

CORPORATE & INSTITUTIONAL

# Sustainability Markets Insights

Scaling the proof:  
Refinancing, scrutiny and decision-useful data

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# Scaling the proof: Refinancing, scrutiny and decision-useful data

As sustainable debt markets enter their second decade at scale, the questions facing issuers and investors are becoming clearer – and more demanding. The market is no longer judged on growth alone, but on whether it can prove delivery, consistency and relevance as refinancing accelerates.

Labels still matter, though increasingly as a starting point rather than an end in themselves. On the one hand, because the format is well understood, it provides space to focus on questions around credibility, performance and purpose; as well as considerations around when to use them, when not, and potential areas for innovation.

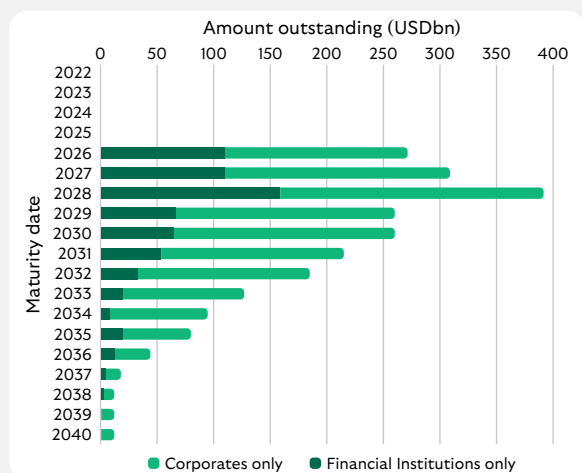
On the other, headwinds mean there’s still an uphill battle to make sure sustainable debt continues to deliver on its remit and is still complementary to other debt instruments.

In this edition, we summarise the key themes emerging from sustainable debt and investment events that Lloyds organised, or took part in, during in the first few months of 2026. From these discussions, we conclude that the market remains relevant and useful to both issuers and investors, and for both requires a discipline and transparency that sets the sustainable debt market apart.

## Refinancing into the long-term

2026 is a pivotal year for the green, social, sustainability and sustainability-linked labelled (“sustainable”) bond market. It faces a maturity wall – the first large scale refinancing cycle for sustainable bonds. Globally, approximately \$270bn of sustainable bonds from corporates and financial institutions are due to mature in 2026. This rises again through 2027, and in 2028 to \$390bn of sustainable bonds.

**Figure 1:** Maturity curve for sustainable bonds from corporates and financial institutions



Source: **Bloomberg**, data accessed 21 January 2026

The refinancing of the sustainable bond market will be important for its continuation. Sustainable debt issuance volumes seem to have settled into a steady and relevant share of the market. For Western Europe corporates, sustainable bonds represented 24% of the bond market between 2021 and 2025, and 11% of Western Europe bank issuance<sup>1</sup>.

The question now is whether sustainable bonds can become a resilient part of company financing strategies. So far in 2026, it’s looking positive. In Q1 2026, 14% (\$54.4bn) of Western European corporate and banks issuance was in sustainable format. This compares to 13% (\$48.7bn) during Q1 2025<sup>2</sup>.

1 **Bondradar**, data accessed 15 April 2026

2 **Bondradar**, data accessed 07 May 2026

# Optimising investor interest remains key

With those portions in mind, what might affect the resilience of the sustainable debt in 2026?

The concept of the greenium (the yield or pricing advantage that a green – or broader sustainable – bond may achieve compared to an otherwise identical conventional bond from the same issuer) came up on the panel with Lloyds at the Environmental Finance Sustainable Debt EMEA Conference in April 2026.

Between a) the difficulty of isolating the standalone value of a sustainable label at issuance (primary market), and b) that if the same credit profile is priced more expensively than what is deemed fair value, some investors aren't able to invest – investors on the panel were not convinced that the ongoing search for a pricing benefit for issuers helps the market.

That said, it was acknowledged that sustainable debt issuers bear the costs of a second party opinion for their bond framework, and the ongoing limited assurance for associated reporting.

While pricing may not be the primary driver, there is evidence of greater investor interest on sustainable bonds. A theme came up on the panel that extra investor interest allows for diversification and optimisation of the investor base. On average, greater levels of order book oversubscription can be seen for green and social debt than for conventional. For example, mean cover ratios for EUR-denominated issuance from bank issuers are 3.7x for social bonds, 3.2x for green bonds and vs 2.9x for 2023 – 2026 year to date<sup>3</sup>.



<sup>3</sup> **Bloomberg**, SRCH data accessed 23 Mar 2026.  
Bank sector issuance only, excluding supranational, sub-sovereign, and agency (SSA) bonds and issuance < EUR 150m

# Sustainable labels are one part of the solution

At the MainStreet Green, Social and Sustainability Bonds Symposium in February 2026, investors on the panel with Lloyds agreed that while labelled debt has been central to scaling the finance being mobilised towards green and social goals, it is not the only place we should be looking.

With the subsequent publication of the **Transition Finance Council’s Transition Finance Guidelines: exposure draft** in March 2026<sup>4</sup>, we see the case for general corporate purpose financing to be assessed with the net zero transition credibility in mind. Entity level transition strategies, capex alignment and a strong history of delivering on commitments are important to investor assessments – and

as a result we heard of attribution of climate change mitigation and climate change adaptation initiatives being assessed at corporate rather than labelled instrument level.

- Two pressures were seen to be accelerating this shift.
- First, global greenhouse gas emissions continue to rise<sup>5</sup>, so a focus on climate change mitigation remains key.
- Second, physical climate change risks are increasingly financially material<sup>6,7</sup>, heightening investor focus on how companies are adapting their strategies and assets to mitigate these risks.

Adaptation plans can be pursued alongside mitigation efforts to increase resilience and generate competitive advantages, and as you’ll see below biodiversity and nature themes overlap to a large degree.

**Figure 2:** The intersection of Climate Change Mitigation and Adaptation themes<sup>8</sup>

<b>Mitigation</b> Action to reduce emissions that cause climate change	<b>Shared themes</b>	<b>Adaptation</b> Action to manage the risks of climate change impacts
Sustainable transportation	Efficient and resilient building design	Emergency preparedness and business continuity
Clean energy	Water conservation	Flood protection
Energy efficiency	New energy systems	Infrastructure upgrades
	Local food	
	Education	
	Complete communities	
	Urban forest	

Climate change adaptation is seen as harder to standardise and measure than climate change mitigation efforts and impacts<sup>9</sup>. Some investors on the panel therefore noted that their initial take was that the adaptation and resilience theme is more likely to be reflected in their systems through credit analysis, engagement and risk pricing, rather than through standalone labels. This reinforces the importance of transparent and clear entity-level disclosures to support holistic issuer assessment.

4 Transition Finance Council, March 2026. **Transition Finance Guidelines: exposure draft**

5 National Oceanic and Atmospheric Administration (NOAA) Climate.gov, **Current GHG Levels**, accessed 01 May 2026

6 Financial Stability Board (FSB), January 2025. **Assessment of Climate-related Vulnerabilities: Analytical framework and toolkit**

7 Network for Greening the Financial System (NGFS), September 2025. **Leveraging physical climate risk data**

8 Sourced and adapted from **Climate Change Action Plan | York, California**, accessed 01 May 2026

9 The Organisation for Economic Co-operation and Development (OECD), June 2024. **Measuring Progress in Adapting to a Changing Climate**

# Data abundance, decision scarcity

Discussions at Lloyds' Sustainable Investment Workshop in March 2026, attended by both investors and issuers, highlighted the challenges presented by overlapping disclosures, variation in methodologies and restricted alignment between regulatory reporting and investment decision making.

Proposals to streamline sustainability reporting under the EU Omnibus package have added uncertainty, with changes to both the criteria for inclusion and the reporting metrics for both Corporate Sustainability Reporting Directive (CSRD) and the EU Taxonomy.

Investors were clear that their expectations for company disclosure remain high. That said, emphasis is shifting towards information that supports analysis and that is decision-relevant.

But what is that data? Capex alignment with sustainability goals, business model evolution and lobbying activity were cited as useful, with investor engagement playing a growing role where disclosures lag.

## Conclusion

Over the last decade, sustainable debt markets have grown from niche to mainstream. With a market value of over \$5.3tn, the global sustainable bond market is larger than the \$4.3tn high yield bond market<sup>10</sup>, and retains a prominent place in financing strategies for investors and issuers.

Across recent investor and issuer dialogue, a common thread has appeared: Sustainable debt remains a valuable tool where it supports credible transition strategies, capital allocation discipline and transparent engagement. Where it does not, investor scrutiny is sharpening.

This shift reflects a maturing market, rising physical and transition risks from climate change, and the practical need for information that supports investment decisions rather than compliance alone.

# Your Lloyds Team

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