CRÉDIT AGRICOLE
CORPORATE & INVESTMENT BANK

Montrouge, January 8th, 2026

Press release

Sustainable outlook for 2026
A maturing ESG fixed income market moving towards resilience

After a soft trend in 2025 amid a challenging ESG backdrop, global sustainable bond supply is expected to **rebound by a low single digit to c. EUR 870bn-eq in 2026**, according to Crédit Agricole CIB's ESG Fixed Income Research team.

The fragmented global context continues to reshape sustainable markets

Europe continued to account for just over half of the global sustainable bond market in 2025, however the region has entered a more complex phase of the energy transition. Now, energy security and industrial competitiveness are two strategic priorities required if the region is to achieve its energy transition objectives and goals. To this end, 2025 has seen several new sector-specific action plans set up at EU level with a view to revitalise European industries. However, this policy recalibration may also slow down progress towards existing 2030 sector-level targets, while the ongoing regulatory uncertainty will continue to weigh on low-carbon investment decisions.

By contrast, 2025 has been a year of climate retreat in the US, with existing clean energy policies being replaced in favour of expanding domestic fossil fuel energy production. This asymmetric playing field has allowed Asia-Pacific, and notably **China, to emerge as a key energy transition hub, particularly for sustainable-tech manufacturing, critical minerals and hydrogen**.

Overall, energy security and industrial competitiveness appear to be the primary drivers of the recent policy shifts that have been reshaping the global sustainable finance landscape worldwide.

Soft sectorial transition momentum is facing a new challenge with the exponential data centres energy demand

Sector-level progress towards the energy transition remains too slow across all regions. While utilities appeared to be the most advanced sector in 2025 - providing almost two third of their CAPEX aligned with the EU Taxonomy - the sector is now facing new challenges driven by the need for strong investments in grid network upgrades and the exponential energy demand required by the unprecedented expansion of AI data centres. AI-driven **energy demand is projected to nearly triple by 2035 under the IEA's Base Case scenario.** Such growth is anticipated to reshape cross-border energy flows and semiconductor trade, leading to new partnership on critical minerals and nuclear energy cooperation.

Furthermore, with weather and long-term climate change impacts set to intensify in the coming years, all sectors will increasingly need to prioritise asset adaptation and resilience, since no sector will remain immune to the rising risks and impacts of physical climate change.

The ESG fixed income market shows maturity and resilience

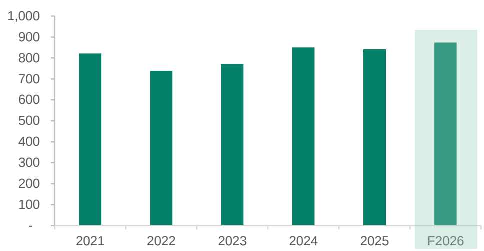
Against this challenging global ESG context, global sustainable bond supply was expected to end 2025 marginally down on a year-on-year basis. According to our research team, a rebound by a low-single digit to c. EUR870bn-eq is forecasted for 2026, **driven by sustainable bond redemption, +37% year on year in 2026 to c. EUR 425bn-eq, i.e. twice more than in 2024. To this end, European Green Bond volumes are also expected to grow further.**

As climate change impacts will become more pronounced, climate adaptation and resilience are set to become a key sustainable supply theme, leading consequently to the gradual emergence of resilience bond issuances. At the same time, monitoring the proposed changes to Sustainable Finance Disclosure Regulation (SFDR) will remain a major focus for investors, with a potentially important role in scaling up adaptation finance from 2026 onwards.

From a product perspective, while sustainability bonds should maintain the positive dynamic of 2025, we expect more social bonds issuance.

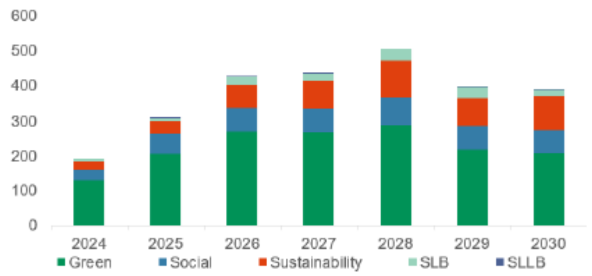
From a segment perspective, the Sovereign and Supranational (SSA) market should remain active and should account for c. 57% of global sustainable supply in 2026. The share of sustainable non-financial deals is expected to stabilise at c. 20% after three years of decline.

Yearly sustainable bond issuance
All currencies; EUR bn-eq



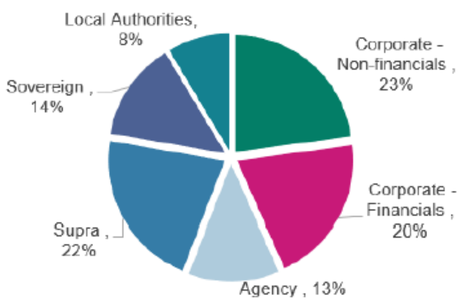
Sources: Crédit Agricole CIB, Bloomberg

Yearly sustainable bond redemption by product
All currencies; EUR bn-eq.



Sources: Crédit Agricole CIB, Bloomberg

2026 global sustainable bond forecast by segment



Sources: Bloomberg, Crédit Agricole CIB

According to Damien de Saint Germain, Head of Credit Research & Strategy at Crédit Agricole CIB: *"Against the increasing challenging geopolitical context, energy transition remains a priority for investors and corporates. As the impacts of climate-related events intensify, climate adaptation and supply chain resilience are moving to the forefront, with physical risks set to become a material cost driver across global sectors. For credit markets, this dynamic will imply a more selective approach to sustainability and ESG. In turn, higher investor scrutiny of transition pathways, 2030 climate targets credibility and climate adaptation strategies will pave the way to greater differentiation between leaders with robust execution capacity from laggards facing rising regulatory, cost and execution risks. Against a more challenging energy transition backdrop, political decisions will play a key role in the performance of sustainable fixed income instruments and the valuation of the ESG risk premium."*

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About Crédit Agricole Corporate and Investment Bank (Crédit Agricole CIB)

Crédit Agricole CIB is the corporate and investment banking arm of Crédit Agricole Group, the 10th largest banking group worldwide by total assets in 2024 (The Banker, July 2025). With over 10,000 employees across Europe, the Americas, Asia-Pacific, the Middle East, the Bank supports large and mid-cap corporates and institutional clients, helping them meet both local and international financial needs. Crédit Agricole CIB offers a comprehensive range of products and services in capital markets, investment banking, structured finance, commercial banking and international trade. The Bank is committed to supporting its clients in their transition to a low-carbon economy and to aligning its own activities toward net zero. In line with its ambitions, Crédit Agricole CIB is a pioneer and a global leader in sustainable finance (co-founded the Equator Principles, co-authored the Green Bond Principles and Sustainability-Linked Bond Principles).

For more information, please visit www.ca-cib.com

In 2025, Crédit Agricole CIB is one of the leaders in Green, Social, Sustainability and Sustainability-Linked Bonds (#1) in EUR, with 8.6% market share. (Source Bloomberg)
Crédit Agricole CIB is one of the leaders in Green Bonds (#2) all around the world with 4.6% market share and of the Green, Social, Sustainability and Sustainability-Linked Bond market worldwide with 4.5% market share. (Source Bloomberg)