



*“It's become so big that every single company and government has to have an ESG strategy in place”*



SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD



# “Sustainable Finance: Green Bonds, Sustainability Linked Bonds.”

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# Agenda

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1- Overview

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2- Sustainable Finance

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3- Challenges

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4- Take Away

Figure 1: Climate, green and sustainable finance landscape





“The Social  
Responsibility of  
Business Is To  
Increase  
Its Profits”

*Milton Friedman; The New York  
Times Magazine, September 13,  
1970*

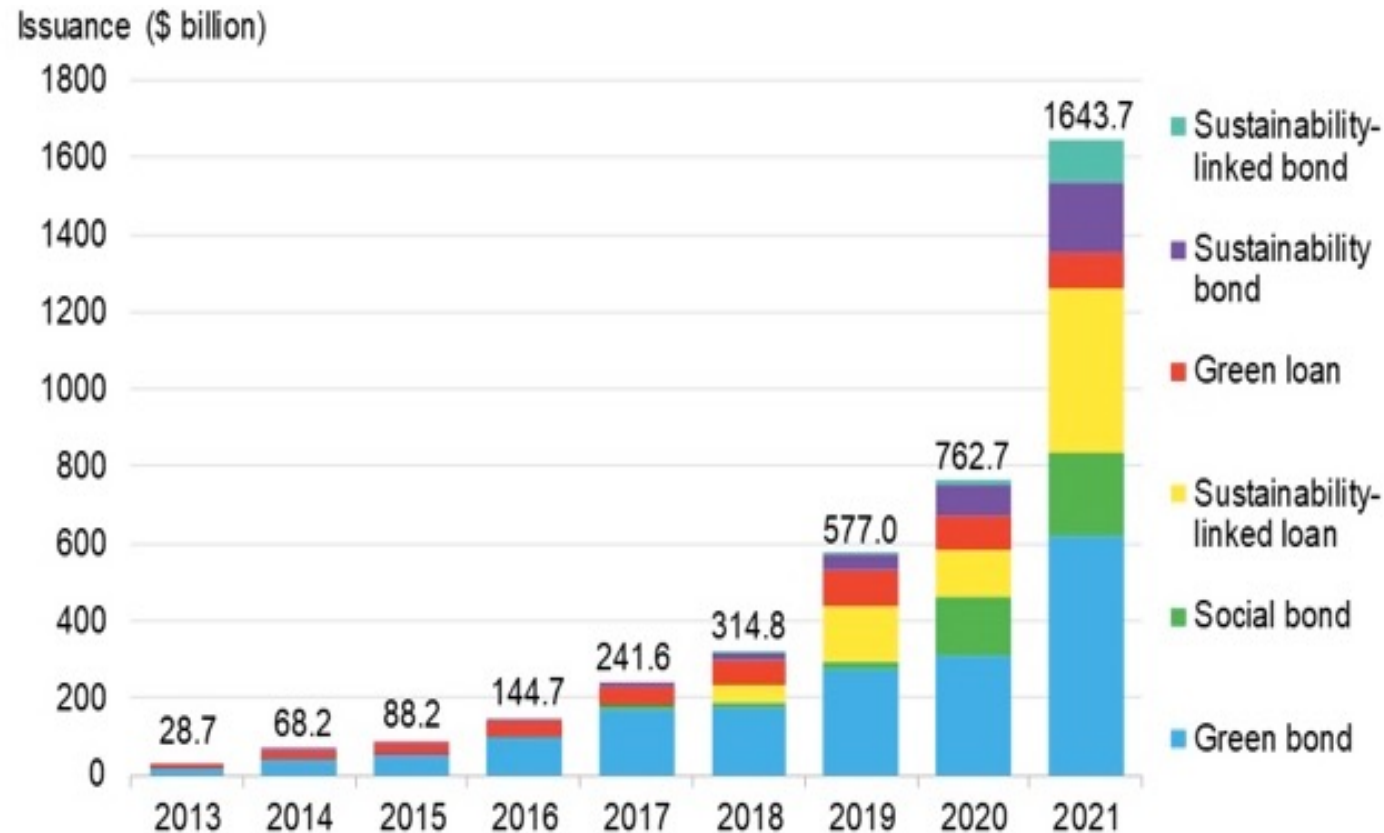




# 1. Overview

## Sustainability-linked bonds in 'rapid growth' as more firms tap ESG debt market

Figure 2 : Annual Sustainable Debt Issuance, 2013-2021 (USD Billion)

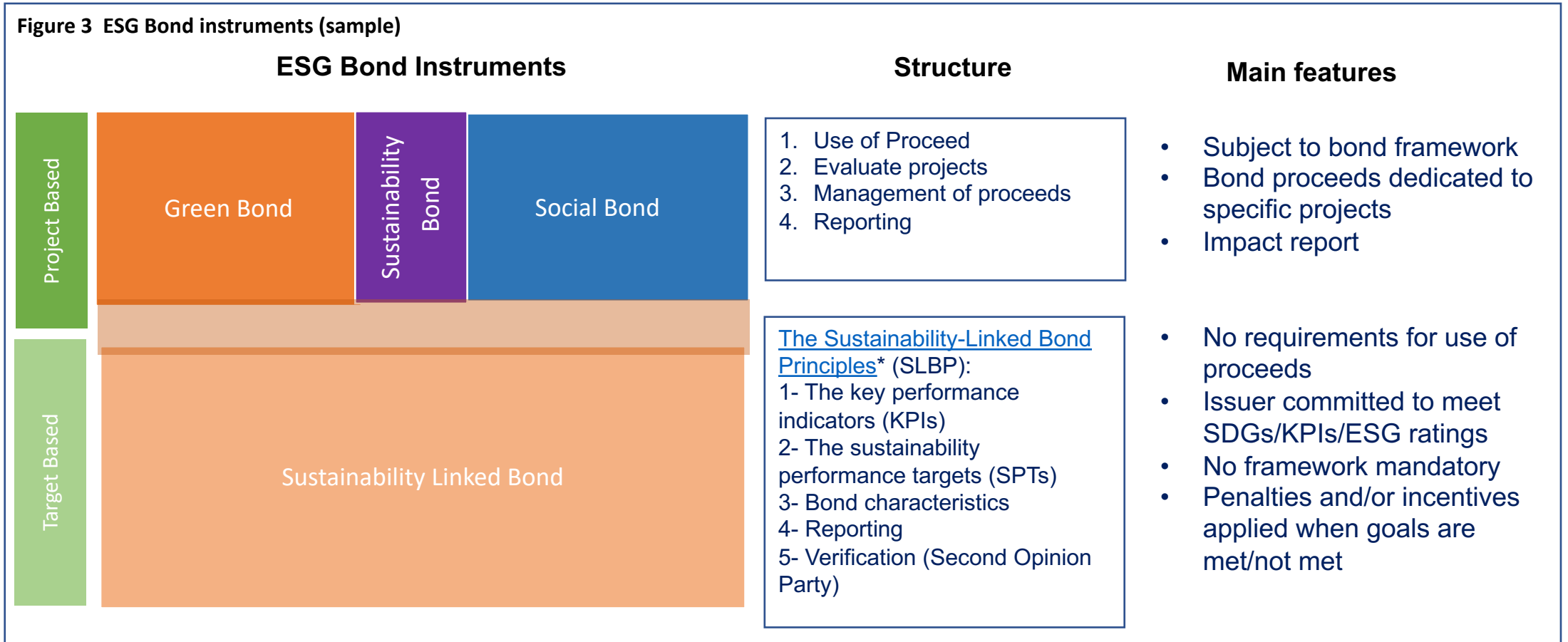


Source: BloombergNEF, Bloomberg L.P.

- Sustainable debt issuance climbed more than US\$1 trillion in 2021.
- SLBs issuance have reached to \$91 billion in 2021, from \$8.2 billion in 2020.
- Like green bonds, SLBs are largely unregulated, but usually adhere to voluntary principles published by the International Capital Market Association (ICMA) trade body.
- Regulators across the globe now face the challenge posed by sustainable debt's rise.

# 2. Sustainable Finance

## Sample: Green Bonds , Sustainable linked bonds...



Example of SLBs:

- British retailer Tesco's pledge to cut emissions by 60% from 2015 to 2025 ie Scope 1 and Scope 2.
- Canadian energy pipeline operator Enbridge, which raised \$1.8 billion from two 12-year SLBs. Both include a target to cut 'Scope 1' and 'Scope 2' greenhouse gas emissions intensity by 35% by 2030 from 2018 levels.

### 3. Challenges: "Sustainability Washing"

Figure 4 : Sustainability Assessment...



**SLBs have a role to play; but investors should act prudently to ensure that there are sustainability friendly.**

- When KPIs are not sufficiently ambitious or too difficult to assess, SLBs can be seen by some investors more as greenwashing instruments than green bonds themselves.
- Investors already flag greenwashing worries over SLBs and are pushing back on what they see as weak or immaterial claims by issuers.
- There is a ‘free lunch’\* for some SLB issuers, as their financial savings are higher than the potential penalty, and they have a call option to reduce this penalty.
- Investors should focus on the four key matters regarding the KPIs.



**OUTDATED**

“The Social  
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## 4. Take Away

1. Sustainable finance will continue to play a significant role in tackling environmental and social issues
2. The evolution of sustainable finance enables companies from all sectors to access “green” funds such SLBs
3. There is no effective mechanism to punish companies for missing their targets
4. SLBs is a new market and only time will tell how investors react to a missed target
5. To those wishing for the worst, be careful what you wish for...









# SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD

1 NO POVERTY



2 ZERO HUNGER



3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



5 GENDER EQUALITY



6 CLEAN WATER AND SANITATION



7 AFFORDABLE AND CLEAN ENERGY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



10 REDUCED INEQUALITIES



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



14 LIFE BELOW WATER



15 LIFE ON LAND



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



17 PARTNERSHIPS FOR THE GOALS



Thank You!

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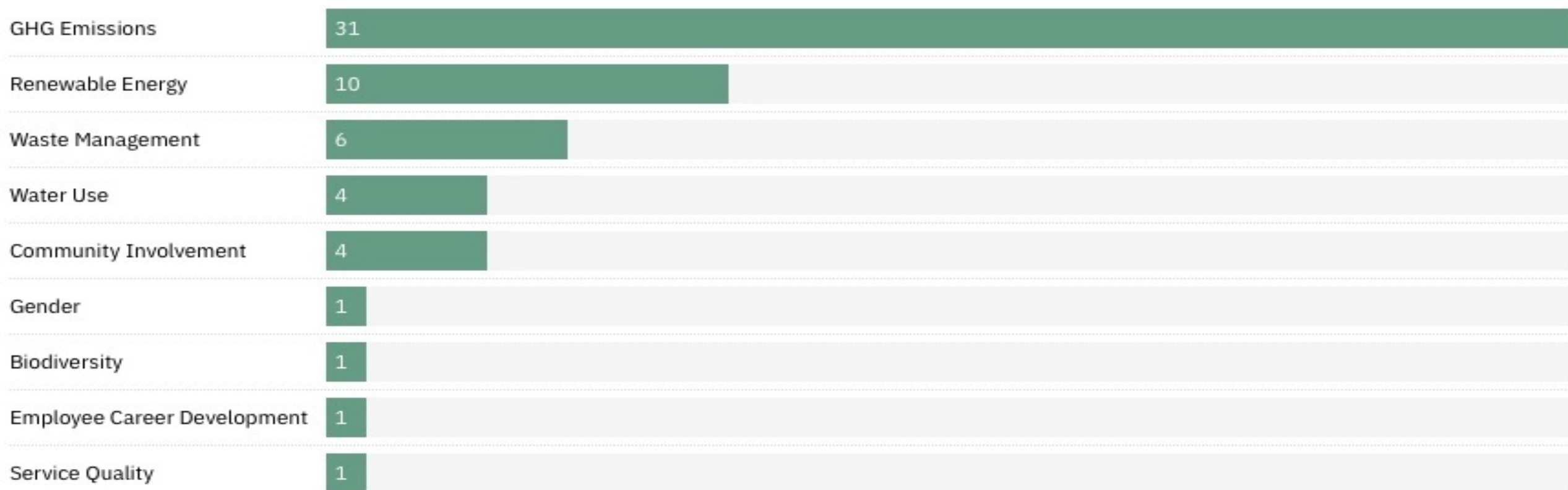


ANNEX

# Annex 1

## Emissions-related targets dominate

### Key performance indicators linked to sustainability-linked bonds



Analysis covers 43 sustainability-linked bonds, including private placements, issued since the launch of the Sustainability-Linked Bond Principles in June 2020. Data as of 17 May 2021.

Source: Moody's ESG Solutions, Environmental Finance Bond Database and company reports

CAPITAL MONITOR



# Annex 2

Table 1 an overview of sustainability-linked bond issuers year-to-date.

Deal information						Sustainability-linked bond characteristics				Have issued UoP bonds		
Issuer	Sector	Date	Amount	Maturity	Coupon	KPI	SBT	Tenor	Step-up	Framework	SPO	
Enel	Utilities	Sep '19	USD 1.5bn	Sep '24	2.650%	Installed capacity in renewable energy sources	At least 55%	Dec '21	+25 bps	Green	No	Vigeo Eiris
		Oct '19	EUR 1bn	Jun '27	0.375%							
		Oct '19	EUR 1bn	Jun 24'	0.000%	Direct GHG emissions	125 gCO <sup>2</sup> /kWh	By '30				
		Oct '19	EUR 500m	Oct '34	1.125%							
Suzano	Forest & Paper Products Manufacturing	Sep '20	USD 750m	Jan'31	3.750%	Carbon intensity of products	Reduce by 10.9% compared with a baseline of 2015	Dec '25	+ 25 bps	Green	Yes	ISS ESG
Novartis	Pharmaceuticals	Sep '20	EUR 1.85bn	Sep '28	0.000%	Strategic Innovative Therapies Patient Reach	Increase patient reach in low- and middle-income countries by at least 200%	By '25	+25 bps	No	No	Access to Medicine Foundation + Sustainalytics
						Flagship Programmes Patient Reach	Increase patient reach in leprosy, malaria, Chagas disease and sickle cell disease, by at least 50%	By '25	+ 25 bps			
Chanel	Apparel & Textile Products	Sep '20	EUR 300m	Jul '31	1.000%	Scope 1 and 2 greenhouse gas (GHG) emissions (measured in tCO <sub>2</sub> e and tCO <sub>2</sub> e per unit sold)	Decrease CHANEL's absolute scope 1 and 2 emissions by 50% (compared with a 2018 base year) - equivalent to 66% per unit sold	By '30	+75 bps	No	Yes	Vigeo Eiris
						Scope 3 GHG emissions (measured in tCO <sub>2</sub> e and tCO <sub>2</sub> e per unit sold)	Decrease scope 3 absolute GHG emissions by 10% (compared with a 2018 base year) – equivalent to 40% per unit sold	By '30	+ 75 bps			
						Percentage of	Shift to 100% renewable					

# Annex 3









































Table 2: Sustainable Development Goals





# Annex 4

Table 3: Climate Bond Standards Taxonomy

ENERGY	TRANSPORT	WATER	BUILDINGS	LAND USE & MARINE RESOURCES	INDUSTRY	WASTE	ICT
Solar 	Private transport 	Water monitoring 	Residential 	Agriculture 	Cement production 	Preparation 	Broadband networks
Wind 	Public passenger transport 	Water storage 	Commercial 	Commercial Forestry 	Steel, iron & aluminium production 	Reuse 	Telecommuting software and service
Geothermal 	Freight rail 	Water treatment 	Products & systems for efficiency 	Ecosystem conservation & restoration 	Glass production 	Recycling 	Data hubs
Bioenergy 	Aviation 	Water distribution 	Urban development 	Fisheries & aquaculture 	Chemical production 	Biological treatment 	Power management
Hydropower 	Water-borne 	Flood defence 		Supply chain management 	Fuel production 	Waste to energy 	
Marine Renewables 		Nature-based solutions 				Landfill 	
Transmission & distribution 						Radioactive waste management 	
Storage 							



**Climate Bond Certified**

- Certification Criteria approved 
- Criteria under development 
- Due to commence 

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