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.

**Labeled Bonds**

**Recent Developments**

- 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 mainly used to address the social and economic impacts of the global COVID-19 pandemic.

**Labeled Loans**

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

**Sustainability-Linked Instruments**

- Sustainability-linked bond 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**

- 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
- Green Loan Principles and Guidance
- Social Loan Principles and Guidance
- Sustainability-Linked Loan Principles and Guidance
- Climate Bonds Vocabulary

**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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**THE RISE OF SUSTAINABLE BONDS, LOANS AND LINKED INSTRUMENTS**

**4 main categories:** Green Bonds, Social Bonds, Sustainability Bonds and Transition Bonds.

- Proceeds from sustainability 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 principles**

- Social bonds are used to finance projects primarily in the social sector.

**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.**

**Green Bond Principles and Guidance**

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**Climate Transition Finance Handbook and Related Questions**

- Proceeds from sustainability-linked bonds or loans can be used for general corporate purposes offering greater flexibility to issuers and borrowers.

**Climate Bonds Vocabulary**

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

**International Capital Market Association**

- Green Bond Principles and Guidance
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**Asia Pacific Loan Market Association, Loan Market Association, Loan Syndication and Trading Association**

**Climate Bonds Initiative**

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**Connect with Our Team of Experts to Learn More About Corporate ESG and Sustainable Finance**

Sustainalytics, a Morningstar Company, is a leader in ESG research, ratings and data. We help companies, banks and other organizations bridge the gap between sustainability and finance. Our solutions support the transition to a low-carbon economy. Learn more about our corporate sustainability solutions and how we can help you:

- **Green Bond Principles and Guidance**
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For more information, visit www.sustainalytics.com.

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**KEY TAKEAWAY**

**RECENT DEVELOPMENTS**

- Labeled Bonds
- Social Bonds
- Sustainability Bonds
- Transition Bonds

- Proceeds from sustainability labeled bonds are used to finance or re-finance new and/or existing projects with an environmental benefit, social benefit or both.

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**About Sustainalytics, a Morningstar Company**

Sustainalytics is a leading global ESG research, ratings, and data firm supporting corporations and their financial intermediaries to consider sustainability issues in their policies, practices, and capital projects. As the leading second-party opinion provider in the market, Sustainalytics offers issuers credible verification on the use of proceeds for sustainable finance products. Corporations also leverage Sustainalytics’ ESG Risk Ratings to understand and promote their ESG performance with their internal and external stakeholders.

Sustainalytics has received awards in recognition of its ESG solutions and opinion services, most recently from Climate Bonds Initiative, Environmental Finance and GlobalCapital. With 16 offices globally, Sustainalytics has more than 1,000 staff members, including more than 350 analysts with varied multidisciplinary expertise across more than 40 industry groups. For more information, visit www.sustainalytics.com.