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Overview of the Sustainable Finance Market

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SUSTAINABLE FINANCE CONFERENCE

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Market sentiment has evolved through 2022

Ford Surges Ahead With \$15.4B Sustainability-Linked Loan

- Ford Motor Co. issues loans for \$15.4 billion
- Costs are tied to emissions and renewable energy goals

Tying Main Credit Lines to ESG Goals Becomes a Norm for Europe

By Jacqueline Poh

(Bloomberg) -- European high-grade companies are increasingly linking their primary credit facilities to environmental, social and governance objectives as businesses come under pressure to disclose their sustainability credentials.

This group of firms -- including the likes of brewer Anheuser-Busch InBev SA/NV, appliance firm Electrolux AB, and building-materials maker Holcim Ltd. -- has been adding ESG components to their conventional revolving credit lines, which are typically used for liquidity buffers or general working capital, since the first such deal in 2017. The borrowers will get a discount on their interest rates if they reach agreed ESG targets, or a penalty if they fail.

Of the 225-billion-euros (\$254 billion) of revolving facilities raised this year, 43% were tied to borrowers' ESG goals -- a big leap from the 25% in 2020. The

Bank Green Debt Fees Surpass Fossil-Fuel Fees: Green Insight

With money pouring into the less-than-transparent ESG market, it was bound to happen. The question now is how long it will last.

By Tim Quinson

Mercedes Converts EU11b RCF Into Sustainability-Linked Loan

By Alexey Anishchuk

(Bloomberg) -- Mercedes-Benz successfully transforms its existing EU11 billion Revolving Credit Facility (RCF) into a Sustainability-Linked Loan, according to statement.

- Transaction and feedback from the banking consortium paves the way for a potential refinancing of the facility in 2024/25
- The tra

ESG Bond Sellers Risk Litigation Over Clauses to Change Targets

- Fallback clauses to change ESG goals in future becoming common
- Firms may get sued if disappointing market: Linklaters lawyer

By Libby Cherry and Greg Ritchie

(Bloomberg) -- Companies are becoming wary of getting sued by investors if they use an option to change the targets set in their ethical debt.

Global ESG-Linked Bond Market Faces Its First Set of Penalties

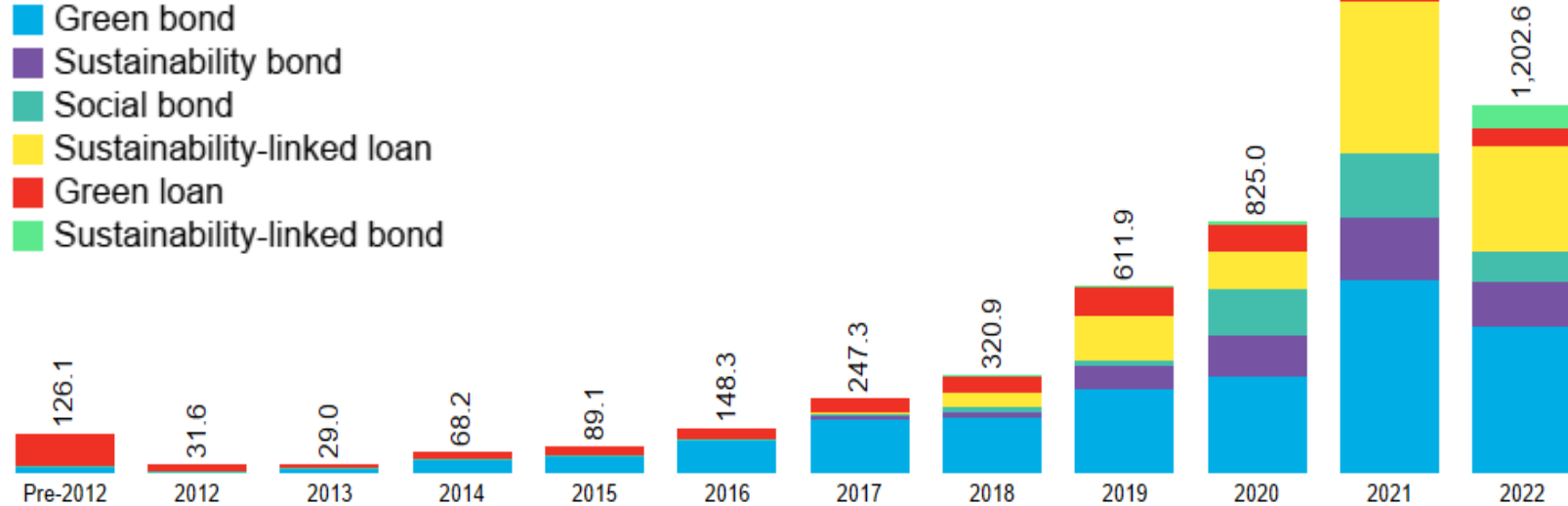
- War, energy crisis have made CO2 targets much harder to hit
- Development marks a key test of sustainability-linked bonds

By Greg Ritchie and Paul Tugwell

(Bloomberg) -- The revival of fossil fuels in European energy policy risks triggering the first wave of financial penalties in the global market for ESG bonds.

2022 in context

Sustainable Debt Issued (\$bn) by Instrument Type



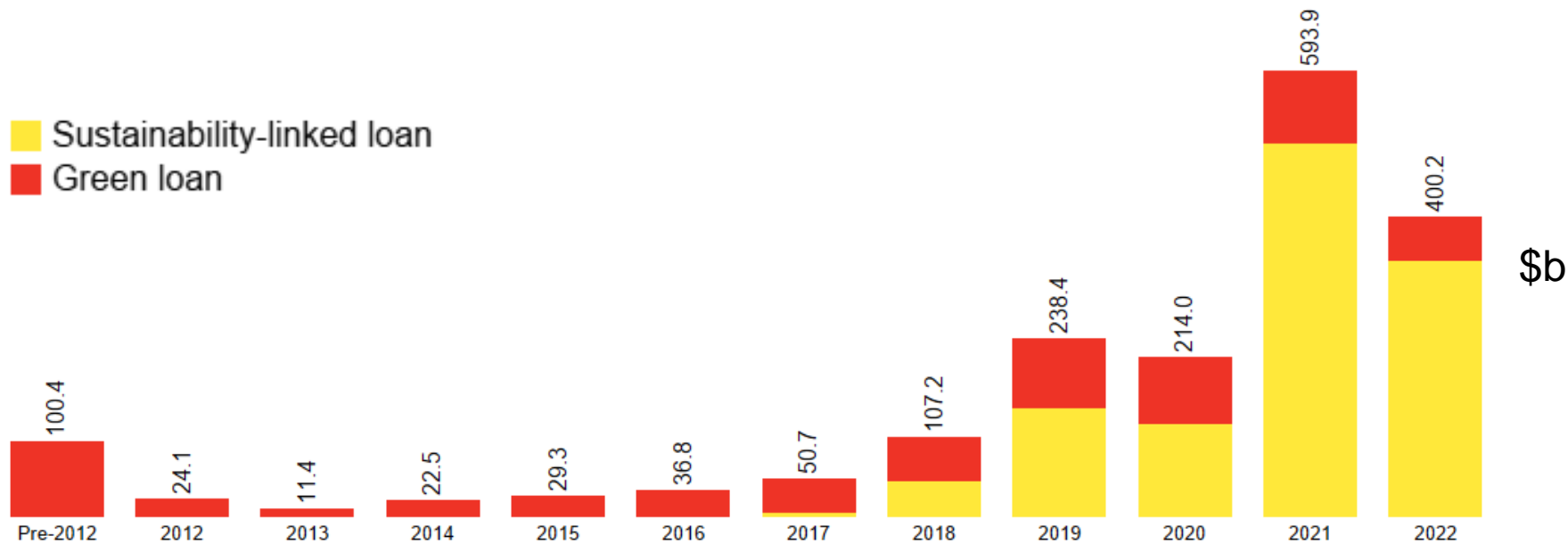
Source: BloombergNEF, Bloomberg LP.

2022 numbers in broader market context

Name	Volume (B)	Curr	% Chg↑
Global Sustainability-linked Loans	400.61	USD	-8.78
EMEA Corporate Investment Grade Bonds (inc EM)	225.52	EUR	-10.56
Western Europe Loans	620.21	EUR	-21.96
Global Acquisition Loans	793.95	USD	-36.98
EMEA Sponsor-led Leveraged Loans	82.35	EUR	-49.26
European Leveraged Finance	84.46	EUR	-70.43
Western European Corporate High Yield Bonds - R...	30.77	EUR	-76.62

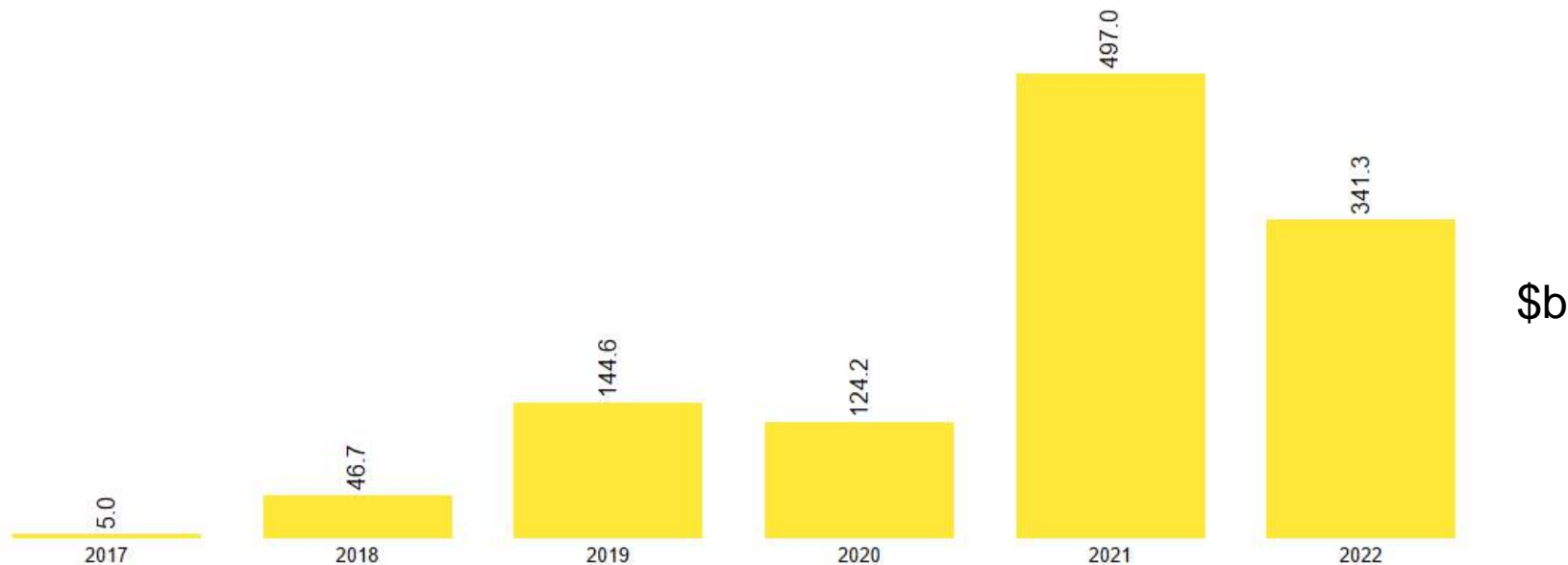
Source: Bloomberg LP

Sustainable loan volumes



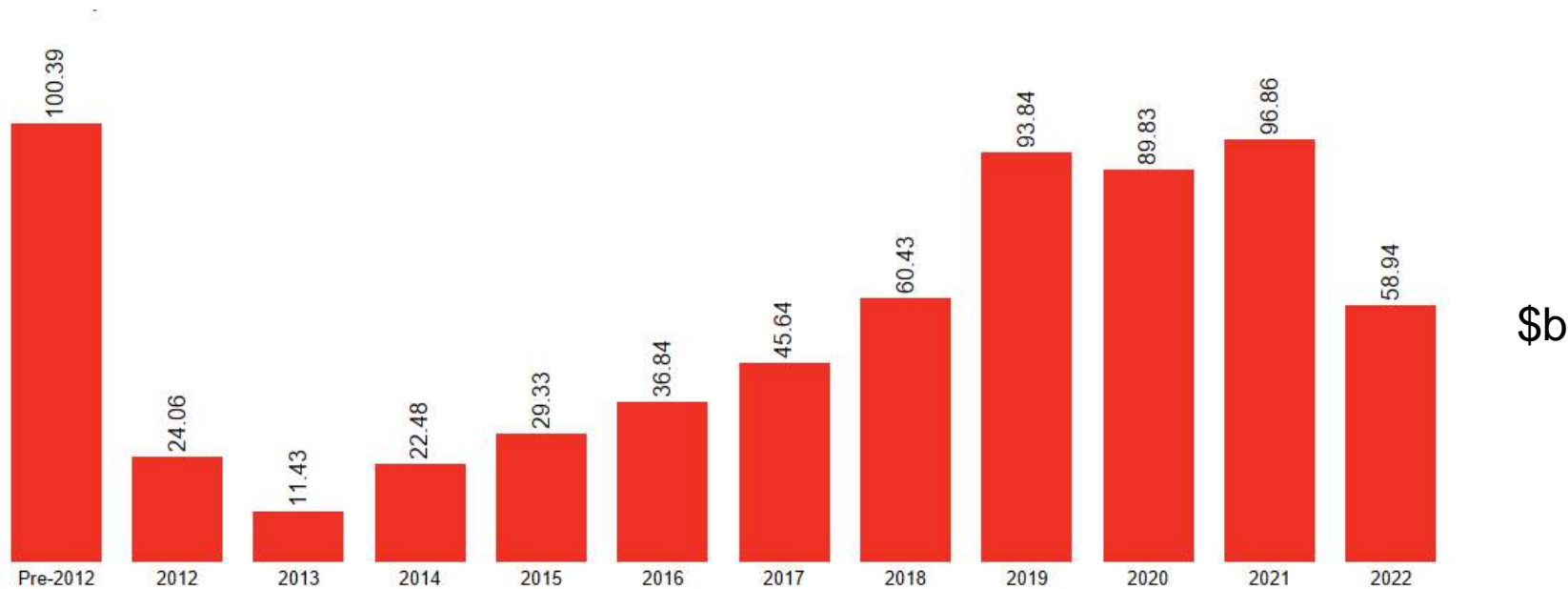
Source: BloombergNEF, Bloomberg LP.

Sustainability-linked loan volumes



Source: BloombergNEF, Bloomberg LP.

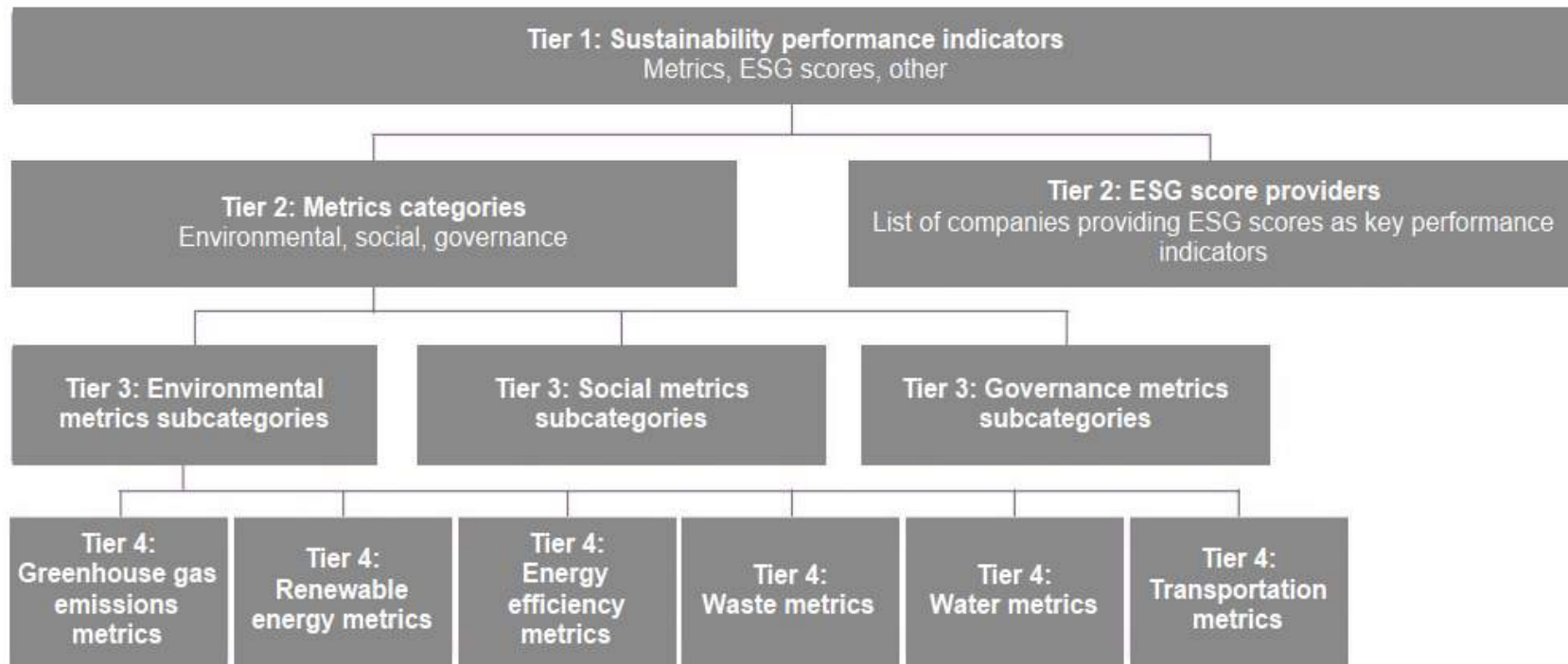
Green loan volumes



Source: BloombergNEF, Bloomberg LP.

A taxonomy for sustainability-linked KPIs

Tiers of sustainability performance targets for sustainability-linked debt



Source: BloombergNEF, Bloomberg LP.

SLL (incl. SSD) metrics – Tier 2

Debt issued (\$bn) by Tier 2 - Metrics categories

Other

56.9

Governance

87.6

Undisclosed

186.0

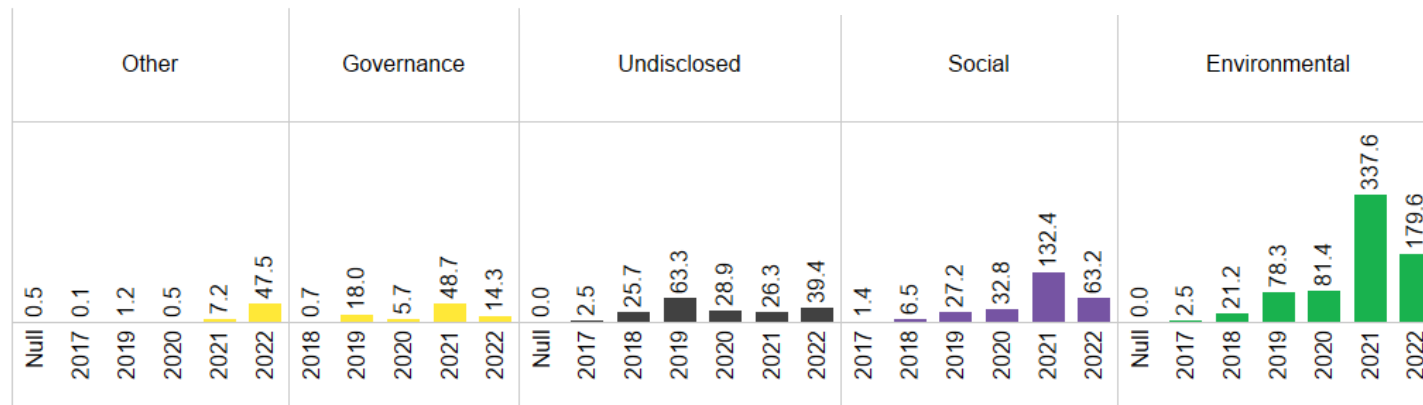
Social

263.4

Environmental

700.7

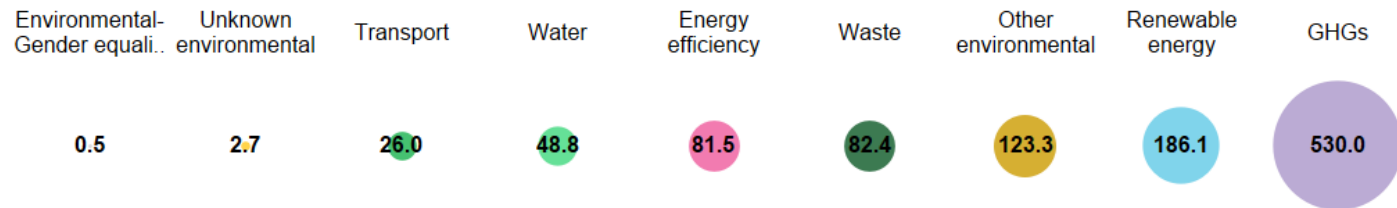
Debt issued (\$bn) by year



Source: BloombergNEF, Bloomberg LP.

SLL (incl. SSD) metrics – Tier 3

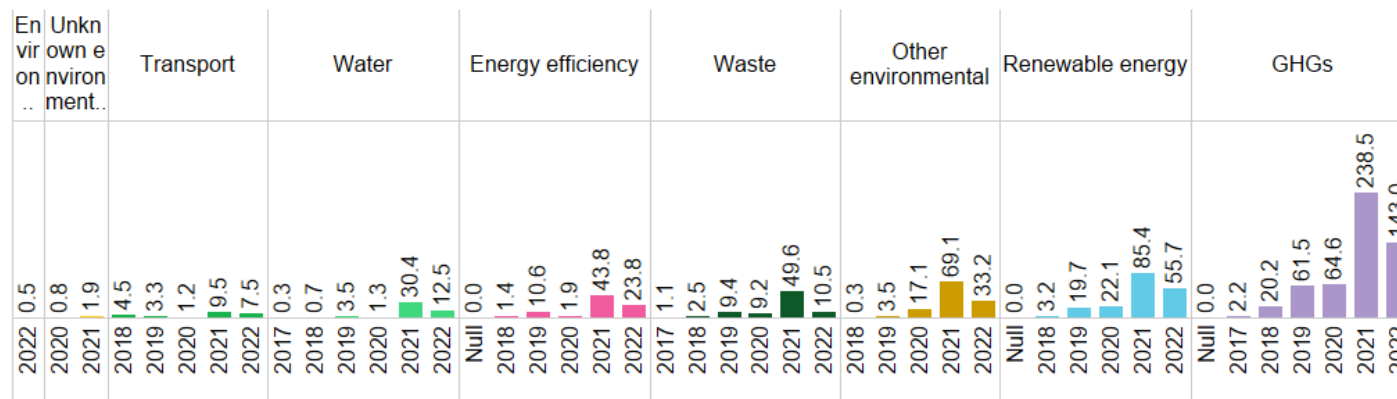
Debt issued (\$bn) by Tier 3 - Environmental metrics sub-categories



Debt issued (\$bn) by year

Use the filter on the right to view different tiers

Tier 3 - Environmental metrics sub-categories



Source: BloombergNEF, Bloomberg LP.



Questions?

