

Media Release

Green bonds market on track for a record half trillion year**Half a trillion already issued across all sustainable debt labels in H1 2021 as markets surge**

LONDON 01/09/21 10:00 GMT+1: Total volumes for labelled Green, Social and Sustainability (GSS) bonds, Sustainability-linked bonds (SLB) and Transition bonds reached nearly half a trillion (USD496.1bn) in the first half of 2021, according to the Climate Bonds Initiative's latest [report](#) (see **figure 1**). Labelled market volume is being led by green debt which reached USD227.8bn in the first half of the year.

This almost half a trillion total represents 59% year-on-year growth from the equivalent period in 2020 (see **figure 2**). It also sets the labelled sustainable debt market on track to reach record highs this year after a 2020 total of USD639.3bn.

The rise and rise of labelled issuance indicates that the market will have a big future in the fight against climate change; Cumulative labelled issuance stands at USD2.1tn at end H1 2021.

Green Bond Issuance Highlights

Issuance of green debt instruments continued to grow in the first half of 2021, with volumes in this period more than doubling to USD227.8bn compared to COVID-19 impacted H1 2020 (USD91.6bn) – a record for any half-year period since market inception in 2007.

Climate Bonds [forecasted](#) USD400-450bn in annual green bond investment in January but is pleased to lift its forecast to the USD500bn mark after a strong beginning to the year.

- H1 green issuance reached the equivalent of more than three-quarters (76%) of the USD297bn 2020 total
- The USD227.8bn H1 2021 volume is past halfway of our 2021 year-end baseline forecast of USD450bn. We are delighted to now project a record half a trillion (USD500bn) year.
- This growth rate brings cumulative green bond volume to USD1.3tn
- Our analysis suggests that green issuance volume could reach USD 1 trillion annually in 2023 (see **figure 3**). Climate Bonds has long held the first annual trillion is the pivotal milestone.
- The green bond market was born in 2007 and has grown significantly since. In the 5 years between 2016 and 2020 it saw an annual average growth rate of 49%

US issuers constituted the largest share of issuance by volume (17% or USD37.6bn) and number of deals (495), Germany placed second with USD28.5bn (13% of issuance volume) and 102 deals. France and China took the third and fourth spots, with similar volumes (USD22.8bn and USD22bn, respectively, each representing 10% of issuance) but a different number of deals (20 and 92, respectively). Spain rounded out the top 5, with USD11.7bn (5%) and 34 deals. In total, issuers from 47 countries (excluding SNAT) executed deals in H1 2021. (See **figure 4**).

We [screen](#) green bonds against our rigorous [Climate Bonds Taxonomy](#) to record the rate of truly green investment.

Social and sustainability issuance highlights

Whereas green bonds are classified in accordance with the Climate Bonds Taxonomy, social and sustainability (S&S) bonds raise funds for projects with broader positive impacts across the spectrum of the Sustainable Development Goals (SDGs) and beyond specifically climate-related objectives.

- S&S bonds comprised 47% of labelled debt issuance with USD233.3bn issued in H1 2021
- Bringing cumulative total of S&S issuance since 2006 to USD867bn.
- The market is growing healthily: issuance was up 18% year-on-year (H1 2020: USD197bn).
- Social theme saw the sharpest increase, as bonds volume quadrupled in H1 2021 versus H1 2020 from USD36.8bn to USD146.6bn.
- Sustainability bond issuance also recorded 20% of year-on-year growth.

Sustainability-linked bonds

Sustainability-linked Bonds (SLB) are forward-looking, performance-based debt instruments issued with specific Key Performance Indicators (KPIs) and Sustainability Performance Targets (SPTs) at the level of an entire entity.

The first half of 2021 saw the SLB market segment soar: SLB issuance in H1 2021 amounted to USD32.9bn, representing 6% of the total labelled debt issuance of USD496.1bn. In contrast, no SLB issuance was recorded in the equivalent period of H1 2020.

Transition bonds

Transition bonds are designed to allow high emitters to fund their shift towards cleaner and more sustainable operations. When thoughtfully constructed, these debt instruments can be pivotal in supporting a global, economy-wide transition to the Paris Agreement targets.

The labelled transition bond segment remains nascent. Climate Bonds identified five transition bonds (USD2.2bn) issued in the first half of the year, and a cumulative total of 18 (USD6.4bn) since market inception.

Pressure on policymakers set to speed up green growth

In the UK, the Bank of England [announced](#) a change to its mandate which now includes supporting growth aligned with environmental sustainability and net-zero transition objectives. Its bond-buying program is set to include green bonds by the end of the year to keep with the UK's environmental pledges. Its European counterpart, the ECB is taking the integration of climate risk a step further by seeking to add a dedicated climate scientist to its team.

The EU Taxonomy Delegated Act and updated People's Bank of China Green Projects Catalogue were released on the same day in April 2021, signalling increased international coordination to address climate change.

In the US, the change in administration has brought about increasingly positive signals including via the Biden Summit that the President hosted in April. The country has since made progress on a firmer climate target, and towards integrating sustainability considerations into its financial regulatory framework, including through the SEC.

Krista Tukiainen, Head of Research and Reporting, Climate Bonds Initiative

"We are pleased that our initial projections for green bond market growth are likely to be exceeded as other thematic issuance proliferates across a range of sustainability and SDGs related outcomes. Climate Bonds will continue to monitor the global GSS market and the development of the transition label."

"We expect a stream of COP26 timed commitments from the financial sector, more sovereign green issuance and an acceleration of policy measures, including the EU bond program, will be ongoing momentum drivers of market growth for what will be record 2021 and strong start in the first half of 2022."

Sean Kidney, CEO, Climate Bonds Initiative

"The green finance revolution is underway with a powerful beginning to a pivotal decade for climate action. These figures show the tremendous potential for acceleration in the market for this and following years. Reaching the vital milestone of the first \$1trillion in annual green investment opens a green window in global capex flows against 2030 targets. Trillions towards clean technologies, transition and building climate resilience can become a reality. The climate emergency demands no less from policy makers, regulators and institutional investors."

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Notes for Journalists:

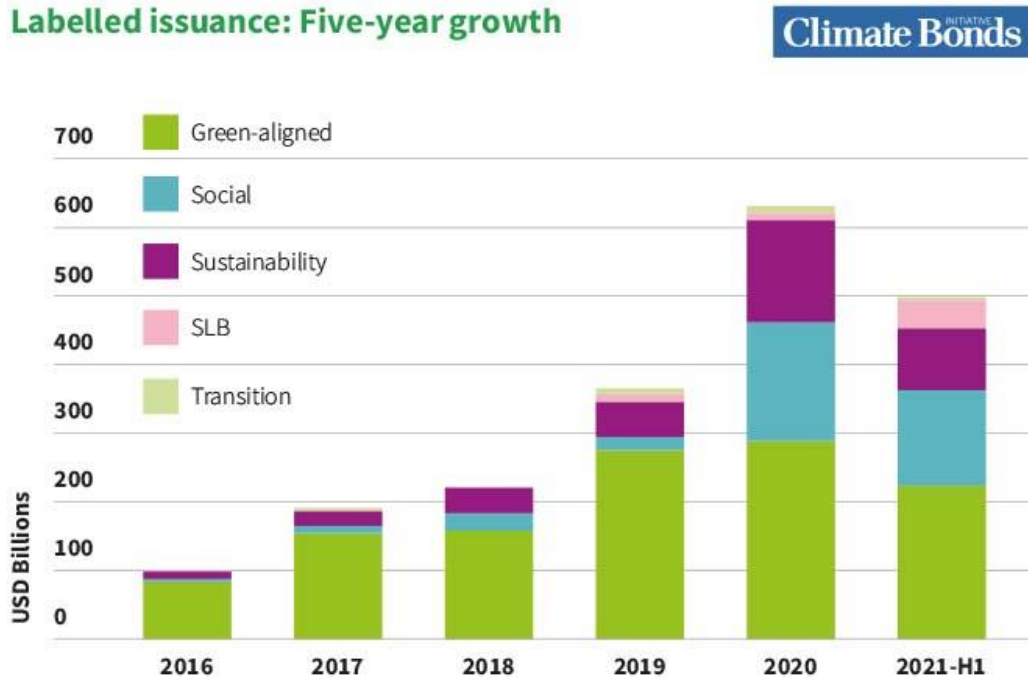
About the Climate Bonds Initiative: The Climate Bonds Initiative is an investor-focused not-for-profit, promoting large-scale investment for climate action.

Climate Bonds undertakes advocacy and outreach to inform and stimulate the market, provides policy models and government advice, market data and analysis, and administers an international Standard & Certification Scheme for best practice in green bonds issuance. More information on our website [here](#).

Charts & Tables:

Figure 1:

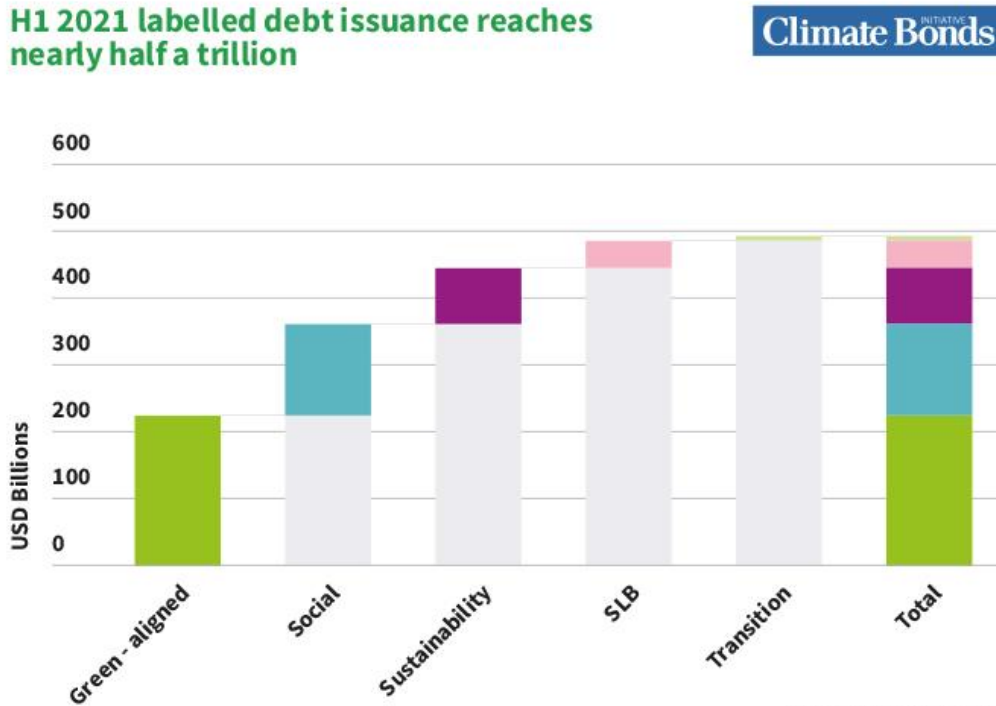
Labelled issuance: Five-year growth



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Figure 2:

H1 2021 labelled debt issuance reaches nearly half a trillion



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Figure 3:

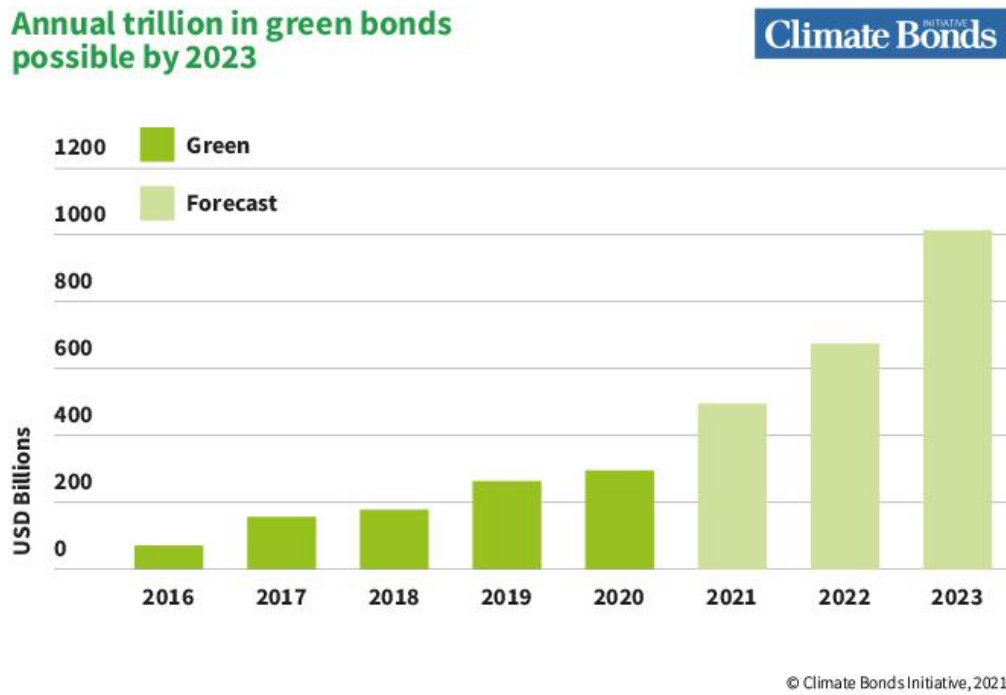
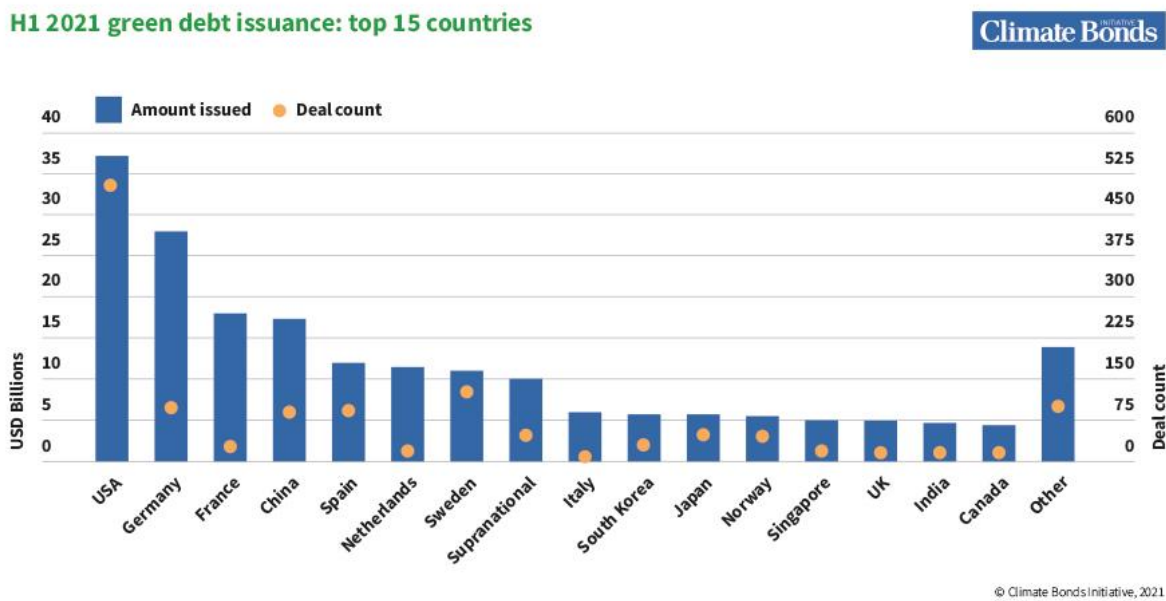


Figure 4:



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