Environmental Finance
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Sustainability-Linked Debt in 8 metrics

Sustainability-linked debt products, predominantly sustainability-linked bonds (SLB) and sustainability-linked loans (SLL), have enjoyed a strong start to 2021 on the back of a growth year in 2020. This report aims to provide a snapshot of this rapidly growing market.

Environmental Finance Bond Database offers comprehensive coverage of green, social, sustainable and sustainability-linked (GSSS) labelled bonds and green and sustainability-linked loans.

To examine further data trends in the GSSS labelled bond and loan markets book your free demonstration today.

For more information or to request an export of data please contact Scott Davis at scott.davis@fieldgibsonmedia.com

A note on some of the data displayed in this report

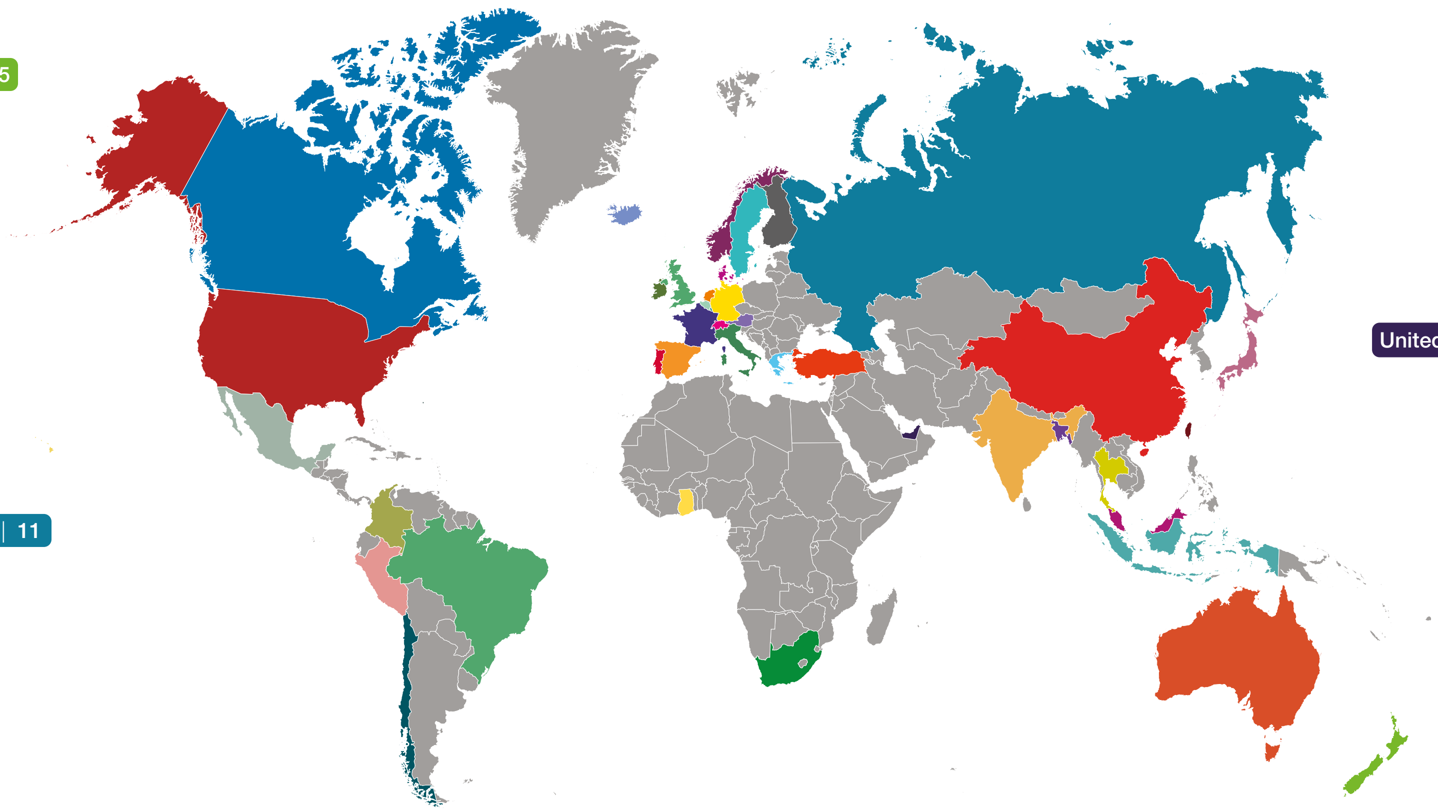
1. The sustainability-linked loan market lacks transparency and the figures from our database represent the market according to publicly available information and may not represent the full SLL activity. If you are a lender or borrower and would like to update your listing on our database, please contact **ashton.rowntree@fieldgibsonmedia.com**

2. Lead manager and lender league tables are calculated using a pro rata of the total deal or loan volume where multiple lead managers and lenders are present on a single deal or loan.

3. Sectors – companies active in multiple sectors appear in the data for each sector they are active in. The same bond or loan may appear across multiple sectors' volumes and total numbers and should be used for sector mapping and comparison rather than judging the sustainability-linked debt market as a whole.

Figure 1: The Geography of Sustainability-Linked Debt

Key: Country (by headquarters of borrower) | SLL | SLB | Combined



Country (by headquarters of borrower)	SLL	SLB	Combined
France	47	7	54
United Kingdom	33	2	35
Singapore	29	1	30
Spain	30	0	30
Netherlands	25	1	26
United States	21	3	24
Italy	19	4	23
Australia	13	1	14
Germany	14	3	17
Hong Kong	11	0	11
Russian Federation	11	0	11
Switzerland	9	2	11
Japan	6	4	10
Finland	9	0	9
Belgium	8	0	8
Brazil	1	5	6
China	4	1	5
Norway	4	1	5
Sweden	4	1	5
Chile	3	1	4
Ireland	4	0	4
Austria	2	1	3
Colombia	3	0	3
Denmark	3	0	3
Mexico	2	1	3
New Zealand	3	0	3
Taiwan	3	0	3
Turkey	3	0	3
United Arab Emirates	2	1	3
Canada	1	1	2
Greece	0	2	2
Iceland	1	1	2
South Africa	2	0	2
Thailand	2	0	2
Bangladesh	1	0	1
Bermuda	0	1	1
Ghana	1	0	1
Indonesia	1	0	1
India	0	1	1
Luxembourg	0	1	1
Malaysia	1	0	1
Peru	1	0	1
Portugal	1	0	1

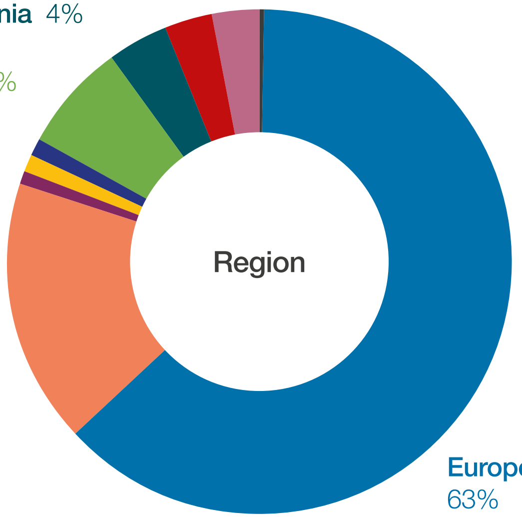
Sustainability-Linked Bonds (SLB)
September 2019 - April 2021

Total number of bonds	Total volume of bonds
49	$27,903.21 M

Sustainability-Linked Loans (SLL)
April 2017 – April 2021

Total number of loans	Total volume of loans
347	$332,605.31 M
(approximation of publicised SLL)	*(approximation of publicised SLL)*

Figure 2: Sustainability-Linked Debt – Regions



As figures 1 and 2 demonstrate, the majority of sustainability-linked debt originates in Europe with France the most prolific issuer and borrower. Of note is China's relatively low standing in the tables considering it is one of the leading green, social, and sustainable debt issuers.

Figure 3: Top 25 Lead Managers* – Sustainability-Linked Bonds Q1 2021†

Rank	Organisation	Number of bonds	Volume ($M)
1	JP Morgan	11	1,101
2	BNP Paribas	5	617
3	Citigroup	7	585
4	Bank of America Merrill Lynch	5	487
5	HSBC	4	477
6	Goldman Sachs	7	448
7	MUFG Securities	4	403
8	Société Générale	4	377
9	Credit Suisse	5	362
10	Morgan Stanley	4	333
11	Deutsche Bank	4	281
12	Santander	3	280
13	DBS Bank	2	269
14	RBC Capital Markets	1	244
15	Wells Fargo	3	236
16	BTG Pactual	2	196
17	UBS	2	196
18	Citizens bank	2	186
19	Itau BBA	2	155
20	SEB	2	155
21	Erste Asset Management	1	149
22	Commerzbank	1	121
23	Danske Bank	1	121
24	Standard Chartered	1	121
25	Barclays	2	103

*Other lead managers in Q1 2021 include: Mizuho Financial Group, 2, 99; ANZ Bank, 1, 94; Axia, 2, 84; Piraeus Bank, 2, 84; National Bank of Greece, 2, 84; Alpha Bank, 2, 84; Ambrosia Capital, 2, 84; Eurobank, 2, 84; Bradesco BBI, 1, 83; Credit Agricole CIB, 1, 59; DZ Bank, 1, 59; Berenberg Bank, 1; 59; Truist Financial Corp., 1, 53; Fifth Third securities, 1, 53; Toronto-Dominion Bank, 1, 53; Regions Securities LLC, 1, 53; Royal Bank of Canada, 1, 53; Ramirez & Co., 1, 50; Banca IMI, 1, 50; Daiwa Securities Group, 1, 46; Nordea, 1, 34; DNB Markets, 1, 34; Nomura, 1, 23

† *Data for figure 3 correct as of 1 June 2021.*

Figure 4: Top 25 Lenders* – Sustainability-Linked Loans Q1 2021†

Rank	Lender	Number of loans	Volume of loans ($M) (pro rata)
1	Sumitomo Mitsui Banking Corporation	3	1150.04
2	ING	7	978.01
3	DBS Bank	5	773.8
4	Santander	2	492.88
5	Société Générale	5	483.05
6	BNP Paribas	6	416.52
7	ABN	1	374
8	Mediobanca	1	343.6
9	OCBC	5	305.44
10	Sovcombank	2	300
11	Unicredit	2	293.55
12	Westpac Banking Corporation	1	268.5
13	Credit Agricole CIB	3	260.65
14	Natixis	2	215.82
15	Bank of China	1	185
16	Rabobank	1	185
17	Barings	1	168.25
18	MUFG Securities	3	154.4
19	HSBC	4	149.21
20	United Overseas Bank	2	137.4
21	SEB	2	113.31
22	Barclays	1	104.36
23	National Australia Bank	1	104.36
24	CIC	2	88.26
25	Citigroup	1	75.91

*Other lenders in Q1 2021 include: **NatWest**, 1, 68.9; **Aviva Investors**, 1, 66.99; **Bank of Ayudhya**, 2, 50.04; **Kasikorn Bank**, 2, 50.04; **Mizuho Financial Group**, 2, 50.04; **BNZ**, 1, 50; **Shiga Bank**, 1, 50; **Banque Centrale Populaire**, 1, 44.83; **Credit Mutuel Arkea**, 1, 44.83; **BRED**, 1, 43.43; **LCL**, 1, 43.43; **IYO Bank**, 1, 37.4; **Standard Chartered**, 1, 37.4; **Deutsche Bank**, 1, 33.33; **Raiffeisen Bank**, 1, 33.33; **Lloyds Bank**, 1, 30; **BBVA**, 1, 4.08; **Intesa Sanpaolo**, 1, 3.6

Figure 5: Top 25 Combined SLL Lenders and SLB Lead Managers – Q1 2021†

Rank	Organisation	Number of bonds	Volume ($M)	Number of loans	Volume of loans ($M)	Combined ($M)
1	Sumitomo Mitsui Banking Corporation			3	1,150.04	1,150.04
2	JP Morgan	11	1,101			1101
3	DBS Bank	2	269	5	773.8	1,042.8
4	BNP Paribas	5	617	6	416.52	1,033.52
5	ING			7	978.01	978.01
6	Société Générale	4	377	5	483.05	860.05
7	Santander	3	280	2	492.88	772.88
8	Citigroup	7	585	1	75.91	660.91
9	HSBC	4	477	4	149.21	626.21
10	MUFG Securities	4	403	3	154.4	557.4
11	Bank of America Merrill Lynch	5	487			487
12	Goldman Sachs	7	448			448
13	ABN			1	374	374
14	Credit Suisse	5	362			362
15	Mediobanca			1	343.6	343.6
16	Morgan Stanley	4	333			333
17	Credit Agricole CIB	1	59	1	260.65	319.65
18	Deutsche Bank	4	281	1	33.33	244
19	OCBC			5	305.44	305.44
20	Sovcombank			2	300	300
21	Unicredit			2	293.55	293.55
22	Westpac Banking Corporation	1	268.5			268.5
23	SEB	2	155	2	113.31	268.31
24	RBC Capital Markets	1	244			244
25	Wells Fargo	3	236			236

† *Data for figures 4 and 5 correct as of 1 June 2021.*

KPIs – SLL and SLB broken down by KPI

The cornerstone of the sustainability-linked debt structure is the key performance indicators (KPI). KPIs are predetermined indicators devised to track progress towards sustainable goals and are the basis for interest rate increases and decreases.

Environmental Finance Bond Database has created 18 KPI groupings for sustainability-linked debt.

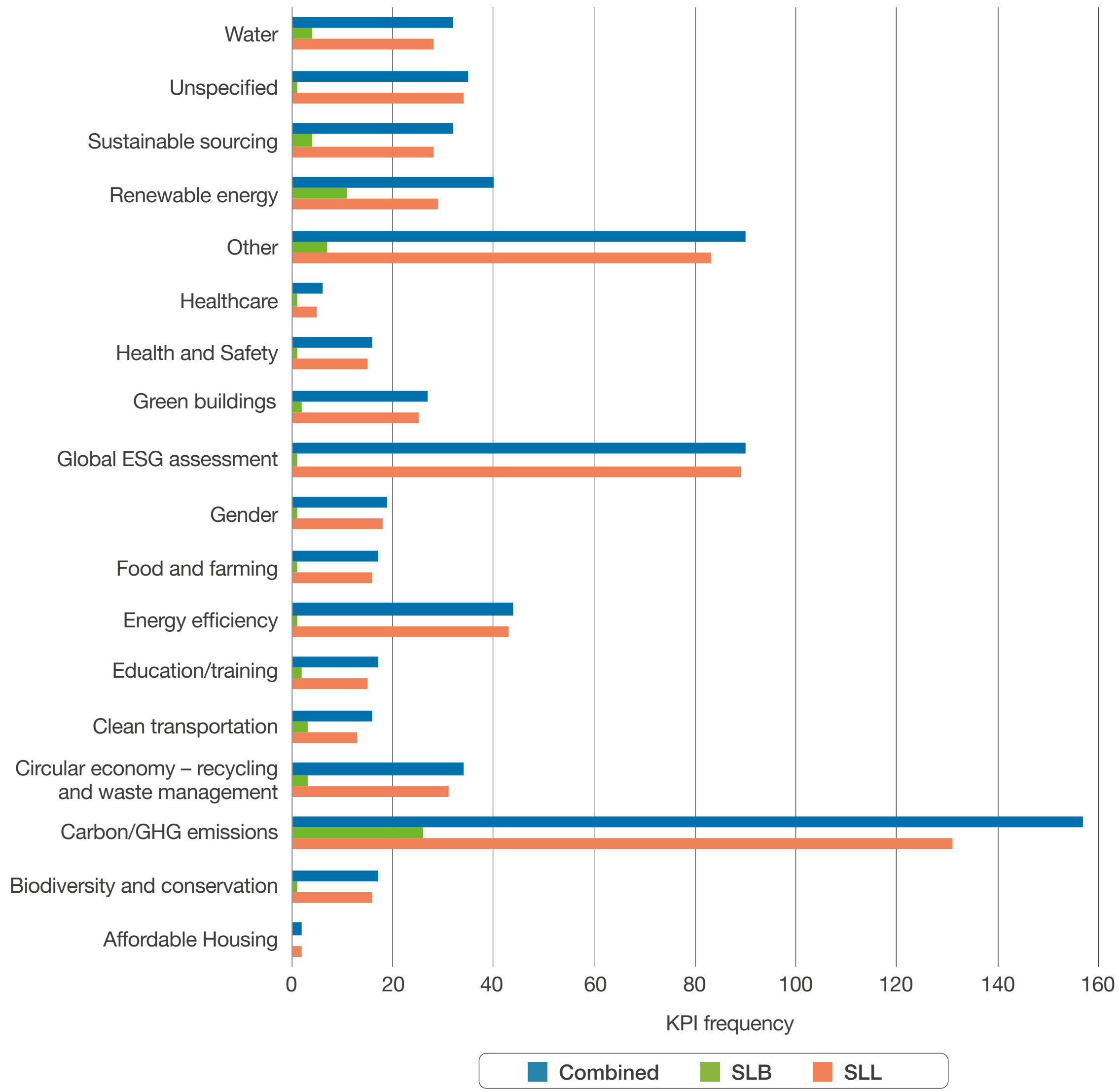
The majority of SL debt has a single KPI however there are deals in the market which have up to 7 different KPIs.

The sample size for loans is larger but it is worth noting that the mean average number of KPIs for loans is 1.95, whilst for bonds had a lower average number of KPIs at 1.43.

As illustrated in figure 6 Carbon/GHG emissions is the most prevalent KPI for both SLLs and SLBs. Global ESG assessment (a rating or score from a 3rd party verifier) is the second most used KPI for SLLs which contrasts with the comparatively few SLBs using the global ESG assessment KPI.

Social KPIs such as gender, healthcare, health and safety, education, and affordable housing are more commonly used for SLLs than SLBs. Social KPIs are less frequently used than more quantifiable environmental and climate based KPIs.

Figure 6: Sustainability-Linked KPIs – SLL and SLB



Sectors

Environmental Finance Bond Database has devised 36 sector tags tailored to the sustainable debt market. All issuers and borrowers are tagged with the sectors they actively participate in, allowing for in depth industry mapping of sustainability-linked debt.

Figure 7: SLB - Sectors

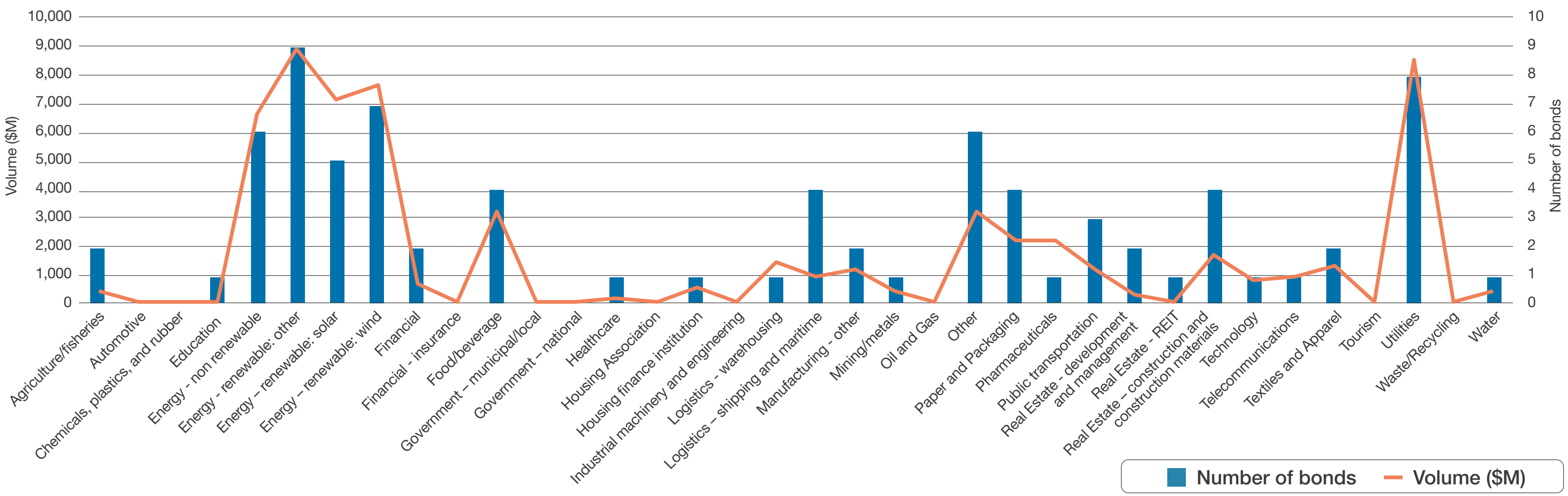


Figure 8: SLL - Sectors

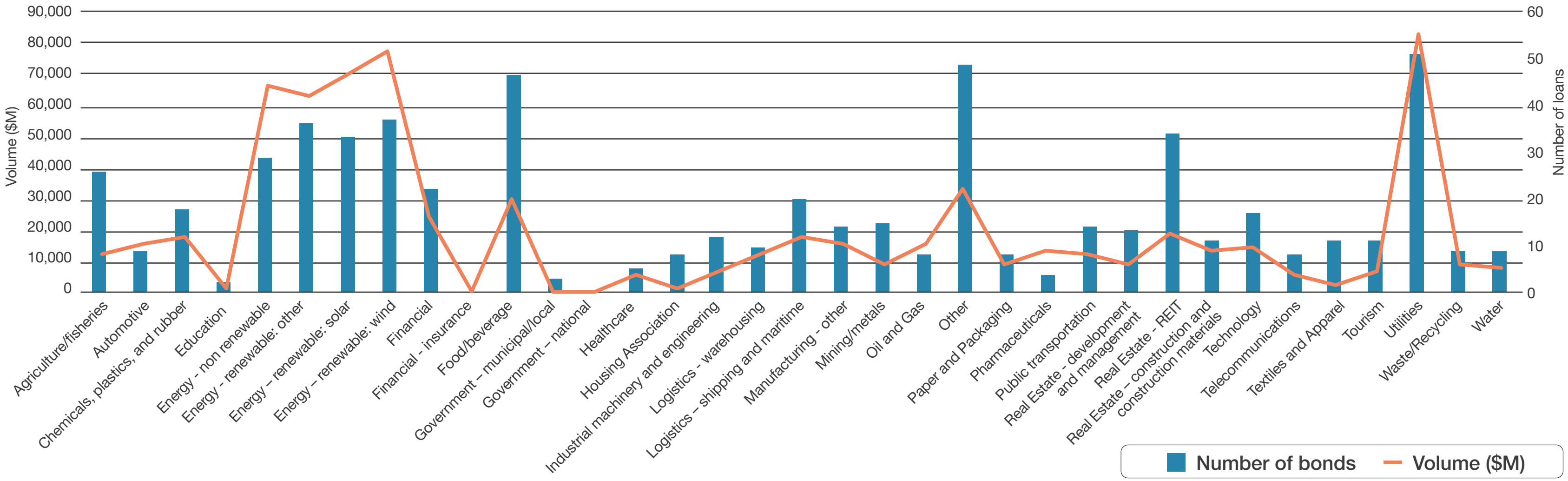
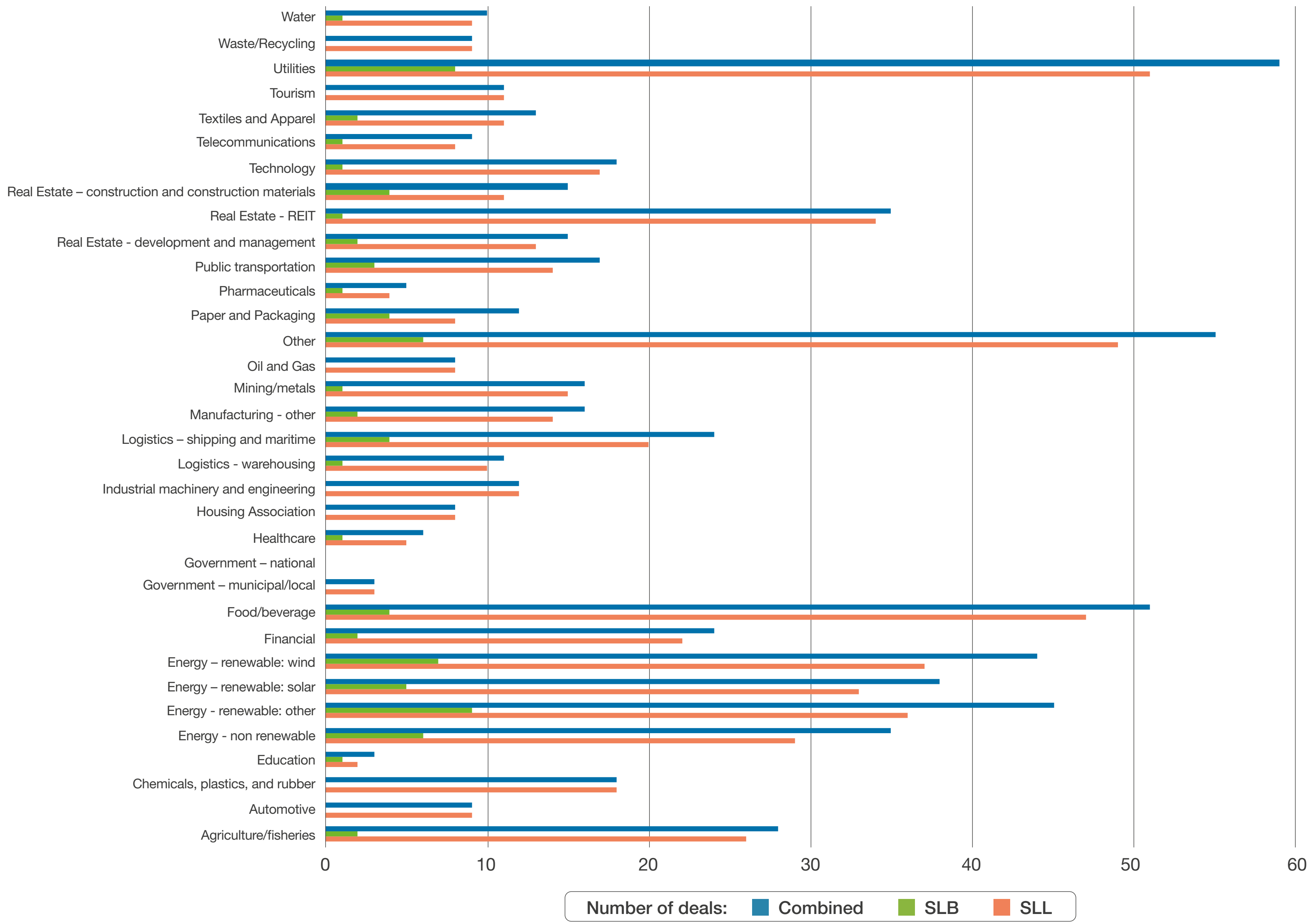


Figure 9: Sectors – SLL, SLB & Combined



According to figures 7, 8 and 9 the energy and utilities sectors dominate the sustainability-linked debt market with real estate and food and farming also prevalent. Municipal and national government participation is conspicuously low compared to their activity in the GSS bond and green loan markets.

KPIs by Sector

A breakdown of KPI prevalence by sector can provide some insight into sustainability targets and achievable priorities in different sectors.

It is no surprise that figure 10 shows the leading KPI used by REIT sector borrowers is green buildings.

The diversity of KPIs used in the financial sectors (see figure 11) hints at the variety of projects being financed whilst the popularity of global ESG assessment KPI shows the advantage of a single non-specific KPI barometer.

The dominance of carbon/ghg emissions KPIs in the utility sector shown in figure 12 implies a preference for KPIs that can judge net company performance rather than more project/output specific KPIs such as renewable energy or water.

Figure 11: SL Debt – Financial Sector – KPIs

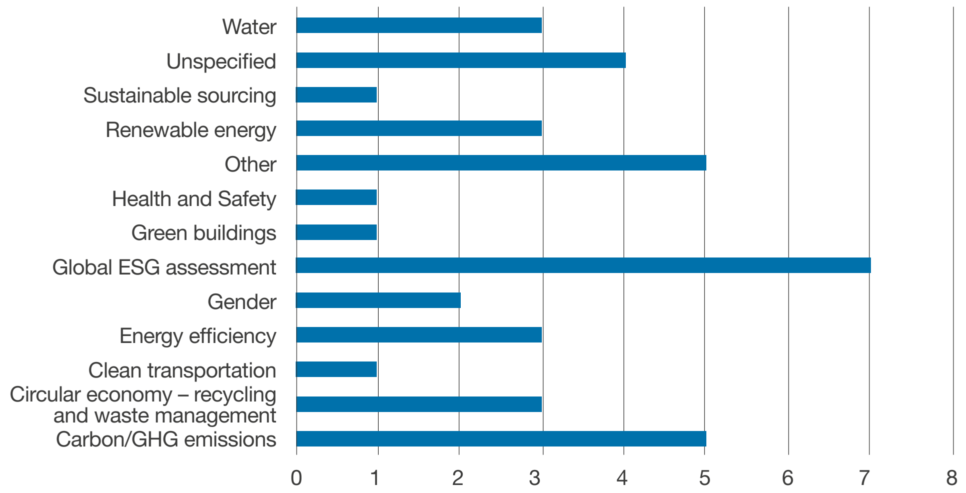


Figure 10: SL Debt – Real Estate REIT Sector – KPIs

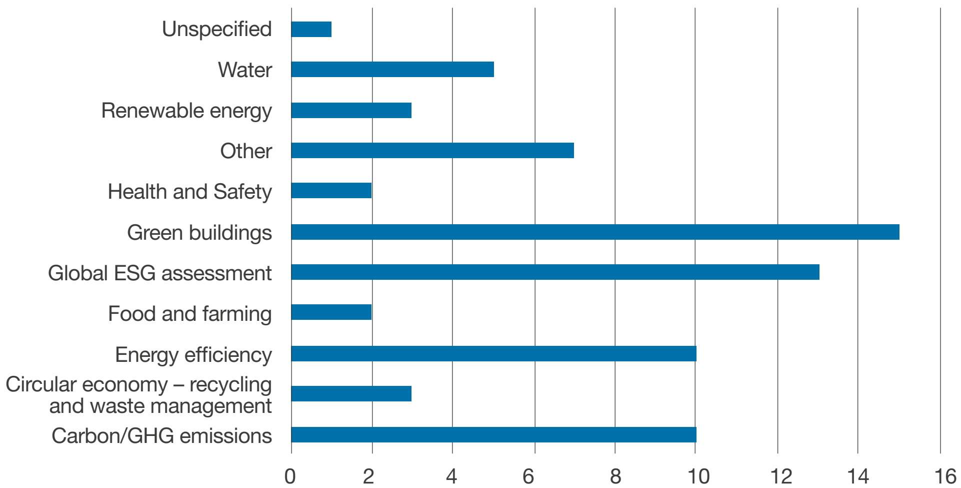
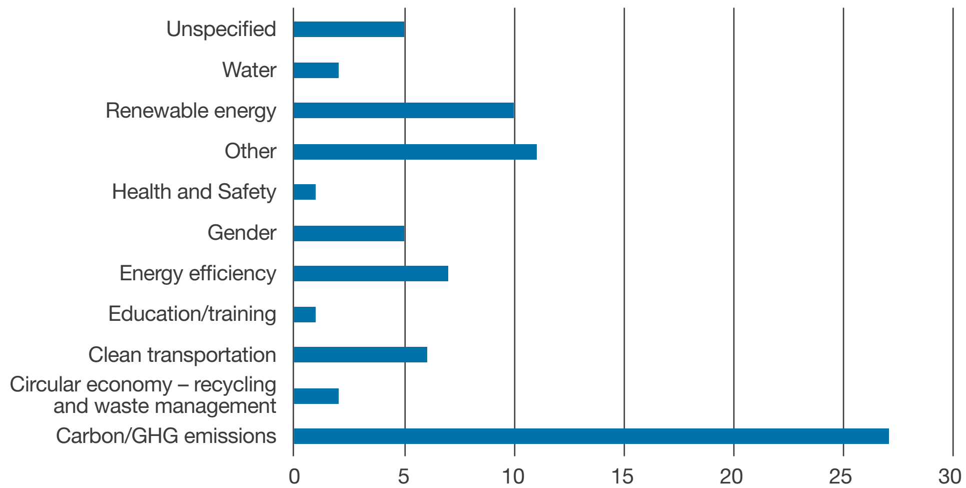


Figure 12: SL Debt – Utility Sector – KPIs



Currency

As illustrated in figures 13 and 14 more sustainability-linked debt is issued in Euros than any other currency, this correlates with figure 2's findings that 62% of issuers and borrowers are based in Europe. Hard currencies dominate with 80% of SLBs and 75% of SLLs issued in either Euros or USD.

Figure 13: SLB Currency

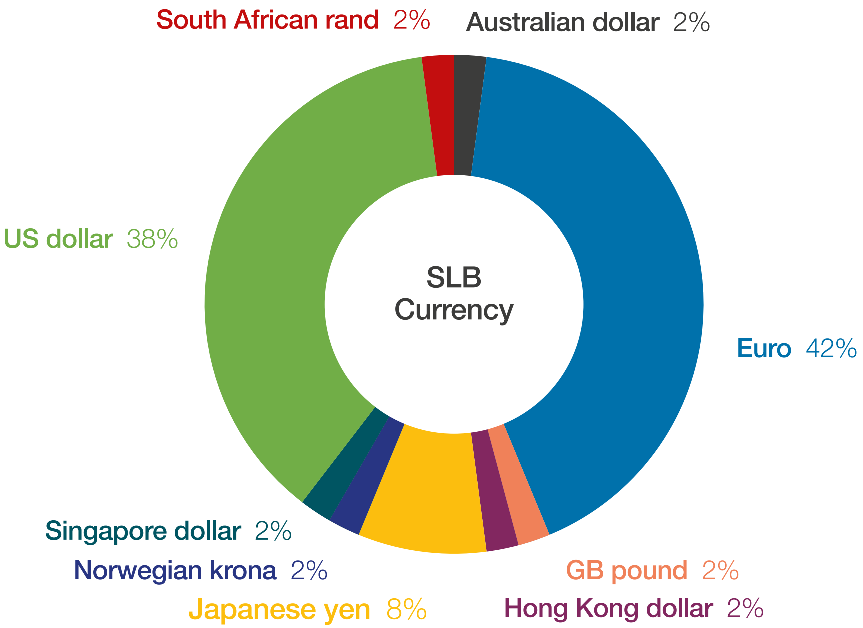
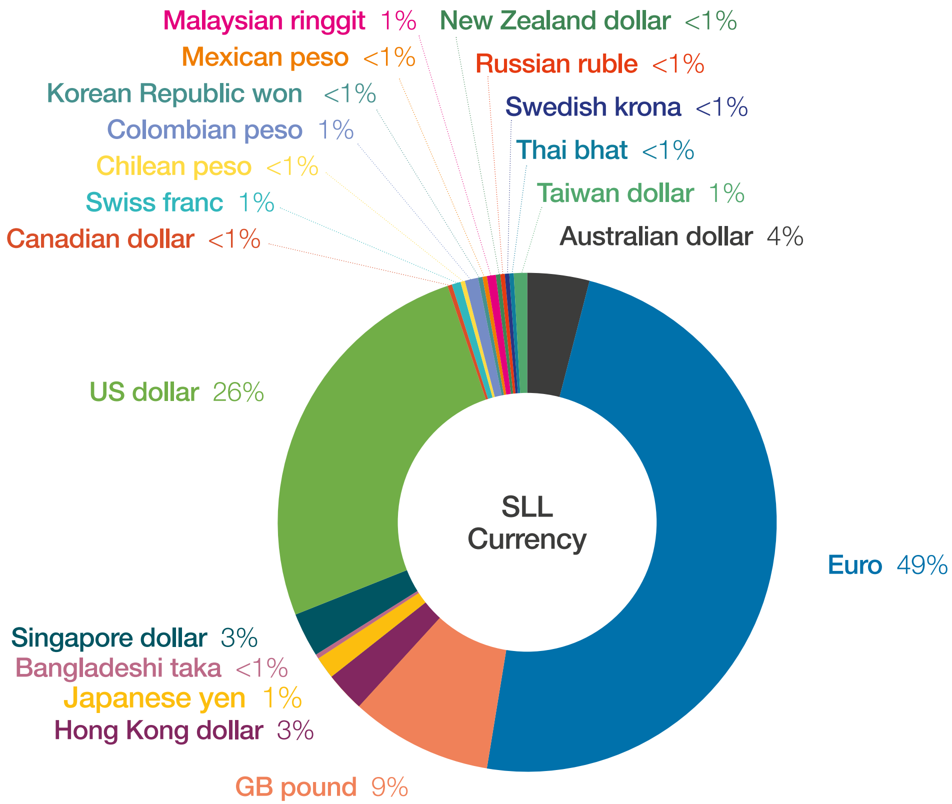


Figure 14: SLL Currency



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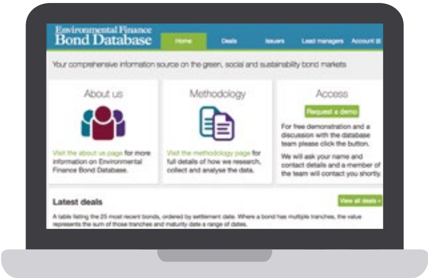
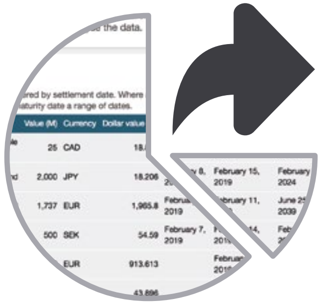


User friendly interface



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