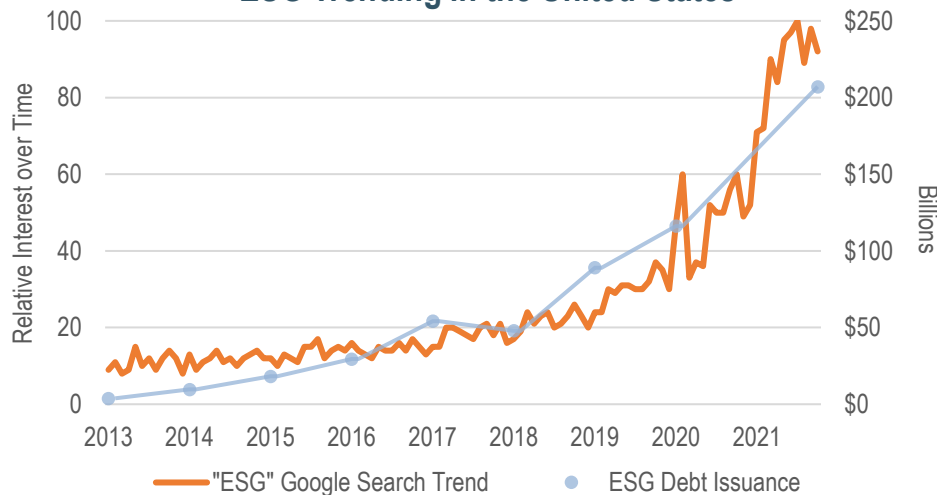


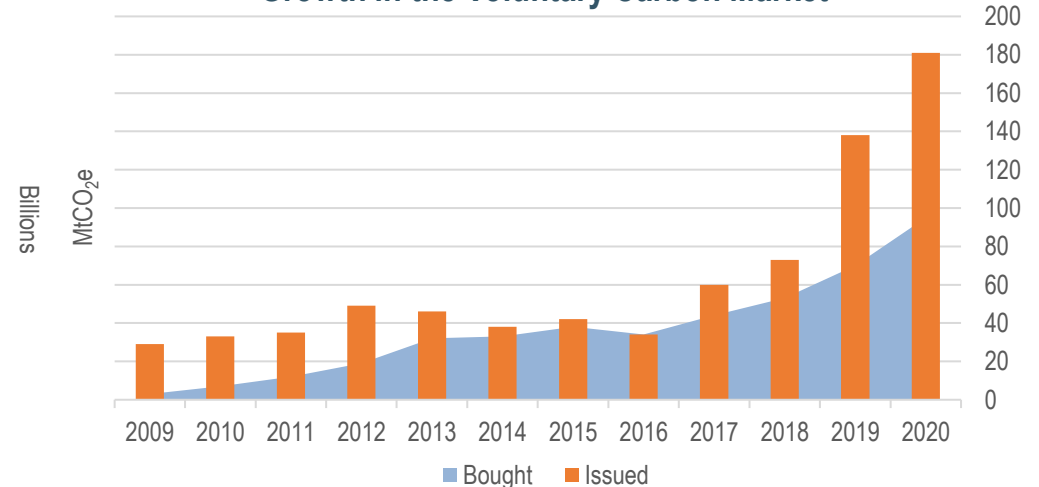
ESG Momentum Ahead of COP26

- Later this month, the United Kingdom will host the 26th United Nations Conference of Parties (COP26), which will bring countries together to spearhead global climate action and cooperation. Countries are expected to share 2030 emissions reductions targets, plans for protecting communities and natural habitats, and commitments of \$100 billion in annual climate finance. Business leaders and investors are closely monitoring the event and its potential impact on the private sector's call to climate action.

ESG Trending in the United States



Growth in the Voluntary Carbon Market



- **ESG Trending:** In 2021, E, S, and G have been three popular letters in the financial world and beyond. According to Google Trends, the number of searches on ESG has been steadily trending higher, reaching an all-time high in 2021.
 - Concurrently, US ESG debt issuance has grown from \$3.8 billion to over \$200 billion. While Europe historically leads the ESG market, the US made the biggest gains in 2021, and may dominate the category in years to come.
- **Carbon Credit Issuance:** In response to capital flows to ESG assets, corporations have been compelled to improve sustainability and commit to achieving net zero emissions. As a result, the voluntary carbon offset market has expanded notably, with issuance more than doubling since 2018 and buyers claiming 95 metric tons of carbon dioxide equivalent (MtCO₂e) reductions in 2020.
 - The voluntary carbon market could be worth an estimated \$100 billion by the end of the decade. The market is not without its challenges, which could hinder its ability to mature like other advanced markets. Potential obstacles include harmonized regulation and oversight and accessible pricing data, among others.

Source: Bloomberg (as of 02/23/2021, 6/2/2021 and 10/5/2021) and Google Trends (as of 10/1/2021). The views contained in this report are those of IR+M and are based on information obtained by IR+M from sources that are believed to be reliable. This report is for informational purposes only and is not intended to provide specific advice, recommendations, or projected returns for any particular IR+M product. No part of this material may be reproduced in any form, or referred to in any other publication, without express written permission from Income Research + Management. "Bloomberg®" and Bloomberg Indices are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the index (collectively, "Bloomberg") and have been licensed for use for certain purposes by IR+M. Bloomberg is not affiliated with IR+M, and Bloomberg does not approve, endorse, review, or recommend the products described herein. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to any IR+M product.