
# Sustainable Finance Pulse

Issue 6, 2025

**Welcome to ING's Sustainable Finance Pulse**
a quarterly glimpse into the world of sustainable finance and ING's take on it.

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In Q1 2025, global sustainable finance issuance slowed to the lowest since 2020 but up from Q4 2024. This was expected due to market conditions and political uncertainty.

Despite this, ING sees a strong first quarter in sustainable finance activities.

This SF Pulse also highlights the food & agriculture sector. With rising global food demand, the transformation of the food system is critical. ING supports clients in this transition through financing, deep sector knowledge, and seeks partnerships with relevant stakeholders.

# 1.0 Sustainable finance market slowdown in Q1 2025

Sustainable finance issuance slowed down in Q1 of 2025, unsurprisingly given the general market conditions. But the outlook remains positive and sustainable financing is expected to pick back up.

We pencil global sustainable finance issuance in at US$390bn for the first quarter of the year. This marks the lowest Q1 figure since 2020. But it is an increase on the Q42024 figure of US$373bn.

This slowdown in Q1 was expected with the changing political nature, as more of a wait and see mode from issuers was anticipated.

But another major driver for the lower sustainable finance supply is the lower issuance overall. All bond issuance from corporates and financials globally have been underwhelming. US public debt issuance is lower than previous years, and Euro public debt is flat on previous years. Therefore, the percentage of sustainable finance of overall financing has not dropped as much.

Looking forward to Q2 we expect issuance could also lag that of previous years. As April numbers are already looking very low given the market volatility on the back of tariffs, forcing primary markets to close. May is expected to see a rise in issuance, but overall Q2 numbers will still be on the low side.

We do not view current low activity as  a structural change yet as we expect Q3 could pick up in issuance volumes.

There is still plenty of reasons to be positive on the issuance of sustainable finance:

- Climate mitigation is still a focus,
- Countdown to 2030 decarbonisation targets,
- Improved regulation,
- Standardisation (among EU banks),
- Comfort from investors in ambition of sustainability targets,
- European Green Bond Standard.

However, there are also reasons that can negatively impact issuance activity for the remainder of the year:

- The change in political nature,
- Reprioritisation of sustainability,
- The sustainable finance market is well developed.

Green bonds continue to be the largest sustainable finance product in terms of issuance, with Q1 pencilling in at US$171bn. Whilst this is on the low side relative to previous Q1s (Q1s are normally above average), it is still on par with the normal quarterly average. The same can be seen with social bonds that totalled US$45bn.

Sustainability bonds were actually on the high side with a record-breaking US$84bn in issuance. This is notably higher than the quarterly average of US$56bn.

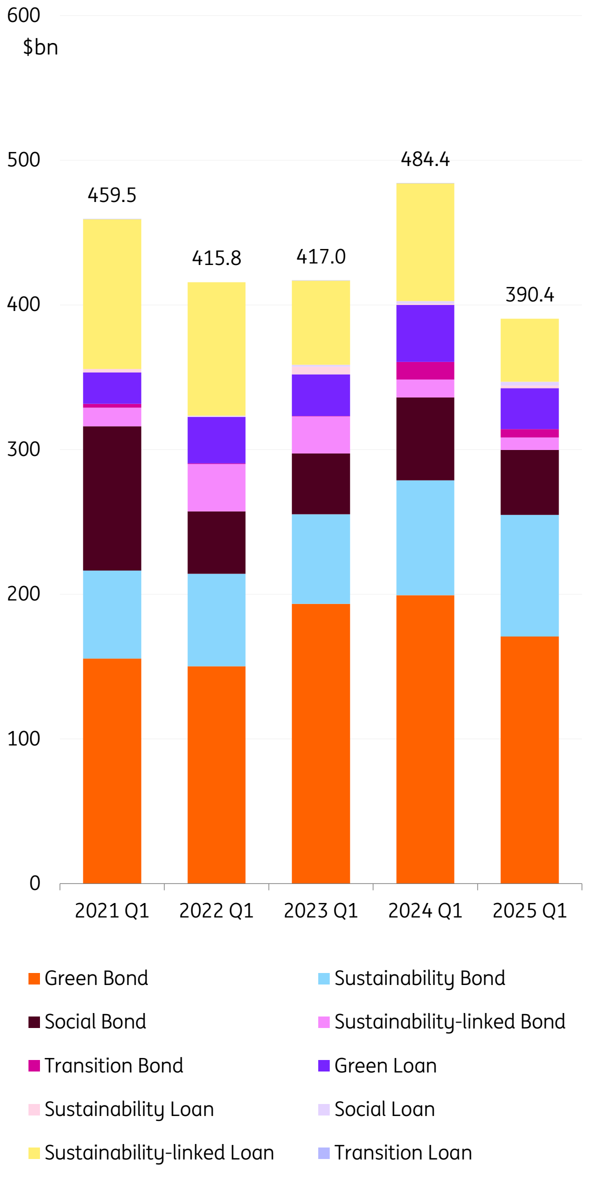
Sustainability-linked bonds and sustainability-linked loans were very low amounting to just US$9bn and US$43bn respectively. Similarly green loans and sustainability loans were below average at US$29bn and US$3bn respectively.

Lower issuance from Corporates was a driving reason for lower Q1 supply, with only US$116bn issued versus the quarterly average of US$175bn. This was across most currencies but a notable drop from USD issuance.

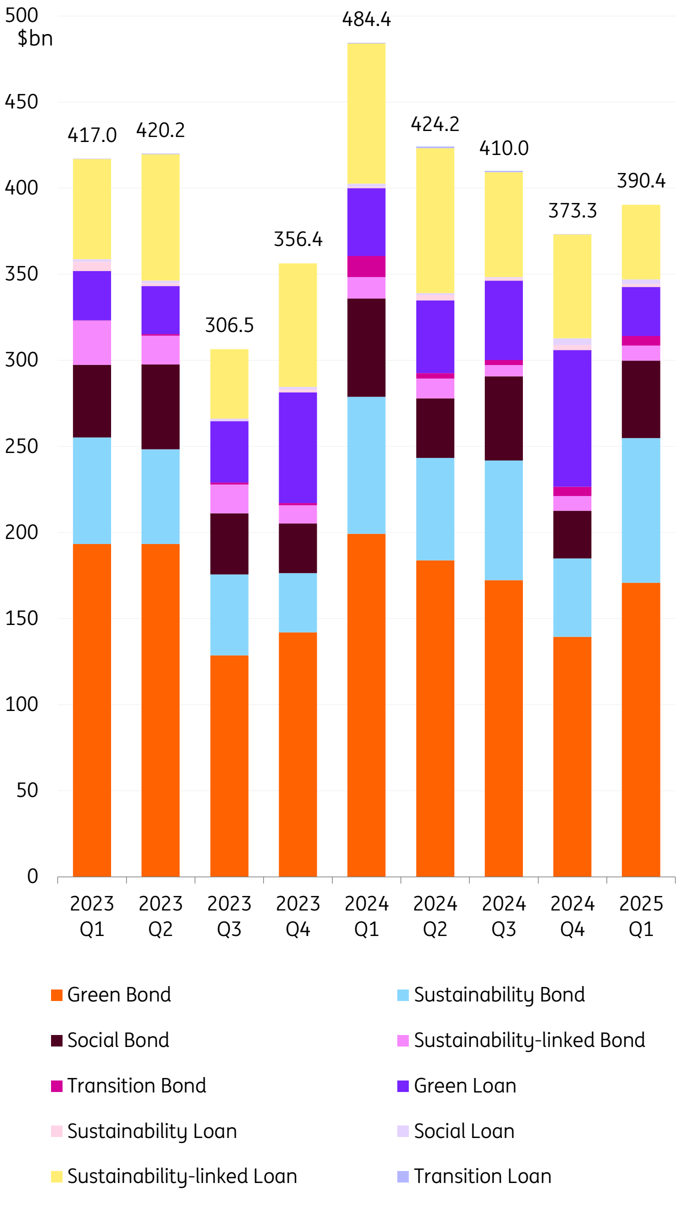
Similarly, Financials were lower at just US$82bn, versus the quarterly average of US$98bn.

In contrast, the combination of ABS, Government agencies, Municipals, Sovereigns and Supernations, the issuance levels have been more consistent, with Q1 figures totalling US$192bn, versus the quarterly average of US$148bn. This was mainly driven by increase in supranational issuance.

## Global issuance of sustainable finance per Q1




## Global issuance of sustainable finance per Quarter




Source: ING Research, BNEF

**Global head of Sustainable Solutions Group, Jacomijn Vels,** says "I am proud the team achieved the strongest Q1 on record. However increased geopolitical uncertainty may impact our clients' ability and appetite on their sustainable transition journey"

# ING Sustainable Finance transactions*

| | Q3 23 | | Q4 23 | FY 23 | Q1 24 | Q2 24 | Q3 24 | Q4 24 | Q1 25 |
|---|---|---|---|---|---|---|---|---|---|
| **SLL** | 37 | | 76 | 186 | 25 | 44 | 37 | 78 | **34** |
| **SLB** | 3 | | 2 | 11 | 3 | 2 | 2 | 1 | **7** |
| **Green loans** | 29 | | 58 | 132 | 30 | 29 | 37 | 53 | **38** |
| **Green bonds** | 11 | | 18 | 66 | 23 | 20 | 14 | 14 | **15** |
| **Total** | 80 | | 154 | 395 | 81 | 95 | 90 | 145 | **94** |

* Nr of sustainable finance transactions for 4 key products for ING

## 2.0 Strong Q1 for ING against an uncertain backdrop

Following a robust return to sustainable finance market growth in 2024 (+13% according to BNEF data), ING has achieved its strongest first quarter on record, mobilising €30bn of sustainable finance volumes** in Q1 2025 – a remarkable 23% increase compared to the same period last year.

ING's Q1 volume growth has been supported by all regions, where EMEA continues to account for ca 70% of ING's sustainable finance activity by volume mobilised, followed by Americas and APAC at ca 20% and 10%, respectively.

ING saw a marked increase in sustainable lending activity (both by number of transactions and volume mobilised) across both sustainability-linked and green loans. Some of this growth is attributed to the lag effect of activating "sleeping" structures for transactions closed in 2024.

This surge in lending activity more than offset a more subdued quarter on the bond side, where ING saw lower green bond issuances partially offset by an uptick in sustainability-linked and social bond activity.

** For more information and a full list of products please see: Performance and reporting | ING

ING remains focused on helping to drive down emissions to meet the global goal of net zero by 2050 and to support building up the financing of new technologies and sustainable systems of the future. We continue the work on the assessment of our clients' transition plans, our client engagement methodology and monitoring of progress.

ING welcomed the Omnibus package's focus on burden reduction and simplification of requirements. At the same time, the Omnibus package will lead to a delay in additional availability of public data of our clients, which is an important element to continue to expand ING's approach to our clients' transition plan assessment.

Looking forward, we anticipate increased uncertainty in the US to negatively impact sustainable finance activity in the region. Potentially also impacting European companies with strong US links. In addition, we also observe anecdotal evidence that growing regulatory requirements when structuring sustainable finance products may impact the growth path we have been seeing thus far.

The start of 2025 saw significant market disruption. Whether this short-term disruption will translate into a long-term impact is too early to tell.

# 3.0 Is there fertile ground for sustainability to grow in food and agriculture?

As global food demand continues to rise, the urgency to decarbonise and protect biodiversity has never been greater. The European Environment Agency reports that agriculture is responsible for 11% of the EU's carbon emissions and 52% of its methane emissions. With the EU's 2030 climate target approaching, the food and agriculture industry must accelerate its efforts to reduce emissions, which have decreased by 25% since 1990.
Sustainable practices in food and agriculture are not only crucial for the environment but also for ensuring long-term food security, improving public health, and building resilient communities. Reducing emissions can lower the probability of extreme weather events, protect ecosystems, and ensure a healthier future for generations to come.

**ING's expertise in the sector**
ING's Food and Agriculture team, with its expertise in sustainability in this sector and specific segments like grains & oilseeds, fruit & vegetables, beverage, sugar, dairy, and proteins, supports clients' initiatives in lowering their carbon footprint. ING collaborates with clients to achieve further improvements and addresses issues such as deforestation, biodiversity, regenerative agriculture, and climate adaptation.
One of the significant challenges in the food and agriculture sector is the imbalance in supply chain emissions. Large corporates often find it easier to reduce their own emissions but struggle with emissions produced further in the supply chain, primarily by farmers. ING's Sustainable Value Chains team aims to connect stakeholders to encourage the design of mutually beneficial solutions and accelerate the transition to sustainable value chains.

**Nature and biodiversity**
Since the global biodiversity framework was established at COP15, companies have had a UN-backed target to halt biodiversity loss. The 2030 goal to protect 30% of land and water for biodiversity is fast approaching, and investors are increasingly focused on nature-based projects due to their visible impact. However, quantifying improvements related to nature remains challenging.

ING is developing a nature framework to better understand and direct the impact of its financing.

Applying a risk-based approach, our current client engagement includes a 'no deforestation' stance and aims to expand with nature-based engagement. Sustainability-linked loans with KPIs around nature are one tool ING uses to encourage sustainable practices.

**Regenerative agriculture and policy advocacy**
ING sees potential in regenerative agriculture, though it is less mature than decarbonisation. The bank aims to scale regenerative agriculture initiatives with cooperation from downstream parties. A 'nature credit' model could incentivize companies to invest in sustainable practices.

Despite challenges in data availability and sector priorities, ING encourages collaboration and policy changes through organising roundtables and partnering with the Food Transformation Forum. We strongly engage with clients, as also expected by our supervisory bodies, and encourage clients to have transition plans to address environmental challenges, including nature aspects.

**Conclusion**
ING is committed to support the transition of the agricultural sector for a healthy planet and people. Through financing, knowledge, and an extensive network, ING fosters collaboration across the value chain and seeks partnerships with relevant stakeholders. The goal is to help our clients create a more sustainable and resilient food system for the future..

# 5.0 Deal highlight:

ING acted as sole lender and sustainability bank in refinancing of Inalca's bi-lateral loan facility as SLL transaction. Inalca is a European leader in beef, cured meats and snack production and in overseas food product distribution. It is one of the few Italian companies that cater to the entire production and supply chain, from the livestock farm to the finished product. The SLL structure includes 4 KPIs focusing on:

- reduction in Scope 1 and 2 emissions intensity along with Scope 3 data collection and mapping
- reduction in use of antibiotics in selected parts of the supply chain
- increase in renewable energy consumption
- water recovery

This is the first SLL transaction in the animal protein sector structured by ING. All selected KPIs address the most material ESG topics for the company and the industry, including animal welfare and Scope 3 emissions.

# 4.0 ING Research highlight: Trade, tariffs and sustainability in Food & Agri

Growing geopolitical uncertainty, including the introduction of US import tariffs has been top of mind for food & agriculture companies. A worsening economic outlook, including enduring negative consumer sentiment, shifting trade patterns and ongoing volatility in foreign exchange rates is a major factor in their revenue outlook for 2025.

Regarding trade, total Food & Agri exports from the EU and the UK to the US amounted to 30.5 and 3.9 bn Euro in 2024. Imports amounted to 11.9 and 1.6 billion euro. Major EU & UK exports include wine, spirits, frozen fries, cheese and salmon. While US mainly exports soybeans, nuts and spirits to Europe.

This affects sustainability in Food & Agri through different 'channels':

- Through shifts in trade flows. Some products might need to travel longer distances, but you'll also see food companies focus more on 'local for local' production (for example in spirits). While tariffs weigh on food & agri trade with the US, they also act as a stimulus for trade within Europe and between Europe and other parts of the world. Such shifts are easily captured due to the abundance of trade data. Good to keep in mind here is that transport is generally a fairly small part of the total environmental footprint of food products.
- Then there is the impact on corporate sustainability strategies. While there might be anecdotal evidence of a change in corporate thinking, it's much more difficult to measure what the material impact is on sustainability. In general, companies don't change their strategy overnight. You'll have a group of companies that remain committed to their long-term sustainability targets but you'll also have companies that take more of a wait-and-see approach. For the first group being a sustainability leader holds a strategic advantage. Changing their position could also carry a reputational risk. Don't forget that there is also an economic rationale for some sustainability related measures, like reducing the amount of energy and raw materials. In other cases the economic rationale is that customers (like major retailers) expect their suppliers to be committed.
- A third channel is through changes in sustainability related policy. We have seen far reaching moves, like the US withdrawal from the Paris Agreement, and pressure on the EU's green agenda. However, how any policy shift plays out for the food & agriculture sector is difficult to quantify at this point because implementing alternative policies takes time.

All in all, the food & agriculture sector remains one of the sectors where negative impacts of climate change (like weather extremes) are felt the most. Regardless of policy swings. That continues to give food & agriculture companies a major reason to stay focussed on sustainability related measures around emission reduction and climate resilient supply chains.

Click here for sector updates from ING Research or reach out to Thijs Geijer via thijs.geijer@ing.com.

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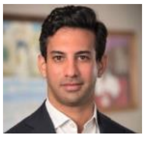

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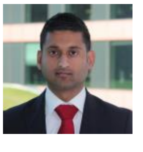

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### ING & Climate

Society is transitioning to a low-carbon economy. So are our clients, and so is ING. We finance a lot of sustainable activities, but we still finance more that's not. See how we're progressing on our climate approach.

## Important legal information