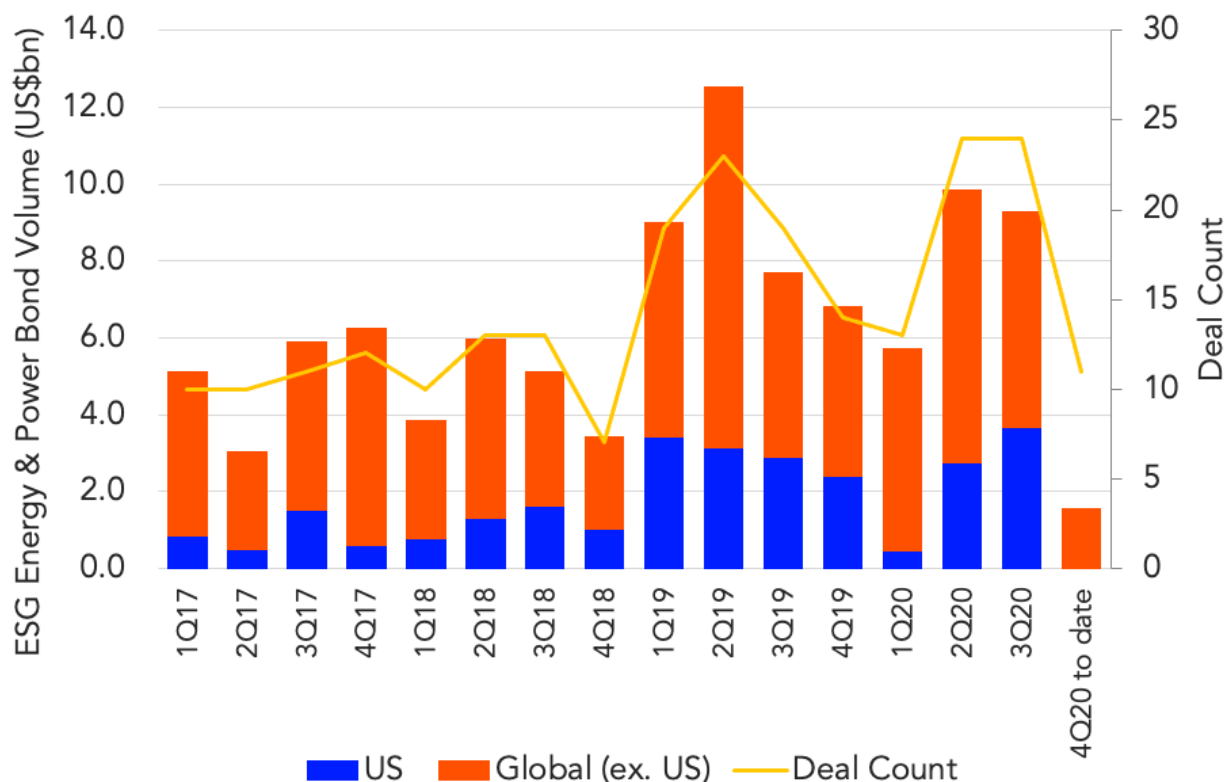


Political headlines and investor pressure provide impetus for accelerated ESG discussions

LSEG | November 19, 2020



US President-elect Biden announced 10 executive actions that he will take on the first day of his presidency in January in an effort to combat climate change. This undertaking will run afoul of the Trump administration's recent announcement that it will accept sale lease bids in parts of the Arctic National Wildlife Refuge allowing for oil drilling.

Against this uncertain political backdrop and the long shadow cast by pandemics, natural disasters and social unrest, arrangers continue to take hard looks at their own sustainability-linked practices as well as those of their clients. The credit and financial paradigm is ultimately evolving. In the energy and power sector alone, nearly US\$26.5bn of global corporate bond volume so far this year has featured ESG performance metrics, outpacing each of 2017 and 2018 full year totals.

In the loans space, the market has observed similar growth with global utilities borrowers tapping the market for nearly US\$46bn of green and sustainability-linked loans in 2020, up from US\$37.6bn for all of 2019. The US market continues to trail the European market in the context of ESG financing across the board, although transactors say there are more inquiries that are, in turn, driving discussions to foster standardization of metrics

and other best practices in 2021.