

The outlook for sustainable finance

Bond market contact group

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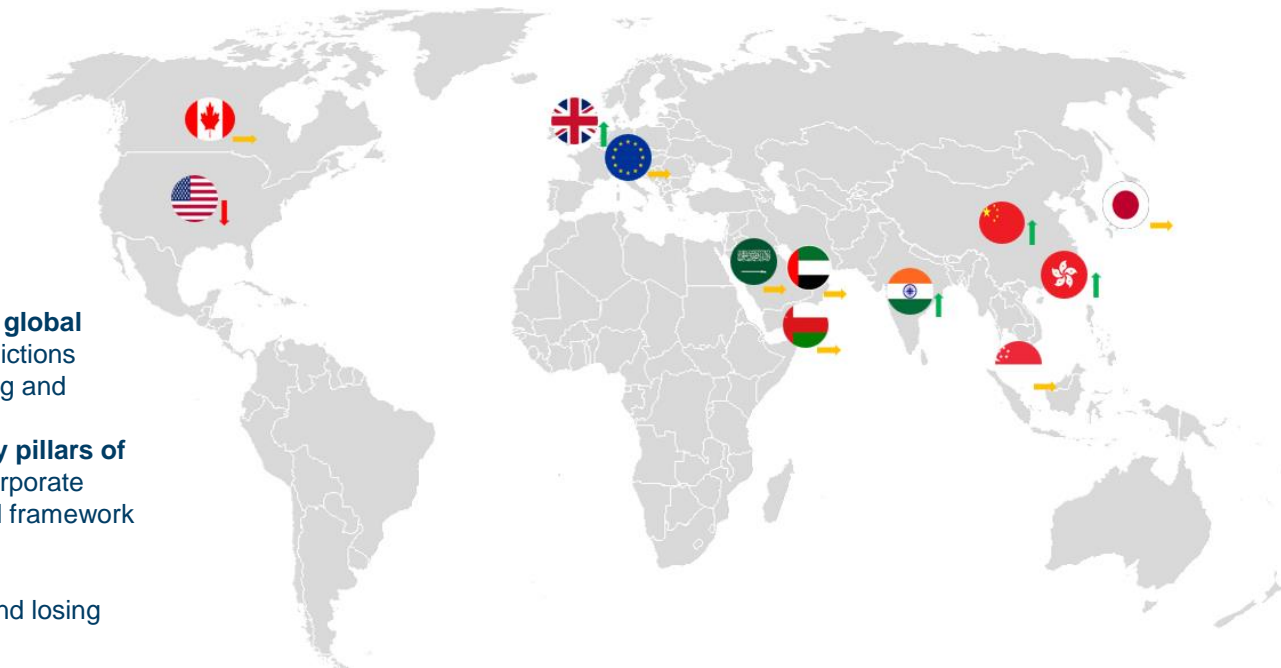
Sustainable finance regulation development across the world adds complexity for the asset management industry

Regulatory ESG policies trends Worldwide - 2023-2025

Recent trends:

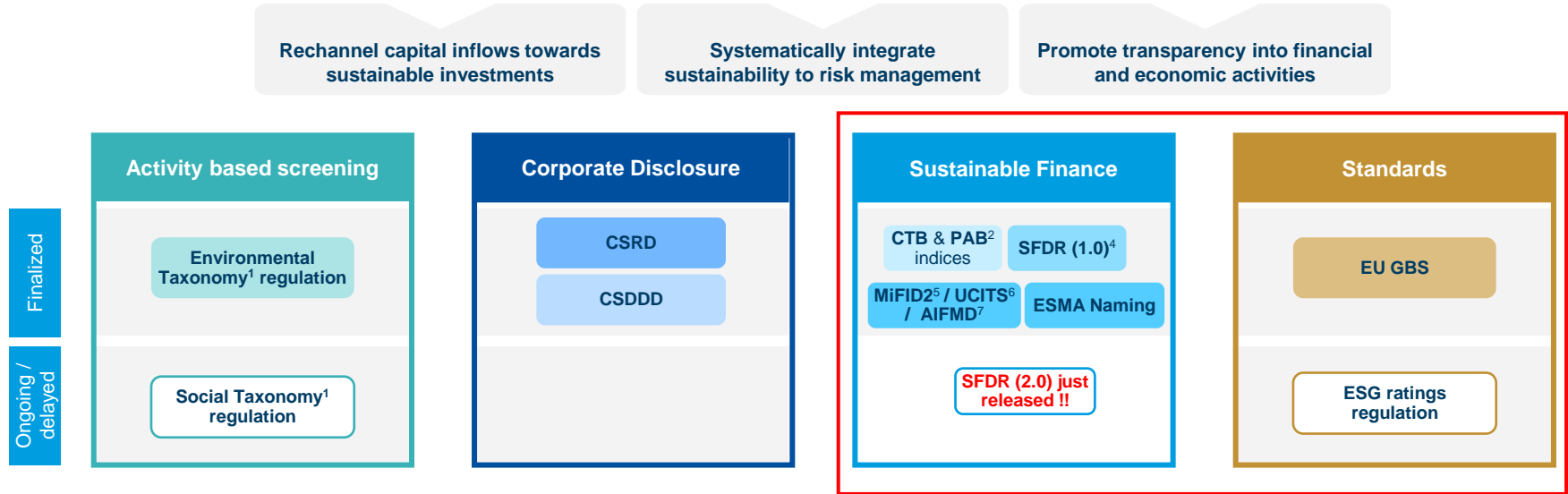
- **US retracting**
- **reshoring of regulations and global proliferation** (currently 53 jurisdictions engaged in planning, developing and implementing taxonomies)
- **a complex mosaic across key pillars of sustainable finance** such as corporate reporting, taxonomy, green bond framework and fund labelling

Main risk: **no interoperability** and losing clients on the road



EU: In search for a solid EU regulatory framework to foster sustainability

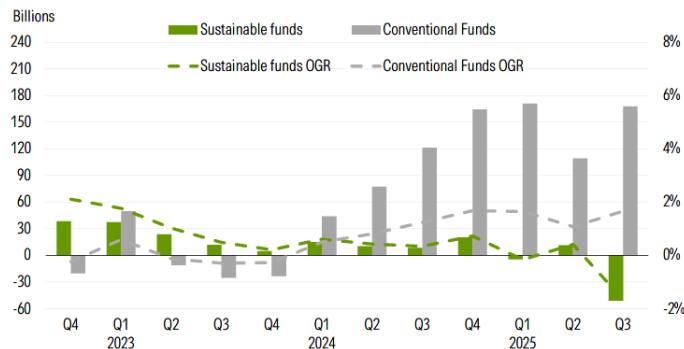
3 objectives of the Action Plan following the Paris Agreement



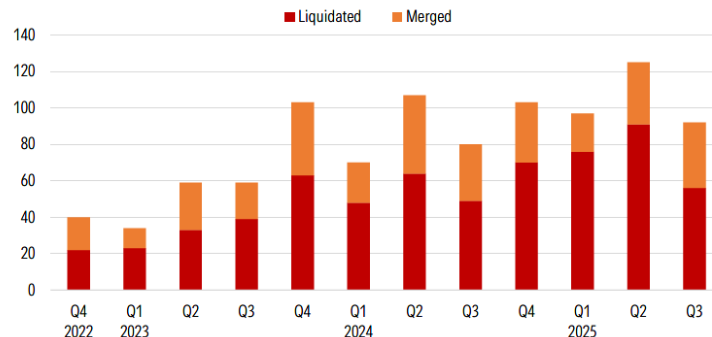
1. Taxonomy regulations: "Regulation on the establishment of a framework to facilitate sustainable investments" - 2020/852/UE. 2. BMR: regulation on reference indices 2016/1011/UE 3. CTBs: Climate Transition Benchmarks - PABs: EU Paris-Aligned Benchmarks. 4. SFDR: "Regulation on the publication of information on sustainable finance" - 2019/2088/UE. 5. MiFID2: "Markets in Financial Instruments Directive" - 2014/65/UE. 6. UCITS: "Undertaking for Collective Investment in Transferable Securities" - European Directive 2014/91/UE. 7. AIFMD: "Alternative Investment Fund Manager Directive" - 2011/61/EU.

Does the Shift in Attitude Towards ESG Investment in the US Impact the European ESG Markets?

European Sustainable Fund Flows Compared With Conventional Fund Flows (USD Billion)



European Sustainable Fund Closures



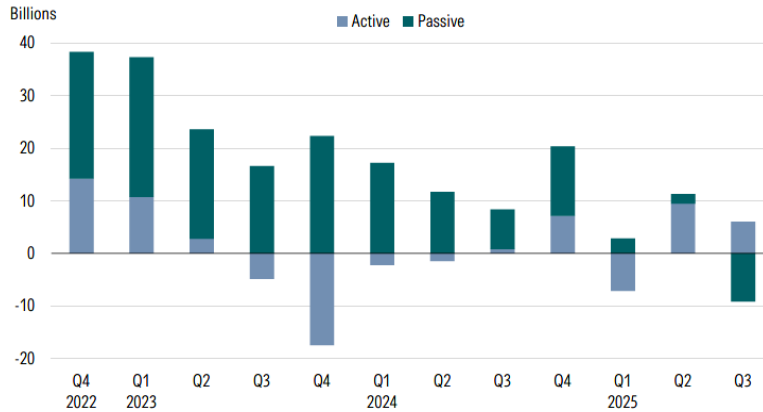
Reduced flows into European sustainable strategies, but trends vary by segment

- **European domiciled sustainable funds** saw **record outflows of USD 51 billion** in the third quarter of 2025. These outflows were largely driven by redemptions from three funds managed by a US asset manager (USD 48 billion).
- **At the Amundi level**, we still see **significant interest from institutional clients**, despite the pullback in the US market.

Source: Morningstar, end of september 2025.

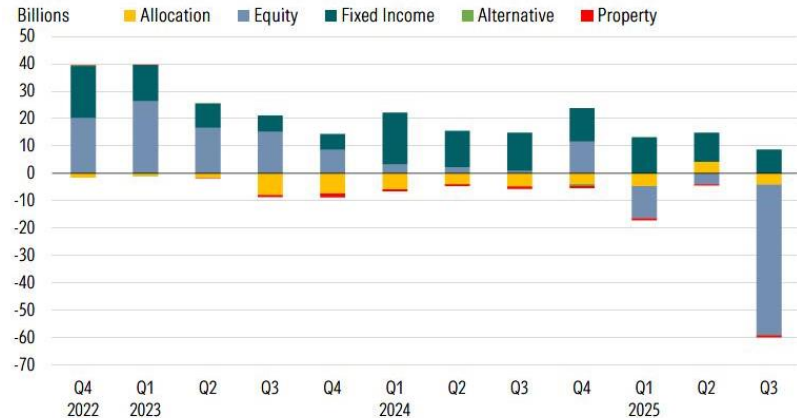
Fixed Income and active strategies are resisting

European Sustainable Fund Flows (USD Billion)*



*Excluding the three funds managed by the US asset manager.

European Sustainable Fund by Asset Class (USD Billion)



- Positive inflows into active strategies, primarily into Article 8 funds.
- Fixed income continues its positive trend; it is the only asset class to have seen consistent inflows into sustainable funds since late 2022.

Source: Morningstar, end of september 2025.

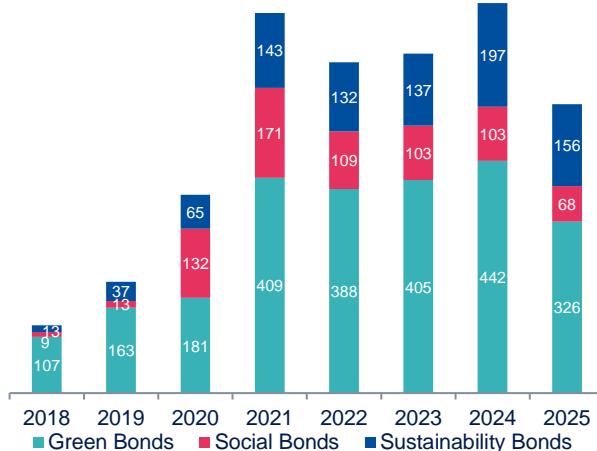
A positive momentum on the GSS bonds market



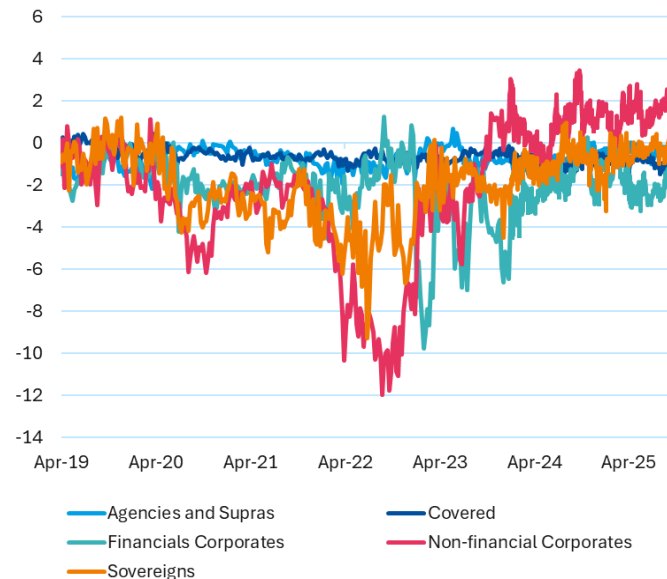
→ GSS Bond Market size stands at **€4,004 Bn** of which Green Bonds represent **60%**

→ A **marginal impact** on **GSS issuance** following the shift in the US: issuance is expected to be **slightly below initial forecasts**, but the overall dynamic remains positive.

GSS Bond Market Issuance (Bn€)



Green Premium Level – EUR Only



Source: Bloomberg, Amundi as of 06/10/2025. For illustrative purposes only.

Questions

Costs



Who will pay?

Who should bear the costs of sustainable finance?

Issuers, investors, governments?

How can the industry ensure that the allocation of these costs does not hinder innovation or market growth?

Next Challenges



Physical Risks, Data...

- **Physical risks** will become a reality. How can regulators and market participants address the increasing impact of climate change and foster adaptation strategies, at corporate and sovereign level?
- **Data quality and coherence** across the Sustainable Investment value chain, from issuers to ESG rating providers, benchmark administrators, asset managers, distributors and clients.
- Need to work on **ESG approach for sovereign issuers**
- **What about defense?**

Need for harmonization



Who will be the voice?

In a fragmented global landscape, there is a clear need for a strong, unified voice, particularly from Europe, as the leader and largest sustainable market.

How can Europe lead efforts to harmonize regulations and standards worldwide?

Who will advocate for the market's continued development and ensure that sustainable finance remains a priority on the global agenda?

IMPORTANT INFORMATION

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