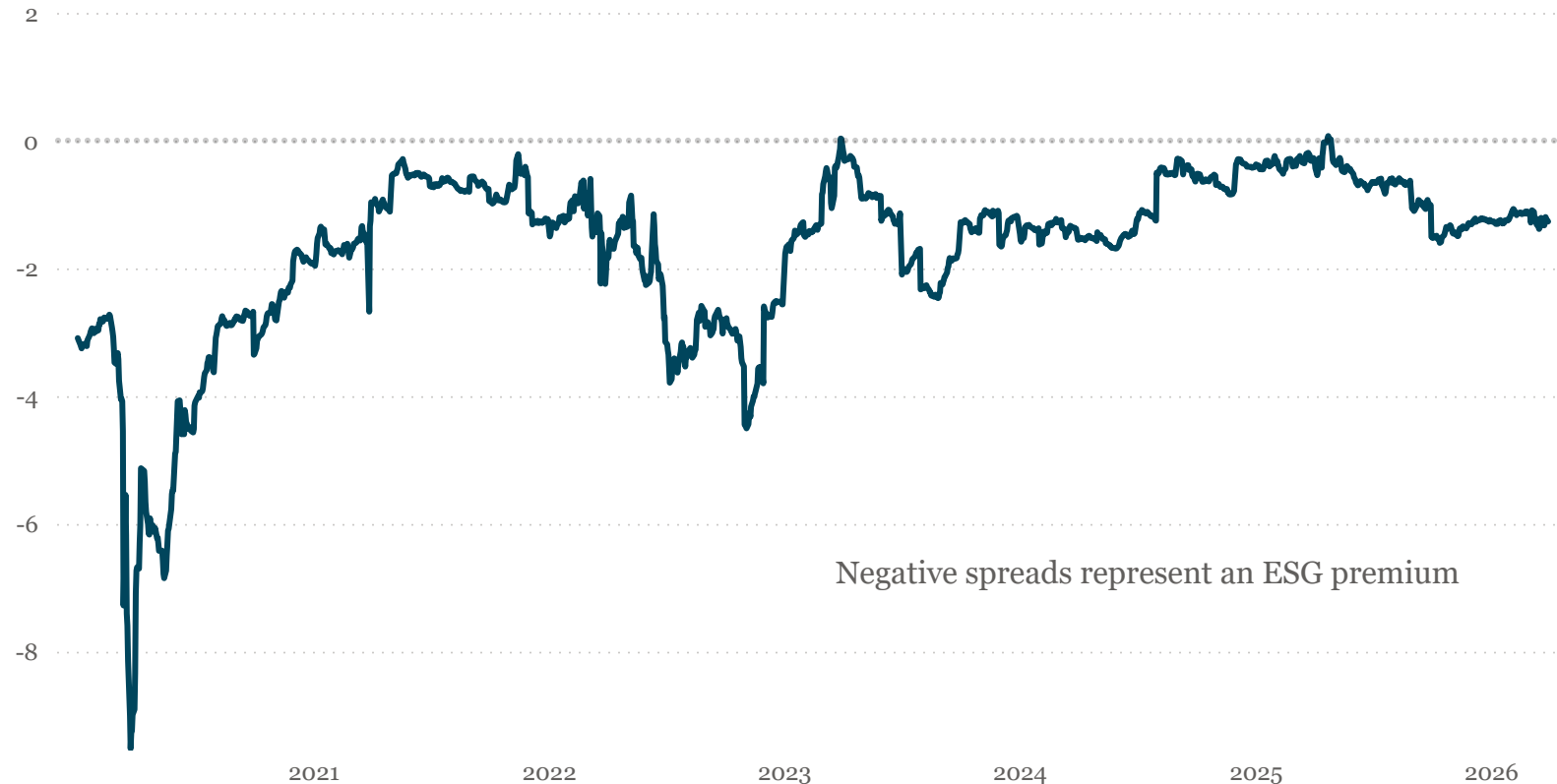


The turnover ratio is an aggregate liquidity measure calculated by dividing the average daily value by the outstanding amount of bonds.



# Valuations

## 7.1 Spreads (OAS) of EUR-denominated Corporate ESG bonds against non-ESG Corporate Benchmarks (bps)



\* Spread between EUR-denominated ESG corporate bonds and EUR corporate bonds

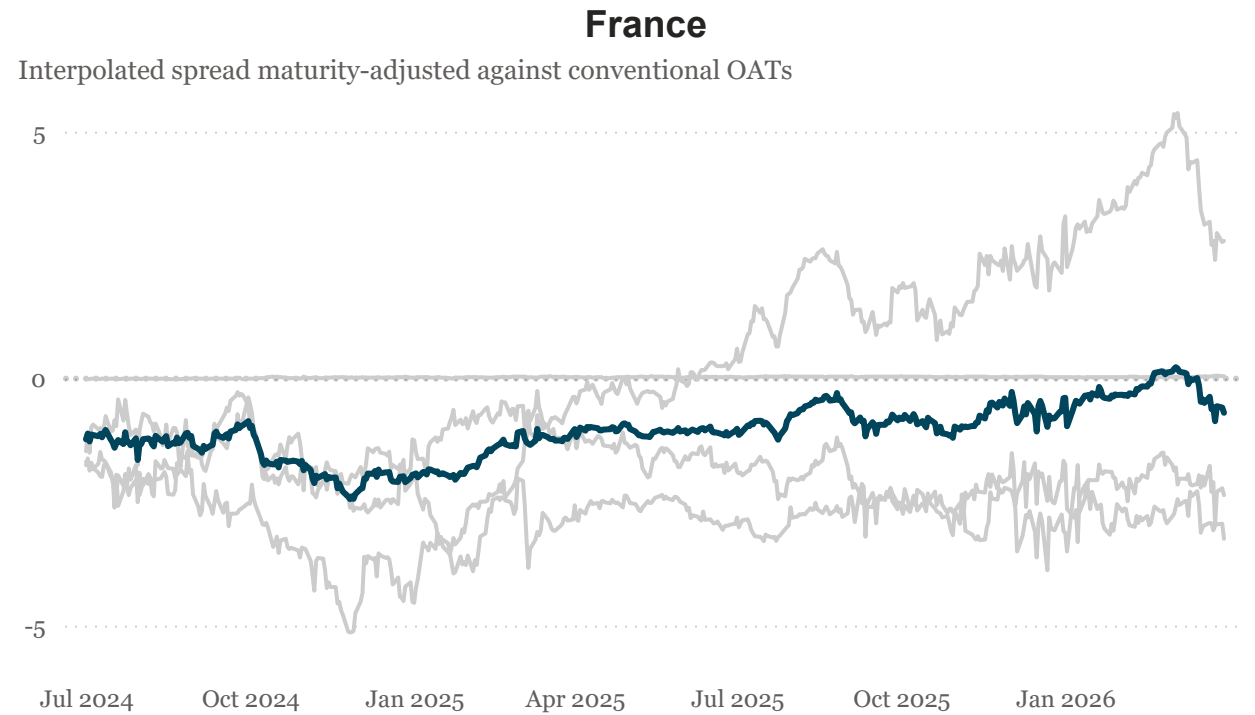
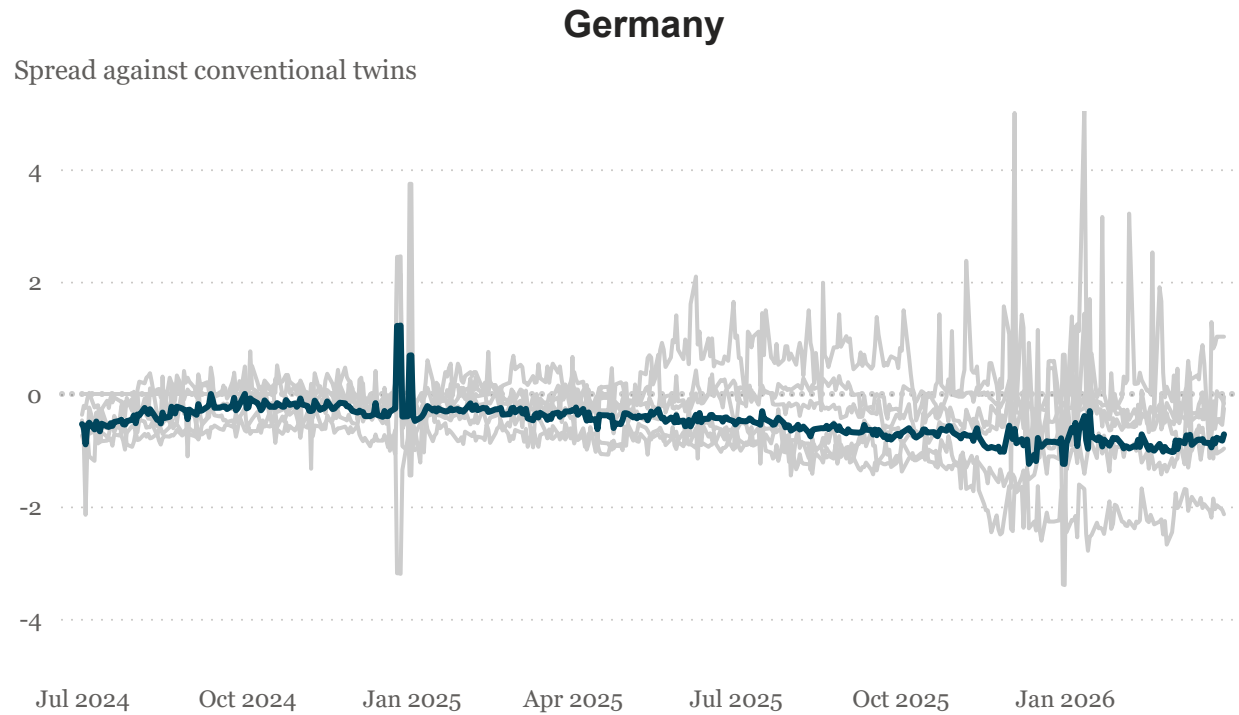
### Stable ESG premia in Q1 2026

The spread between corporate ESG bonds and non-sustainable benchmarks remained almost unchanged during Q1 2026, going from 1.24 basis points at the end of December 2025 to 1.27 basis points by the end of March 2026.

Pages 38-39 illustrate green premiums across various sovereign issuers. The difference in green premiums suggests that these premiums are influenced by more than just sustainability features. Factors such as liquidity also have a relevant influence on spreads.

# afme / Sovereign Green Premia

## 7.2 Spreads of Sovereign Green Bonds Against Conventional Reference (bps)



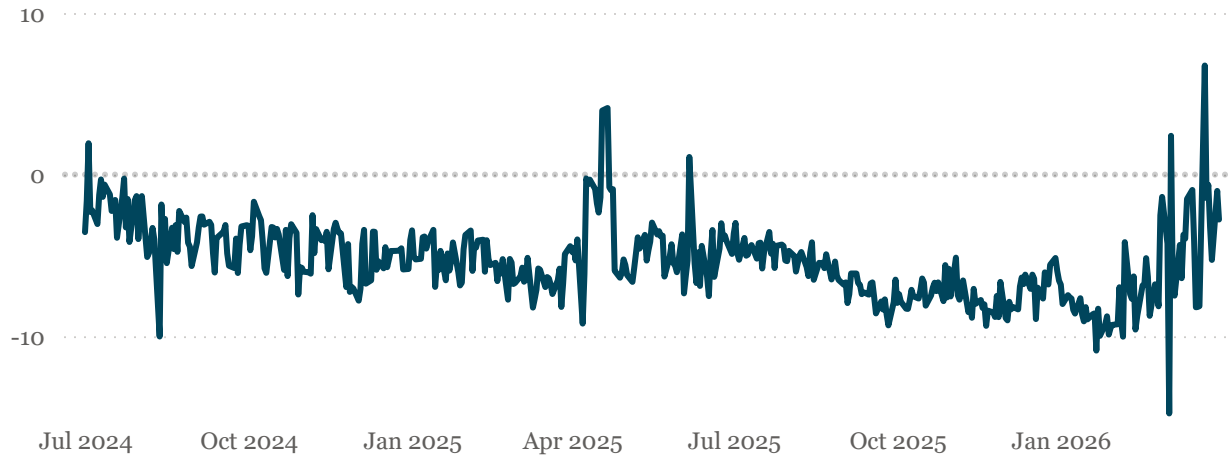
\*Negative spreads represent a green premium

# afme / Sovereign Green Premia

## 7.3 Spreads of Sovereign Green Bonds Against Conventional Reference (bps)

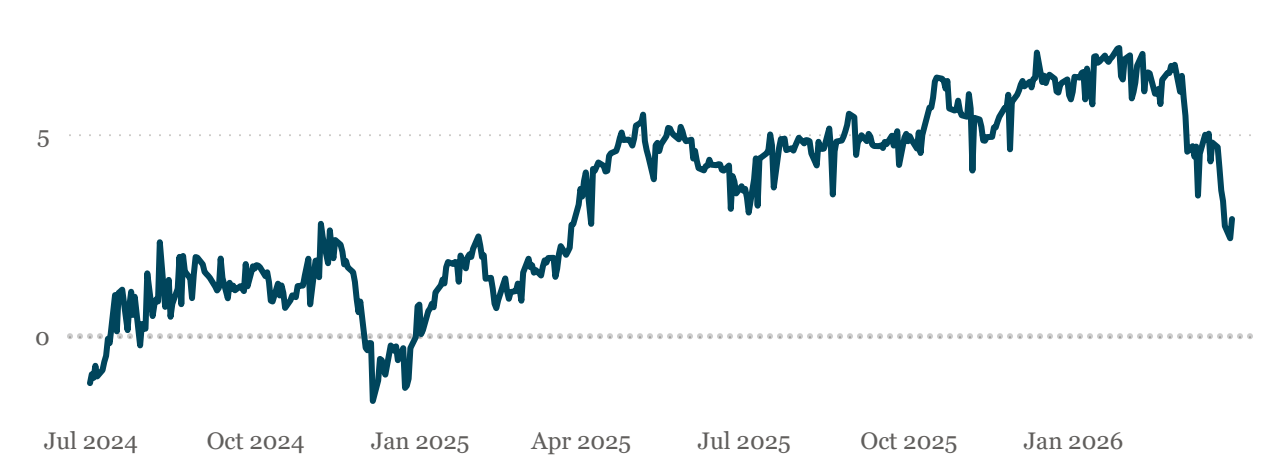
### Sweden

Maturity-adjusted interpolated spread against conventional Swedish sovereigns



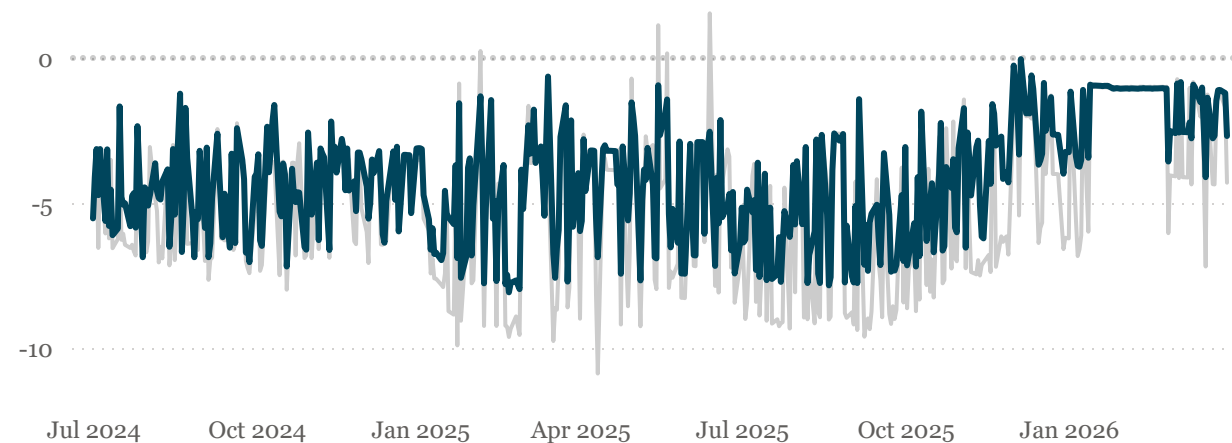
### Netherlands

Maturity-adjusted interpolated spread against conventional Dutch sovereigns



### Denmark

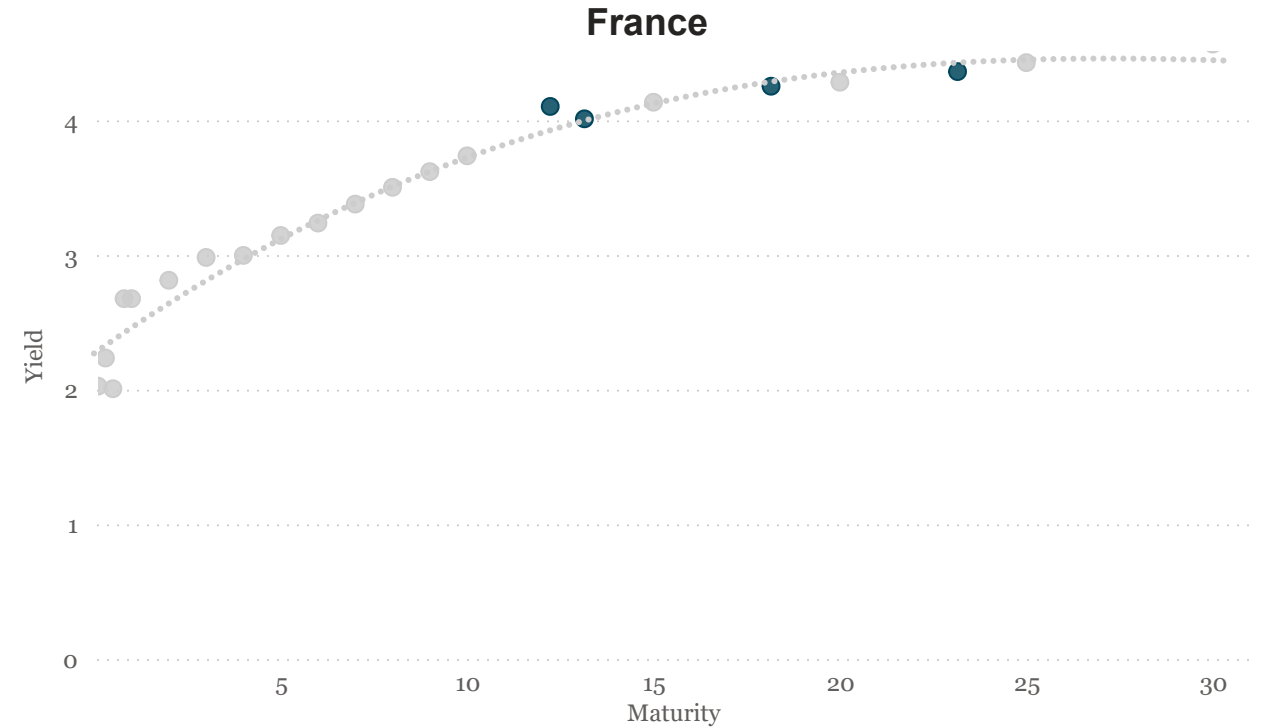
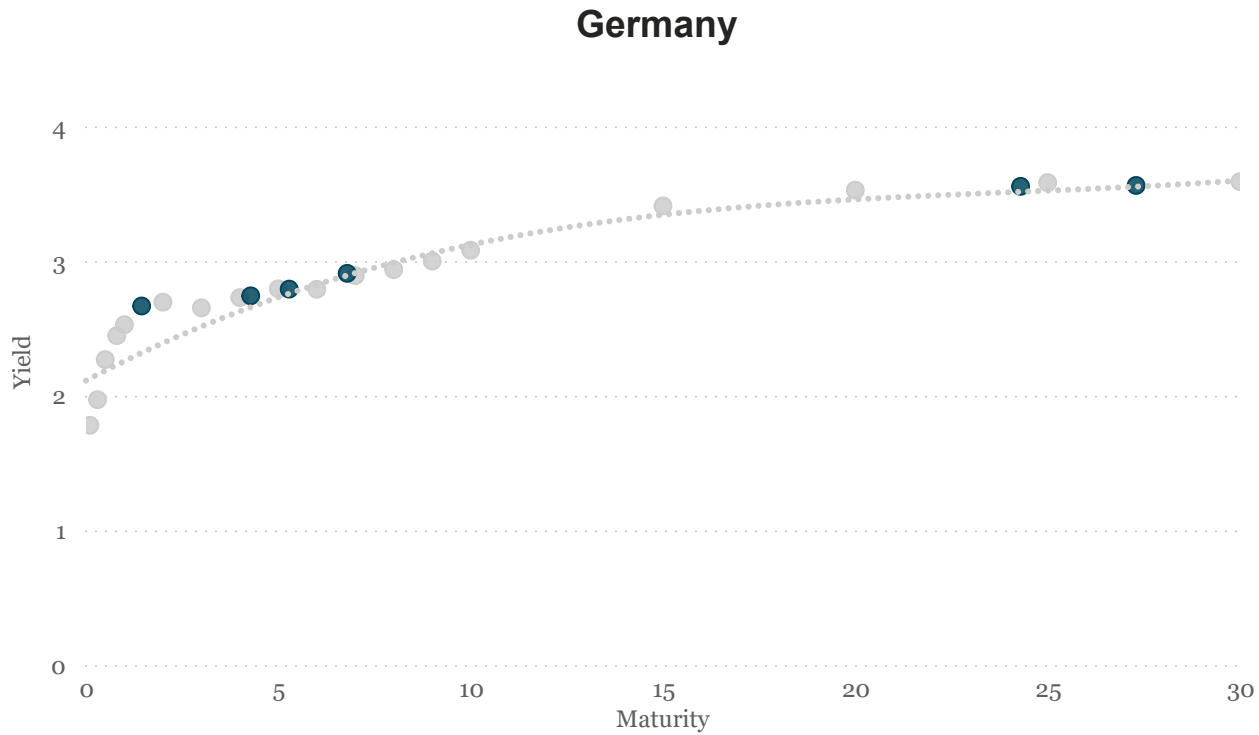
Spread against conventional twins



\*Negative spreads represent a green premium

# afme / Sovereign green premia

## 7.4 Sovereign Yield Curves and Yields for Selected Green Sovereign Bonds



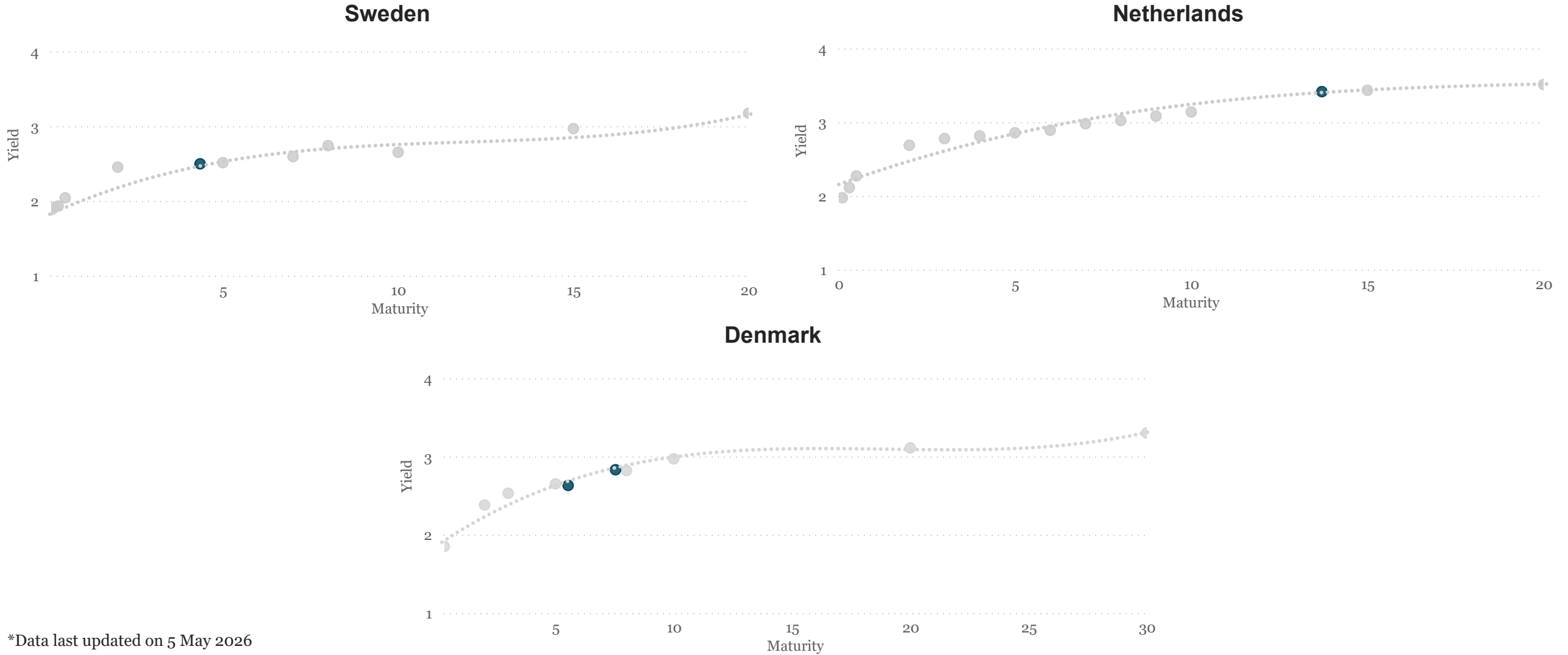
\*Green Bonds inflation-linked instruments are excluded from the charts

\*\*Data last updated on 5 May 2026

\*For the first green bond, which is inflation-linked, the nominal yield was calculated by adding the euro HICP (excluding tobacco) inflation rate, based on the percentage change between the March 2026 and March 2025 index values (latest available data).

# afme / Sovereign green premia

## 7.5 Sovereign Yield Curves and Yields for Selected Green Sovereign Bonds



\*Data last updated on 5 May 2026

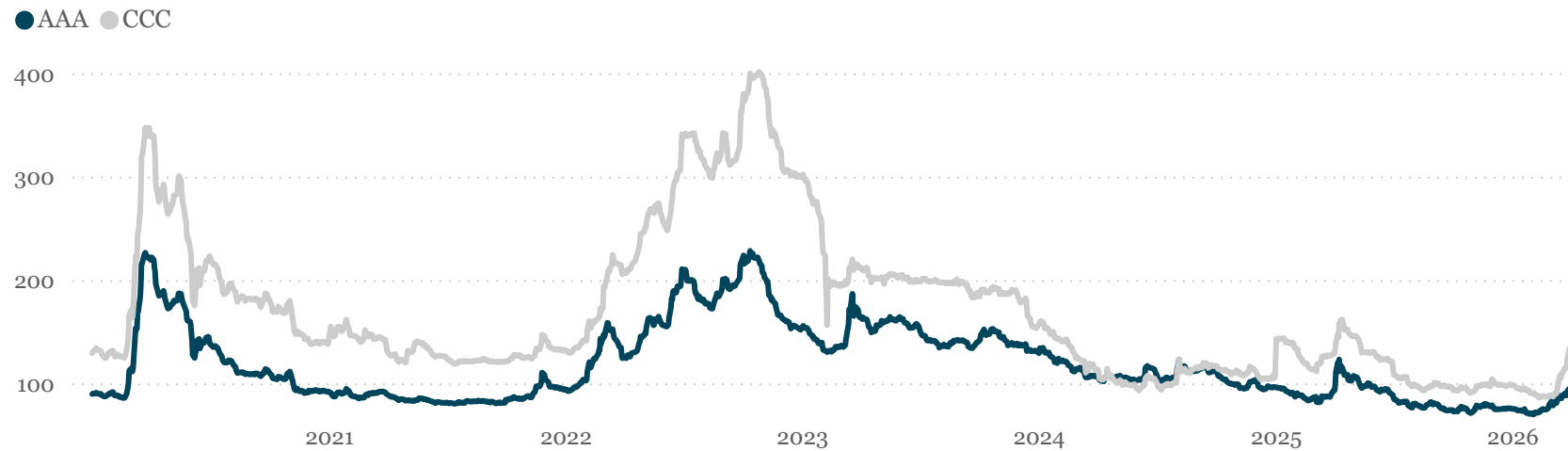
Source: LSEG. Selected green references highlighted in blue

# afme / ESG Bond Spreads

## 7.6 ESG EUR Corporate Spreads (OAS, bps)

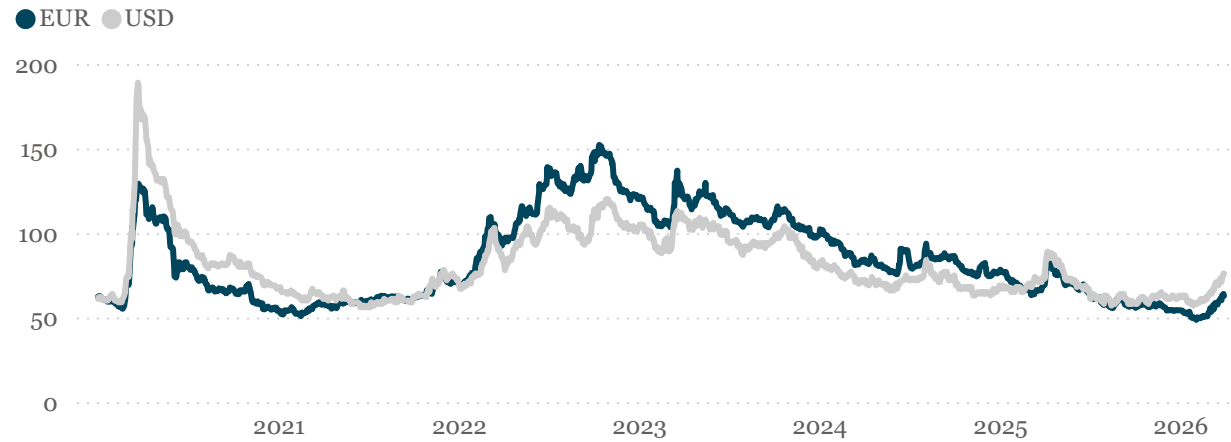


## 7.7 EUR Corporate Spreads by ESG Rating (OAS, bps)



# afme / ESG Bond Spreads

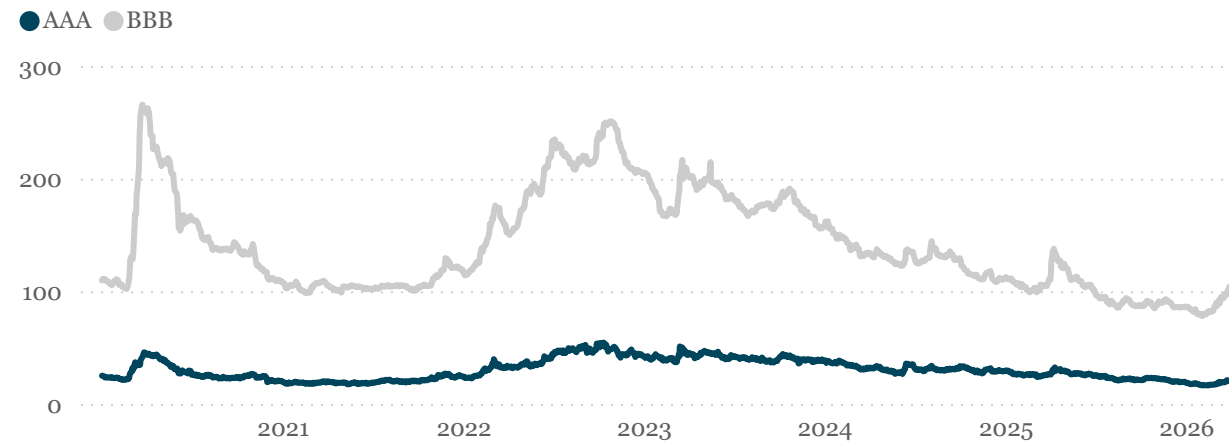
### 7.8 Green Bond Spreads by Currency (OAS, bps)



### 7.9 EUR Corporate Green Bond Spread (OAS, bps)



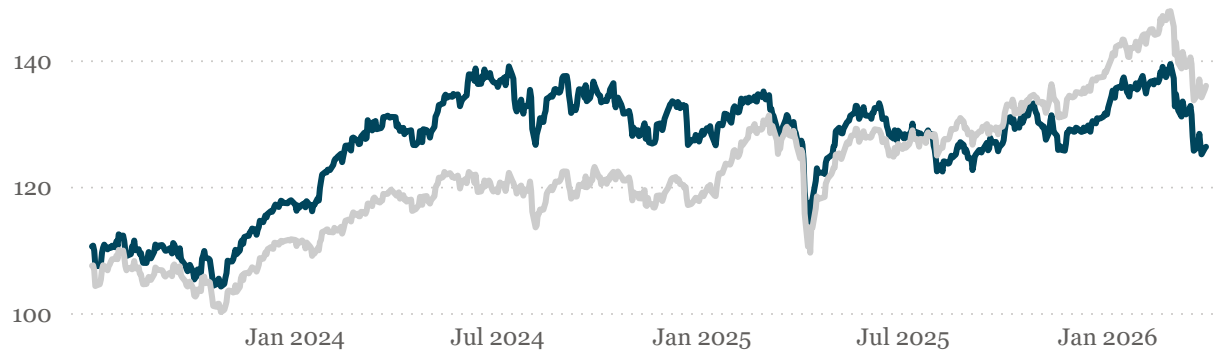
### 7.10 Global Green Bond Spreads by Credit Rating (bps)



# afme / ESG Bond Spreads

7.11 MSCI Europe SRI Net Index EUR and EUR STOXX 600 (1 Jan 2023 = 100)

● MSCI Europe SRI ● EUR STOXX 600



7.12 STOXX Global ESG Environmental Leaders



7.13 STOXX Global ESG Governance Leaders



7.14 STOXX Global ESG Social Leaders



# afme / Methodology and Criteria

**Green Bonds:** Green bonds fund projects that have positive environmental and/or climate benefits. Proceeds from these bonds are earmarked for green projects but are backed by the issuer's entire balance sheet. 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.

**Green loans:** The Green Loan Principles (GLP) apply to loans where the fundamental determinant is the utilisation of the loan proceeds for Green Projects.

**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: EU27 Member States, Norway, Switzerland, Turkey, and United Kingdom.

**Social Bonds:** Bonds whose proceeds 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.

**Sustainability-linked bonds:** Bond instrument for which the financial and/or structural characteristics can vary depending on whether the issuer achieves predefined Sustainability objectives. Issuers are thereby committing explicitly (including in the bond documentation) to future improvements in sustainability outcome(s) within a predefined timeline. SLBs are a forward-looking performance-based instrument.

**Sustainability-linked loans:** Loans which incentivise the borrower's achievement of predetermined sustainability performance objectives. The borrower's sustainability performance is measured using sustainability performance targets (SPTs), which include KPIs, external ratings and or equivalent metrics and which measure improvements in the borrower's sustainability profile. The Sustainability Linked Loan Principles (SLLP) are voluntary recommended guidelines, to be applied by market participants on a deal-by-deal basis.

**Transition bonds:** Bonds issued with a "transition" label indicating use of proceeds to improve environmental performance but not yet reaching "green" categorisation.

# Contacts

## Research

### Amira Fodor

Graduate, Research  
Amira.Fodor@afme.eu  
+32 2 883 55 45

### Julio Suarez

Managing Director, Research  
Julio.Suarez@afme.eu  
+32 2 883 55 50

## Sustainable Finance

### Oliver Moullin

Managing Director, Sustainable  
Finance  
Oliver.Moullin@afme.eu  
+44 (0)20 3828 2717

### Rachel Sumption

Associate Director, Sustainable Finance  
Rachel.Sumption@afme.eu  
+44 (0) 7501 366 127

### Jack Chapman

Associate, Sustainable Finance  
Jack.Chapman@afme.eu  
+44 (0)20 3828 2762

### Carolina Cazzarolli

Manager, Advocacy  
Carolina.Cazzarolli@afme.eu  
+32 2 883 55 43

## London Office

Level 10  
20 Churchill Place  
London E14 5HJ  
United Kingdom  
+44 (0)20 3828 2700

## Brussels Office

Rue de la Loi, 82  
1040 Brussels  
Belgium  
+32 (0)2 788 3971

## Frankfurt Office

Neue Mainzer Straße 75,  
60311 Frankfurt am Main,  
Germany  
+49 69 153 258 963

# Disclaimer and Methodology

Your receipt of this document is subject to paragraphs 3, 4, 5, 9, 10, 11 and 13 of the Terms of Use which are applicable to AFME's website (available at <https://www.afme.eu/About-Us/Terms-of-use>) and, for the purposes of such Terms of Use, this document shall be considered a "Material" (regardless of whether you have received or accessed it via AFME's website or otherwise).

AFME is registered on the EU Transparency Register, registration number 65110063986-76

*The voice of the leading banks in Europe's financial markets*



Follow AFME on X  
@AFME\_EU



**afme** /

Association for Financial Markets in Europe  
[www.afme.eu](http://www.afme.eu)