What 2021 unleashed … … what 2022 holds for us

Market Development

What 2021 unleashed

- SLB market : **phenomenal growth**: total market size > 100 $Bn eq.
- **Newcomers** and/or approaches
- Issuers to **convert** outstanding bonds into Green Bonds
- **1st Catastrophe Bond** (CAT)
- **1st Green Negotiable European Commercial Paper Programme**
- **1st French Green Residential mortgage-backed securities**
- Creation of **Social Bond Funds**

What 2022 holds for us

- Annual **Sustainable Bond Issuances** expected to **exceed $1 trillion**
- Sustainability-Linked Issuances to fuel the exponential growth of the sustainable bond market
- **1st SLB** for an **SSA**
- Green Bonds aligned with proposed EU Green Bond Standard : to see **higher greeniums**
- **Carbon credit markets expansion**
- Ramp up for **US Real Estate**
- **Private Equity** firms to ramp up sustainability funds
- Increased allocation towards **private debt**, **real assets and infrastructure to fill investment gap**
- Investors increasingly **looking beyond** bond contents to **focus on issuers' strategies and positioning**

Regulation

What 2021 unleashed

- Official adoption of the **EU final delegated acts on climate change mitigation and adaptation**
- **China Green Bond Endorsed Projects Catalogue** entered into force
- Release of the **EU-China Common Ground Taxonomy**
- Launch of **ECB's strategic review and climate action plan**
- Rise of **greenwashing and climate liability** or **litigation against companies, investor and States**
- Publication of the **implementing decree of Article 29 of the Energy-Climate Law**
- Initial **proposal to integrate ESG risks into EU prudential rules**
- **Sustainable Finance Disclosure Regulation** (SFDR) came into force

What 2022 holds for us

- **EU's Sustainable Finance Renewed Strategy** implementation
- Possible adoption of the **EU Green Bond Standard**
- Publication of the **EU Social Taxonomy** expected
- Adoption of the **complementary Delegated Act** on nuclear and gas, and **Delegated Acts** for the other environmental objectives
- **Global Taxomania** (above 30 taxonomies developed or under development)
- Regulatory climate disclosure with **EU taxonomy eligibility** mapping
- The **revised Markets in Financial Instruments Directive** (MiFID) requiring addressing ESG elements in all relationship between financial advisors and end investors
- **US regulators** (FRB and SEC) taking sustainable issues seriously (OCC"s **draft principles)**
- Climate stress testing by numerous banking regulators around the world

Private & Public Initiatives or Policies

What 2021 unleashed

- **Net zero commitments and initiatives proliferation** from corporates and financial institutions
- **Growing backlash against net zero claims**
- **A fragile win** at the COP26
- **Strengthened countries' ambitions** (batch of new NDCs) but a widening "action gap"
- **World Conservation Congress of the International Union for Conservation of Nature** (IUCN)

What 2022 holds for us

- Adoption of more **science-based trajectories** and interim targets
- **Growing budgets and spending plans** allocated to sustainable investments to **meet net-zero objectives**
- **COP15 in China** and emphasis on biodiversity/natural capital finance
- **Climate change adaptation** policies and investment plans to become more prominent
- **Social concerns** to continue rise on investors agenda as Covid-19 pandemic keeps unfolding
- Industry-led initiatives on fair transition to become more sophisticated

Science, Data & Methodologies

What 2021 unleashed

- Release of the **IPCC's Sixth Assessment Report** (AR6) on climate change's physical Science Basis
- **IEA's net zero by 2050 Report**
- **SBTi methodology update** with a more stringent framework on 1.5deg only and **net zero target setting standard**
- Increased pressure **towards comparability and standardization of climate objectives**
- Release of the World Benchmarking Alliance's pilot Just Transition Assessment

What 2022 holds for us

- **IPCC's six assessment reports** (AR6) on impacts, adaptation and vulnerability and Mitigation
- Nexus **low-carbon transition, inflation**, and **fuel poverty/social inequalities**
- ESG Data & Net Zero methods & tools
- **Credit ratings & ESG in ratings**
- Building an environment of **more accurate** ESG data
- ESG data and **AI** empowerment
- **Biodiversity** and **natural capital**
- From negative emissions to **emission removals**
- ISSB Climate Reporting Standard launch/draft by the IFRS Foundation
- Release of **Natixis study on SDG alignment for Public Development banks**