

THE RISE OF SUSTAINABLE BONDS, LOANS AND LINKED INSTRUMENTS



The sustainable finance market continues to evolve at break-neck speed, which can make it difficult to keep up with the latest developments. The global sustainable debt market, comprising green, social and sustainability labeled debt, has already surpassed \$3 trillion.

This infographic illustrates how companies, banks, and other organizations are bridging the gap between sustainability and finance to accelerate corporate sustainability improvements and contribute to the transition to a low-carbon economy. **Take a closer look for an overview of some of the key concepts and the things you need to know about the growing labeled bond and loan market financing sustainable economic activities.**

KEY TAKEAWAY

RECENT DEVELOPMENTS

Labeled Bonds

- » 4 main categories: Green Bonds, Social Bonds, Sustainability Bonds and Transition Bonds.
- » Proceeds from sustainably labeled bonds are used to finance or re-finance new and/or existing projects with an environmental benefit, social benefit or both.



- » In 2020, the total all-time value of green bond issuances surpassed **\$1 trillion**.
- » Social bond issuances jumped more than **700%** in 2020 to **\$130 billion**. Proceeds were used mainly to address the social and economic impacts of the global COVID-19 pandemic.

Labeled Loans

- » Like labeled bonds, proceeds from green or social loans are used to fund new and/or existing projects with environmental or social benefit.



- » Economic repercussions of the COVID-19 pandemic resulted in **15% dip** in green loan volumes in 2020 compared to 2019.

Sustainability-Linked Instruments

- » The terms of the finance agreement are tied to the issuer's or borrower's achievement of pre-determined sustainability targets.
- » Proceeds from sustainability-linked bonds or loans can be used for general corporate purposes offering greater flexibility to issuers and borrowers.



- » Sustainability-linked loan volumes dipped compared to 2019. Conversely, sustainability-linked bond issuances increased **100%** to approximately **\$11 billion** in 2020.

Resources to Support Your Sustainable Finance Journey



[International Capital Markets Association](#)

- ✓ Green Bond Principles and Guidance
- ✓ Social Bond Principles and Guidance
- ✓ Sustainability Bond Guidelines
- ✓ Sustainability-Linked Bond Principles and Related Questions
- ✓ Climate Transition Finance Handbook and Related Questions



[Asia Pacific Loan Market Association, Loan Market Association, Loan Syndication and Trading Association](#)

- ✓ Green Loan Principles and Guidance
- ✓ Social Loan Principles
- ✓ Sustainability-Linked Loan Principles and Guidance



[Climate Bonds Initiative](#)

- ✓ Climate Bonds Standard

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Bullard, N. (2021), "The Sustainable Debt Market is All Grown up," Bloomberg, accessed (13.05.21) at: <https://www.bloomberg.com/news/articles/2021-01-14/the-sustainable-debt-market-is-all-grown-up>

LEARN MORE about the growth of sustainable finance in our new ebook *Financing Sustainability: Recent Trends in Sustainable Bonds, Linked Instruments and Disclosure*.

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