SULLIVAN & CROMWELL LLP

European M&A and Corporate Governance Hot Topics

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2020 has not only been marked by the Covid-19 crisis; it has also been the year where sustainability became one of the most significant concepts in the corporate environment in Europe: from shareholder activism, becoming increasingly oriented towards social and green issues; to financing, with a booming sustainable bond market; or corporate governance, with new initiatives to strengthen compliance with environmental, social and good governance ("ESG") objectives. Below is a short overview of some of the key aspects of the "sustainability (r) evolution". Further detail on ESG-related regulatory and other developments can be found in our previous publications from earlier this year here and here.

1. The rise of sustainable activism across Europe

- **Recent examples of social/environmental shareholder activism campaign.**

  Below are some recent examples of "sustainable" activism campaigns carried out in Europe.

  - **France.** Although shareholder activism has become increasingly common in France, ESG-centered activism is a recent trend that is likely to widespread in the near future.
    - **Total**: In 2020, a group of 11 investors filed a shareholder resolution focused on encouraging the company to adopt target-setting for emission reductions. The board agreed to submit the resolution to a shareholders' meeting, on the basis that the request complied with legal requirements; however, the board publicly recommended the rejection of the resolution in particular due to the interference of the shareholders in the board's scope of attribution that would result from the adoption of the resolution. Under French law, the board of directors is responsible for the definition of the company's business strategy and the monitoring of its implementation, "*in accordance with its corporate interest (intérêt social) and taking into account social and environmental issues linked to the business activity*" (Article L. 225-35 of the French commercial code). The resolution was approved by *c.* 17% of votes cast, which was insufficient to ensure the resolution could be adopted, but is still evidence of the level of support that social or environmental resolutions can obtain. In response to the initiative led by those investors, Total announced in May 2020 a new climate ambition to get to net zero emission by 2050.
    - **Vinci**: In 2020, hedge fund TCI Fund Management Limited, acting in its own account and on behalf of The Children's Investment Master Fund and Talos Capital Designated Activity Company, filed two shareholder resolutions asking for (i) the annual publication of environmental information by the company and (ii) an annual non-binding vote of the shareholders on the environmental information during the annual general meetings. The board of directors refused to submit the suggested resolutions to the shareholder's meeting, on the basis that such resolutions constituted an interference of the shareholders in the scope of attribution of the board.

  - **Germany.** While ESG-centered shareholder activism rarely makes headlines in Germany, influential shareholder groups have found subtle but powerful ways to convey the importance of ESG-compliance to their respective portfolio companies. In particular, large asset managers, such as BlackRock, Allianz Global Investors and DWS, started to vote against the ratification of the actions of the supervisory boards of German corporates which do not meet those asset managers' ESG-related thresholds.
    - **Lufthansa**: In 2020, BlackRock voted against the discharge of members of the supervisory board of German aviation group Lufthansa due to, according to BlackRock, the company's "inadequate environmental disclosures given the material business risk", especially with regard to climate change-related risks.
    - **Daimler, Heidelberg Cement**: Other large corporates such as Daimler and Heidelberg Cement also faced lower-than-typical approval rates for the ratifications of their supervisory board members following ESG-related opposition from asset managers.

  - **UK.** Shareholder activism is not a new phenomenon in the UK but is increasingly focused on ESG-related issues:

    - **Barclays**: In January 2020, ShareAction, an organization that promotes responsible investment, filed a shareholder resolution for consideration at Barclays 2020 AGM, calling on Barclays to set and disclose targets to phase out the provision of financial services to the energy sector and to electric and gas utility companies that are not aligned with the Paris Agreement on climate change. Barclays' board did not support that resolution, recommending instead an alternative resolution that Barclays should set an ambition to be a 'net zero' bank by 2050, and adopt a strategy, with targets, to transition its provision of financial services across all sectors (starting with, but not limited to, the energy and power sectors) in line with the objectives of the Paris Agreement. Both the ShareAction resolution and the Barclay's board's alternative resolution were put to a vote before the shareholders at the Barclays AGM, with the ShareAction resolution receiving 24% of the vote and the Barclays' board's alternative resolution passed with 99.93% of the vote.

    In 2019, shareholders of BP, BHP Group Plc (BHP) and Royal Dutch Shell plc (Shell) requisitioned resolutions relating to climate change:

    - **BP**: The board of BP supported the requisitioned resolution, which called on BP to describe how its strategy is consistent with the goals set out in the Paris Agreement on climate change as well as setting out a range of additional related reporting relating to climate change disclosures. The resolution was subsequently passed at the BP 2019 AGM.
    - **BHP**: The BHP resolution requested (among other things) a review of BHP's public policy advocacy on energy policy and climate change, to include a report on the effect of energy and climate change policy uncertainty in Australia on BHP's economic interests (BHP is dual listed in the UK and Australia). This resolution was not supported by the board and was not passed at the relevant AGM held in London and Sydney.
    - **Shell**: The resolution requisitioned by the shareholders of Shell was withdrawn before the AGM after Shell had committed to adopting carbon reduction targets.

- **Social & environmental performance as a prominent new investment criteria.** While shareholder activists used to select their investment targets based solely on the identification of sub-optimal capital allocation, financial strategy weaknesses, M&A opportunities and/or potential governance improvements, they now tend to include in their analysis (and to grant prominent importance to) social and environmental criteria as well.

  This trend results from the combination of several factors, including the commitment to ESG matters of major global institutional investors, whose support is highly valuable for activist shareholders in order to strengthen their influence on their targets.

  Below are examples of recent commitments toward ESG made by major institutional investors:

  - **Blackrock** announced in its 2020 annual letter to CEOs and clients "*a number of initiatives to place sustainability at the center of its investment approach*", resulting for instance in the exclusion of "*investments that present a high sustainability-related risk, such as thermal coal producers*".
  - **Amundi Asset Management**; it has been announced in May 2020 that Amundi signed the Tobacco-Free Finance Pledge (along with Crédit Agricole and CNP Assurances Group among others). Amundi Asset Management CEO declared that it was decided to "*exclude cigarettes makers from [their] actively managed open-funds*", in addition to several other sectors already excluded in accordance with its 2020 Responsible Investment Policy.
  - **BNP Paribas Asset Management** announced that it would, with effect from January 1st, 2020, *"continue progressively to align its portfolios with the Paris Agreement by implementing a significantly tighter exclusion policy on companies engaged in (i) the mining of thermal coal and (ii) the generation of electricity from coal. The policy will apply to all of BNPP AM's actively managed open-ended funds and will become the default policy for mandates"*.
  - **UBS Asset Management** announced in September 2020 that it made a commitment at the World Economic Forum Annual General Meeting to broaden the suite of climate solutions available to its clients, in order to meet in particular the *"growing interest from clients in aligning their investment goals with their environmental objectives and mitigating climate-related risks in their portfolios"*.

- **Leverage available to social and environmental activists.** A greater level of shareholder involvement in the governance matters of companies, in particular to foster ESG performance, is promoted by European Union institutions. Directive (EU) 2017/828 of May 17, 2017, amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement, provides that "*effective and sustainable shareholder engagement is one of the cornerstones of the corporate governance model of listed companies"* and that *"greater involvement of shareholders in corporate governance is one of the levers that can help improve the financial and non-financial performance of companies, including as regards environmental, social and governance factors, in particular as referred to in the Principles for Responsible Investment, supported by the United Nations"*.

  At this stage, discussions are ongoing at European Commission level to determine a possible framework under which sustainability-related disclosures could be subject to a specific shareholder vote. In its consultation on the renewed sustainable finance strategy, the European Commission indeed asked whether "*action is necessary to allow investors to vote on a company's environmental and social strategies or performance*". In its response to such public consultation, dated July 15, 2020, the ESMA suggested that the European Commission consider giving shareholders a general advisory vote on the non-financial statement as an "*effective tool for investors to voice any concern they might have on the way investee companies approach sustainability risks*". Such answer is in line with the ESMA's position set forth in its Report on undue short-term pressure on corporations dated December 18, 2019.

  In any event, while shareholder activists are looking to gain a strengthened influence over the social and environmental aspects of issuers' strategy, they still have to cope with each EEA member state's legal and regulatory framework, which do not always currently provide shareholders with the required tools to input effectively in corporate governance in order for them to significantly influence environmental or social strategy. Currently, the main leverage of shareholder activists lies in their right to requisition shareholder meetings and resolutions to be tabled at shareholder meetings and to question management at shareholders meetings.

2. Reshaping issuers' corporate governance

- **Corporate governance as a key focus area for EU sustainable regulation.** The increased focus on the sustainability of issuers' strategies and actions is taking place alongside a significant reshaping of corporate governance regimes, reflecting stakeholders' new expectations. As detailed below, European countries have adopted several initiatives over the past few years to increase the alignment of corporate governance regulation with ESG objectives.

  This trend will significantly intensify in the coming months and years, in particular as a result of upcoming EU regulations. In its communication on the European Green Deal, dated December 11, 2019, the European Commission indicated that "*[s]ustainability should be further embedded into the corporate governance framework, as many companies still focus too much on short-term financial performance compared to their long-term development and sustainability aspects*".

  As stated in its work program for 2021, the European Commission will propose new legislation on sustainable corporate governance in order to foster long-term sustainable and responsible corporate behavior; a public consultation has just been launched and should end on February 8, 2021. This sustainable corporate governance initiative aims at ensuring that "*sustainability is further embedded into the corporate governance framework with a view to align better the long-term interests of management, shareholders, stakeholders and society* […], *improving the framework to incentivise corporate boards to integrate properly stakeholder interests, sustainability risks, dependencies, opportunities and adverse impacts into strategies, decisions and oversight"* while serving the following specific objectives: "*help companies' directors to establish longer-term time horizons in corporate decision-making and withstand short-term pressures, strengthen the resilience and long-term performance of companies through sustainable business models and help reducing adverse impacts*".

  It should be noted that the European Commission has partly based its analysis on the "Study on directors' duties and sustainable corporate governance" published by EY in July 2020 and which has been the subject of much criticism including, for example, from the European Company Law Experts group (ECLE), which criticised the study as "*biased towards producing preconceived results rather than containing a dispassionate, impartial and comprehensive analysis*", and from a group of professors of law and business administration at Harvard Law School and Harvard Business School which called the report's flaws *"elementary and fundamental*", considered that report "*conflates elementary analytical categories, relies on inapposite data, and generally does not represent the state-of-the-art of research on corporate governance*" and "*urged [the European Commission] not to take any action based on [the] report*". It will be worth keeping a close eye on the upcoming debates and the possible evolution of the European Commission's position.

- **Focus on certain national initiatives to enhance corporate governance sustainability**
  - **France.** French law n°2019-486 dated May 22, 2019 on business growth and transformation, known as the "PACTE" law, has recently expanded Article 1833 of French civil code, which now provides that each French company must be managed "*in furtherance of its corporate interest*" and "*taking into consideration the social and environmental issues arising from its activity*".

    Furthermore, the PACTE law provides the possibility for companies to introduce in their articles of association the pursuit of a purpose (*raison d'être*), which covers, *inter alia*, the notions of founding principles and core values of the company. Under new Article 1835 of French civil code, the articles of association "*may specify a raison d'être, constituted of the principles which the company is endowed with and for the respect of which it intends to allocate means in the performance of its activity*". While the measure is available to all French companies, the government made it optional only, so that it is not seen as too burdensome. So far, some major French companies have chosen to adopt a *raison d'être* through an amendment to their articles of association submitted for shareholders' approval, while others have chosen to do so without including it in the articles of association.

    Examples of companies having adopted a "*raison d'être*" in their articles of association:

    - **Carrefour**: "*Our mission is to provide our customers with quality services, products and food accessible to all across all distribution channels. Thanks to the competence of our employees, to a responsible and multicultural approach, to our broad territorial presence and to our ability to adapt to production and consumption modes, our ambition is to be the leader of the food transition for all.*"
    - **Atos**: *"Atos's mission is to help design the future of the information technology space. Its services and competences are underpinned by excellence in the advance of scientific and technological knowledge and research and in its commitment to learning and education. Across the world Atos enables its customers and all who live and work in the industry, to grow and prosper in a safe, secure and sustainable environment."*
    - **Icade**: *"Designing, building, managing and investing in cities, neighborhoods and buildings that are innovative, diverse, inclusive and connected with a reduced carbon footprint. Desirable places to live and work. This is our ambition. This is our goal. This is our Purpose.*"

    Lastly, the PACTE law has introduced into French law the possibility for companies to go further, and to qualify as "mission businesses" (*société à mission*), similarly to the US concept of a benefit corporation. Under new Article L. 210-10 of French commercial code, a *société à mission* is a company whose articles of association (i) define a *raison d'être*, (ii) specify one or more social and environmental binding objectives as regards the company's course of business activity (*i.e.*, the *mission*), and (iii) set up an *ad hoc* committee responsible for monitoring the meeting of the objectives and the implementation of the mission. This more stringent approach may be increasingly adopted by major companies in France.

    Example of a *société à mission*:

    Danone

    Raison d'être: "*The purpose of the Company is to bring health through food to as many people as possible.*"

    Social and environmental objectives:

    - *"Impact people's health locally, with a portfolio of healthier products, with brands encouraging better nutritional choices and by promoting better dietary habits;"*
    - *"Preserve and renew the planet's resources, by supporting regenerative agriculture, protecting the water cycle and strengthening the circular economy of packaging, across its entire ecosystem, in order to contribute to the fight against climate change;"*
    - *"Entrust Danone's people to create new futures: building on a unique social innovation heritage, give each employee the opportunity to impact the decisions of the Company, both locally and globally;"*
    - *"Foster inclusive growth, by ensuring equal opportunities within the Company, supporting the most vulnerable partners in its ecosystem and developing everyday products accessible to as many people as possible."*

    Ad hoc committee: composed of ten-members, including eight experts presented as *"highly qualified"* and coming *"mainly from international organizations"*, one independent board member and one employee.

  - **Germany.** Under the German CSR Directive Implementation Act, passed by the German parliament on March 9, 2017 on the basis of the NFRD, major German companies are obliged to supplement their annual report with a non-financial statement that discloses compliance with economic and social principles, which include, inter alia, greenhouse gas emissions, water consumption, employment conditions, diversity and human rights as well as anti-corruption policies. In addition, listed companies are required to include a governance report in their management report, detailing their corporate governance structure with particular focus on compensation and diversity.

    In December 2019, the German Federal Financial Supervisory Authority (BaFin) published its final version of the guidance notice on dealing with sustainability risks, thus placing a more sustainability-oriented regulatory focus on all companies supervised by BaFin.

    At the beginning of this year, the German Government announced that it is working on a draft to introduce a law defining the duties and responsibilities of German corporations to protect human and employee rights in their global supply chains (*Lieferkettengesetz*). In addition, the law is supposed to oblige German companies to report on their respective compliance efforts. Furthermore, the new law is set out to strengthen the rights of affected employees by opening a venue to claim damages in German courts.

    In addition, major German companies have taken additional steps on a voluntary basis to address ESG aspects:

    - **Siemens/Schaeffler**: In December 2019, Siemens AG was the first major German company to supplement the criteria for variable management compensation with an ESG-component; other leading corporations, such as Schaeffler AG, have since followed suit.
    - **E.On**: As far back as 2013, the energy company E.ON SE implemented a sustainability council to consult the management board on ESG matters and, in 2019, E.ON's supervisory board established its own sustainability committee.

  - **UK.** UK directors are subject to fiduciary duties, which encompass ESG factors. The Companies Act 2006 requires company directors to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing so, they are to have regard (among other matters) to the likely consequences of any decision in the long term, the interests of the company's employees, the need to foster the company's business relationships with suppliers, customers and others, the impact of the company's operations on the community and the environment, the desirability of the company maintaining a reputation for high standards of business conduct or the need to act fairly as between members of the company. The inclusion of these factors in the 2006 Act integrates the concept of "*enlightened shareholder value*" as set out in the 2003 House of Commons White Paper on Modernising Company Law on which the 2006 Act is based. It is not clear what tangible changes these factors have led to on the whole, though they have given activists a hook to use in arguments putting pressure on the boards in the UK.

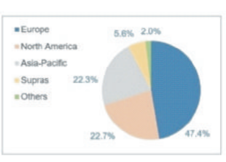
    On November 9, 2020 the UK Government announced a series of commitments which will enhance environmental reporting and corporate governance, including, that the UK will make the Task Force on Climate-related Financial Disclosures aligned disclosures fully mandatory by 2025. The new rules and regulations are proposed to cover listed commercial companies, UK-registered large private companies, banks, building societies, insurance companies, UK-authorized asset managers, life insurers, FCA-regulated pension schemes and occupational pension schemes. The UK will also implement a green taxonomy – a common framework for determining which activities can be defined as environmentally sustainable – which will improve understanding of the impact of firms' activities and investments on the environment and support our transition to a sustainable economy.

    These proposals build on new climate change disclosure obligations scheduled to come into effect for periods beginning on or after 1 January 2021, for certain listed companies. These new rules will require commercial companies with a premium listing on the FCA Official List, to include a statement in their annual financial report setting out, on a comply or explain basis: whether disclosures consistent with the TCFD recommendations and recommended disclosures have been made in their annual financial report; where disclosures are inconsistent with some or all of the TCFD's recommendations or recommended disclosures, or some or all of the disclosures are included in documents other than their annual financial report, an explanation of why; and where in their annual financial report (or other relevant document) the various disclosures can be found. Due to Covid-19 the FCA pushed back the publication of the policy statement containing the final rules to later this year, but has not pushed back the date on which the rules are to apply. The policy statement has yet to be published.

3. Europe, the leading sustainable bond market

- **Europe's booming sustainable bond market and work-in-progress market standard definition.** Sustainable finance is becoming increasingly mainstream. Global sustainable bond issuances reached an all-time record of *c.* $313bn in 2019, representing a *c.* 55% increase year-on-year. 2020 may be even higher with a 2020 estimate of *c.* $340bn.

  In 2019, Europe was the world's leading venue for the issue of sustainable bonds, well ahead of North America and Asia Pacific in particular; the chart below on the left represents the geographic distribution of green bond issuances FY2019 (which represented more than 80% of all sustainable bonds issuances in 2019). Also, the evolution of Europe's green bonds volumes since 2016 (compared to North America, Asian-Pacific and supranational) presented below on the right evidences the increasing trend and appetite of both issuers and investors for these green bonds.[1]

  Regulators, particularly in Europe, have begun to enact measures to ensure greater market transparency and consistency, although voluntary industry-led initiatives will largely continue to define market practice at least for the time being. For example, the 2018 Green Bond Principles issued by the International Capital Market Association (ICMA) are the current market standard for green bond issuances.

  The draft voluntary European Green Bond Standard, published in 2019 and updated in March 2020, was developed by the Technical Expert Group on sustainable finance of the EU Commission. It comprises the following four elements: (i) an alignment of green bonds with the EU Taxonomy Regulation (making sure that green bond proceeds contribute to taxonomy-defined environmental objectives and comply with minimum safeguards), (ii) a publication of a Green Bond Framework (confirming the compliance of green bonds issued with the EU Green Bond Standard), (iii) a mandatory reporting on use of proceeds and on environmental impact and (iv) mandatory verification of the Green Bond Framework and a final allocation report by an external reviewer.

  The EU Green Bond Standard has been the subject of a consultation process run by the European Commission until October 2, 2020. The final decision of the European Commission on "*how and in what legal form to take forward the EU Green Bond Standard*" is expected to be made in the coming weeks. Its implementation will only occur once the Taxonomy Regulation (and its delegated acts) becomes applicable, *i.e.,* as from January 1st, 2022.

  The European Green Bond Standard is largely aligned with the ICMA Green Bond Principles. We have discussed and compared the European Green Bond Standard and ICMA Principles in previous publications (here).

- **Recent French sustainable bonds issuances.**

  - **Schneider Electric**: On November 17, 2020, Schneider Electric announced the launch of its first sustainability-linked bonds convertible into new shares and/or exchangeable for existing shares (*OCEANEs*) due 2026 for a nominal amount of approximately €650m.

    In line with Schneider Electric's Sustainability-Linked Financing Framework, if the average sustainability performance score does not reach a minimum level by December 31, 2025, Schneider Electric undertook to pay an amount equal to €0.88 in respect of each bond, representing 0.50% of their nominal unit value.

  - **EDF**: In September 2020, EDF (*Electricité de France*), a major French player in the energy transition market and a global leader in low-carbon energy, launched a landmark offering of 4-year green bonds convertible into new shares and/or exchangeable for existing shares of EDF (*OCEANEs vertes*), for a total amount of approximately €2.4bn.

    The proceeds of the offering will be allocated to the financing and/or refinancing of new and/or existing eligible projects, as defined in EDF's Green Bond Framework, *i.e.*, the construction of renewable power generation projects and investments in hydropower facilities, energy efficiency and biodiversity protection.

    EDF's Green Bond Framework, which is publicly available on the company's website, also describes the process for evaluation and selection of green bond-financed projects, the management of proceeds, the reporting (in particular on allocation of green bond proceeds) and the external review, *i.e.*, a third-party opinion on EDF's Green Bond Framework and an annual assurance report.

    With this offering, the company reiterated its ambitions in renewable energy and its commitment "*to build a net zero energy future with electricity and innovative solutions and services, to help save the planet and drive well-being and economic development*" as stated in its raison d'être.

  - **Orange:** In September 2020, Orange successfully issued a 9-year €500m inaugural sustainability bond in order to finance projects reflecting "*the group's ambitions in both the green and social fields*"; *c*. 40% of the funds raised are to be allocated to digital and social inclusion projects and *c*. 60% to energy efficiency and circular economy projects.

  - **BPCE:** In May 2020, Groupe BPCE completed its €1.25bn first green covered bond issuance in order to finance purchases of residences newly built or under construction, which are less than 3 years old, in accordance with the environmental regulations in force. The group declared that "*the success of this new green issue illustrates the commitment of Groupe BPCE to promote the energy transition and more generally the sustainable financing of [our] territories*".

  - **French State**: In January 2017, France issued its first sovereign green bonds for an amount of €7bn, with a maturity of 22 years. France thus became the first country in the world to issue a sovereign green bond on such a scale, confirming its will to lead the way in the implementation of the goals of the December 2015 Paris Climate Agreement. The French sovereign issuance was fully allocated with total bids for more than €23bn at midday on the day of issuance.

    The French State's green bond funds central government budget expenditure and expenditure under the "Invest for the Future" program to fight climate change, adapt to climate change, protect biodiversity and fight pollution.

- **Recent German sustainable bonds issuances.**

  - **German State:** The Federal Republic of Germany initiated its first green bond program at the beginning of September 2020 by issuing a green bond with a 10-year term and an emission volume of €6.5bn and followed up with the issue of a €5bn second green bond with 5-year maturity in November 2020. The financing is perceived as a landmark step in the development of Europe's green bond market that will help establish a benchmark for pricing other green transactions.

  - **E.On**: In March 2020, the energy company E.ON issued a €750m green bond.

  - **Schaeffler**: The automotive supplier Schaeffler AG made its debut in the green financing market in April 2020 with the issuance of a partially green Schuldschein loan in the amount of €350m.

  - **Eurogrid**: In May 2020, Eurogrid, the parent company of 50Hertz, made its debut in the green financing market with the issuance of its first green bond in the amount of €750m.

  - **Deutsche Bank**: In June 2020, Deutsche Bank AG issued its own debut green bond with a nominal amount of €500m, which is backed by green assets, such as loans and investments in the fields of renewable energy and energy efficiency.

  - **Volkswagen**: German car manufacturer Volkswagen AG successfully placed two green bonds with an overall volume of €2bn in September 2020, which are the company's first green bonds under the sustainable finance framework that the company launched in March 2020.

  - **Daimler**: German premium car manufacturer Daimler AG issued in September 2020 a €1bn green Eurobond under its green finance framework, which was introduced in June 2020. The issue of the green bond with a maturity of ten-years was more than 4-times oversubscribed.

- **Recent UK sustainable bonds issuances/announcements.**

  - **Royal Bank of Scotland:** In November 2019 The Royal Bank of Scotland Group issued the first bond from a UK financial institution aligned with the Social Bond Principles issued by ICMA, raising €750m earmarked for SME lending in deprived parts of the UK.

  - **SSE**: In September 2019, SSE plc (a large UK energy company) issued its third green bond of £350m, in addition to its inaugural €600m green bond issued in September 2017 and its second €650m green bond issued in September 2018 making SSE the largest issuer of green bonds in the UK corporate sector. The proceeds from all three of SSE's green bonds were directly allocated to the refinancing of eligible green projects listed in SSE's green bond Framework. The Framework, published by SSE in 2019 set out a core set of policies and procedures supported by a governance structure designed to ensure SSE addresses the most material issues to its stakeholders and wider society.

  - **Barclays**: On October 27, 2020 Barclays announced that it had successfully closed £400m green bond Issue, the second bond it has issued with an express intention to support climate related products and initiatives. The funds raised will be allocated towards financing and/or re-financing mortgages on energy efficient residential properties in England and Wales originated within the last three years. This issue follows Barclays' inaugural green bond issued in 2017 to fund domestic residential mortgage assets.

  - **HM Government**: On November 9, 2020, the UK Government announced, as part of its announcement on the future of UK financial services, and to help the UK meet its 2050 net zero target and other environmental objectives, that it will issue its first Sovereign green bond in 2021 (subject to market conditions), and intends to follow up with a series of further issuances to meet growing investor demand for these instruments. These bonds will help finance projects that will tackle climate change, finance much-needed infrastructure investment and create green jobs across the country.

[1] Figures in this section are based on The Green Bond and ESG Chartbook, UniCredit, September 15, 2020.

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