Speakers

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Agenda

1. Latest trends in sustainable debt markets
2. Implications of COP26 for sustainable finance
3. Innovations in social financing
Latest trends in sustainable debt markets
Sustainable bond issuance hitting record highs in 2021 as market interest surges

Sources: Moody's ESG Solutions and Environmental Finance Bond Database
Annual sustainable bond volumes poised to top $1 trillion for the first time this year

Sources: Moody’s ESG Solutions and Environmental Finance Bond Database
Green bond volumes at record levels this year amid heightened focus on climate mitigation

**Percent of Q3 2021 global green bond issuance**

- Corporate: 42%
- Sovereign: 22%
- Municipal: 8%
- Agency: 6%
- Supranational: 1%
- Financial Institution: 21%

Sources: Moody’s ESG Solutions and Environmental Finance Bond Database

**Green bond volumes at record levels this year amid heightened focus on climate mitigation**

Green bond volumes have reached record levels this year amid heightened focus on climate mitigation. According to Moody’s ESG Solutions and Environmental Finance Bond Database, the total issuance of green bonds has continued to grow, with significant volumes recorded in Q3 2021.

The chart illustrates the distribution of green bond issuance by region and sector, with a notable increase in volumes in Q3 2021 compared to previous quarters. The corporate sector has been the largest issuer, followed by the sovereign sector, with a lesser contribution from municipal, agency, and supranational issuers.

The pie chart further details the percentage distribution of Q3 2021 global green bond issuance, highlighting the dominance of the corporate segment and the smaller but significant contributions from other sectors.
Social bond volumes decline as largest issuers wind down pandemic-related supply

Percent of Q3 2021 global social bond issuance

Sources: Moody’s ESG Solutions and Environmental Finance Bond Database
Sustainability bond volumes continue strong 2021 market trend

Percent of Q3 2021 global sustainability bond issuance

Supranational 40%
Financial Institution 17%
Corporate 20%
Sovereign 9%
Municipal 7%
Agency 7%
North America
Latin America
Europe
Middle East & Africa
Asia Pacific
Supranational

Sources: Moody’s ESG Solutions and Environmental Finance Bond Database
Sustainability-linked bond volumes increasing with high market interest from sources: Moody’s ESG Solutions and Environmental Finance Bond Database.
Sustainability-linked loan volumes continue steady 2021 trend

Sources: Moody’s ESG Solutions and Environmental Finance Bond Database
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Implications of COP26 for sustainable finance
## Climate commitments to spur sovereign issuance

<table>
<thead>
<tr>
<th>Sovereign issuer</th>
<th>Green/sustainability bond issuance, US$bn</th>
<th>Net zero target</th>
<th>Target year</th>
<th>Interim target?</th>
<th>% of global GHG Emissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benin</td>
<td>$0.6</td>
<td>Yes</td>
<td>2050</td>
<td>Yes, 25% reduction of black carbon from 2016 baseline by 2030</td>
<td>0.0%</td>
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<tr>
<td>Chile</td>
<td>$6.6</td>
<td>Yes</td>
<td>2050</td>
<td>Yes, various reductions in GHG emissions by sectors from 2015 baseline</td>
<td>0.3%</td>
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<td>Egypt</td>
<td>$0.8</td>
<td>No</td>
<td></td>
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<td>0.7%</td>
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<tr>
<td>European Union</td>
<td>$0.0</td>
<td>Yes</td>
<td></td>
<td>Yes, 55% reduction of GHG emissions from 1990 baseline by 2030</td>
<td>8.4%</td>
</tr>
<tr>
<td>France</td>
<td>$17.6</td>
<td>Yes</td>
<td>2050</td>
<td>Yes, 26-36% reduction of GHG emissions from 2005 baseline by 2030</td>
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<td>Germany</td>
<td>$25.1</td>
<td>Yes</td>
<td>2045</td>
<td>Yes, 40% reduction of GHG emissions from 1990 baseline by 2030</td>
<td>2.1%</td>
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<tr>
<td>Hong Kong</td>
<td>$2.5</td>
<td>Yes</td>
<td>2050</td>
<td>Yes, 30% reduction of GHG emissions below BAU scenario for 2030</td>
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<td>Hungary</td>
<td>$2.3</td>
<td>Yes</td>
<td>2060</td>
<td>Yes, 75% renewable electricity generation by 2035</td>
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<tr>
<td>Indonesia</td>
<td>$2.8</td>
<td>Yes</td>
<td>2050</td>
<td>Yes, 29% reduction of GHG emissions below BAU scenario for 2030</td>
<td>1.7%</td>
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<td>Isle of Man</td>
<td>$0.6</td>
<td>Yes</td>
<td>2050</td>
<td>Yes, 75% renewable electricity generation by 2035</td>
<td>1.0%</td>
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<tr>
<td>Italy</td>
<td>$10.2</td>
<td>Yes</td>
<td>2050</td>
<td>Yes, 55% reduction of GHG emissions from 1990 baseline by 2030</td>
<td>0.0%</td>
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<tr>
<td>Lithuania</td>
<td>$0.1 (Target under discussion)</td>
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<td>2050</td>
<td></td>
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<td>Luxembourg</td>
<td>$1.8</td>
<td>Yes</td>
<td>2050</td>
<td>Yes, 55% reduction of GHG emissions from 1990 baseline by 2030</td>
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<tr>
<td>Malaysia</td>
<td>$1.3</td>
<td>Yes</td>
<td>2050</td>
<td>Yes, 45% reduction of GHG emissions from 2005 baseline by 2030</td>
<td>0.7%</td>
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<td>Mexico</td>
<td>$2.4 (Target under discussion)</td>
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<td>2050</td>
<td>Yes, 22% reduction of GHG emissions below BAU scenario for 2030</td>
<td>1.4%</td>
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<tr>
<td>Netherlands</td>
<td>$2.9 (Target under discussion)</td>
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<td>2050</td>
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<td>Serbia</td>
<td>$1.2</td>
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<td>2050</td>
<td></td>
<td>0.1%</td>
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<td>Slovenia</td>
<td>$1.2</td>
<td>Yes</td>
<td>2050</td>
<td></td>
<td>0.0%</td>
</tr>
<tr>
<td>Spain</td>
<td>$6.5</td>
<td>Yes</td>
<td>2050</td>
<td>Yes, 55% reduction of GHG emissions from 1990 baseline by 2030</td>
<td>0.8%</td>
</tr>
<tr>
<td>Sweden</td>
<td>$2.3</td>
<td>Yes</td>
<td>2045</td>
<td>Yes, 70% reduction of domestic transport emission from 2010 baseline by 2050</td>
<td>0.1%</td>
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<tr>
<td>Thailand</td>
<td>$1.0</td>
<td>Yes</td>
<td>2065 to 2070</td>
<td>Yes, 20% reduction of GHG emissions from 2010 baseline by 2030</td>
<td>0.8%</td>
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<tr>
<td>United Kingdom</td>
<td>$13.7</td>
<td>Yes</td>
<td>2050</td>
<td>Yes, 78% reduction of GHG emissions from 1990 baseline by 2035</td>
<td>1.1%</td>
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<tr>
<td>Uzbekistan</td>
<td>$0.2</td>
<td>Yes</td>
<td>2050</td>
<td>Yes, 10% reduction of GHG emissions from 2010 baseline by 2035</td>
<td>0.3%</td>
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<tr>
<td><strong>Grand Total</strong></td>
<td><strong>$103.6</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>12.5%</strong></td>
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</table>

Sources: Moody’s ESG Solutions, Environmental Finance Bond Database, World Bank Global Emissions, Energy & Climate Intelligence Unit, Climate Action Tracker, various national government sources
Accelerating carbon transition risk to spur sustainable bonds from high-emitting sectors

EU Emissions Trading System (ETS) Allowance price, € per tonne of CO2

Sustainable bond issuance from sectors with elevated carbon transition exposure

Oil & Gas 1%

Chemicals 1%

Other sectors 53%

Utilities 27%

Metals & mining 1%

Autos & transportation 16%

Shipping 1%

Other sectors 53%

Sources: Moody’s ESG Solutions and Factset

Sources: Moody’s ESG Solutions and Environmental Finance Bond Database
EM sustainable bond issuance skyrockets in 2021 but remains a small part of global market

Sources: Moody's ESG Solutions, Environmental Finance Bond Database
3 Innovations in social financing
Social bonds can have a diverse impact on social needs

Eligible categories under the Social Bond Principles (SBP)

- Affordable basic infrastructure (e.g. clean drinking water, sewers, sanitation, transport, energy)
- Access to essential services (e.g. health, education and vocational training, healthcare, financing and financial services)
- Affordable housing
- Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises (includes SME financing and microfinance)
- Food security and sustainable food systems (e.g. physical, social, and economic access to safe, nutritious, and sufficient food; resilient agricultural practices; reduction of food loss and waste, etc.)
- Socioeconomic advancement and empowerment (e.g. equitable access to and control over assets, services, resources, and opportunities; equitable participation and integration into the market and society, including reduction of income inequality)

Sources: Moody’s ESG Solutions and International Capital Markets Association
Social financing catapulted to the forefront of sustainable debt markets following the pandemic

% Issuance by issuer type, 2006-2019 (inner ring), 2020-Q3 2021 (outer ring)

- Agency: 8%
- Corporate: 36%
- Financial Institution: 32%
- Municipal: 36%
- Sovereign: 47%
- Supranational: 5%

Social bond issuance volume by Use of Proceeds category, 2006-Q3 2021

- Access to essential services: 35%
- Employment generation including through the potential effect of SME financing and microfinance: 29%
- Affordable Housing: 15%
- Affordable basic infrastructure: 4%
- Food security: 1%
- Socioeconomic advancement and empowerment: 16%
- Other: 4%

Sources: Moody’s ESG Solutions and Environmental Finance Bond Database
Since 1979

$24 Billion Invested

$69 Billion Leveraged

436,320 Homes

Affordable homes built and/or preserved including:
- Multifamily rental
- Supportive housing for special populations such as chronically homeless, LGBTQ, seniors and veterans
- Affordable homeownership

We also emphasize sustainability through green, healthy housing and transit-oriented development.

74.4 Million Square Feet

Square feet of commercial, retail and community space built and/or preserved, including:
- Early childhood centers
- Schools
- Fields/recreational spaces
- Healthcare centers
- Grocery stores
- Financial Opportunity Centers

Rated Public Debt Issuer

- LISC tapped the public bond market, with a $100 million issuance in 2017
- LISC has been a certified CDFI since 1996 and an ImpactAssets 50 Fund Manager for six consecutive years
- In 2020, LISC was named the Social Bond of the Year (corporate category) by Environmental Finance for its Impact Notes issuance
Our Impact

We create opportunities for people to thrive.

- **436,320** affordable homes for more than a million people
- **480** schools and early childhood centers for **116,000+** students
- **416** fields and recreational spaces for more than **750,000** kids

- **120** financial opportunity centers serving **50,000+** people since 2016
- **194** food and health-related projects serving thousands of families

Plus 100s of other retail, creative economy and community projects
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