

August 2026

more
than
money

Sustainable Finance Newsletter

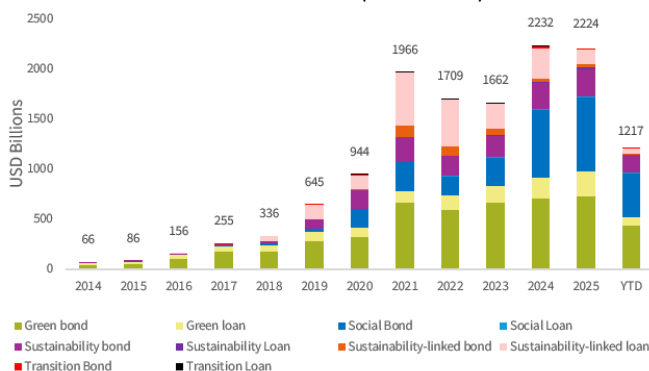
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Market overview – data as of 30th June 2026

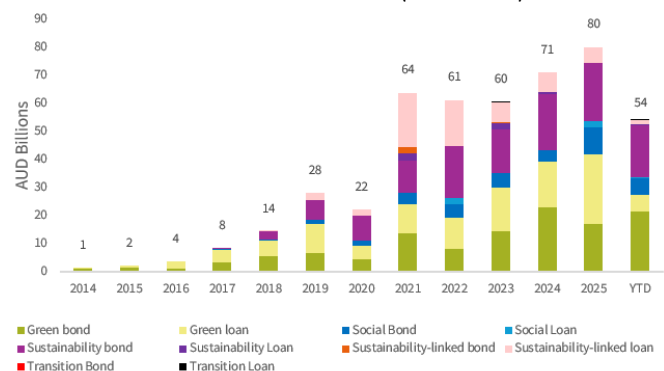


Source: Bloomberg

Global sustainable debt issuance GSSS (USD billions)



Australian sustainable debt issuance GSSS (AUD billions)

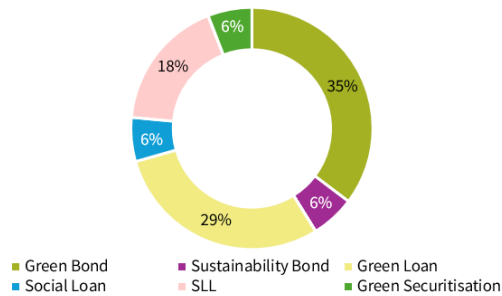


- Publicly disclosed Green, Social, Sustainability and Sustainability-Linked (GSSS) issuance totalled USD 1,217bn YTD with Q2 up 34% QoQ as market conditions improved following Q1 volatility.
- Green and social bonds remained the dominant labelled formats, each reaching ~USD 441bn YTD. Renewable energy remained the largest green use-of-proceeds category. Social bond issuance was primarily driven by Sovereign, Supranational and Agency (SSA) issuers, funding access-to-essential services and affordable housing categories.
- Sustainability bond issuance increased in Q2, rising to USD 179bn YTD (+56% QoQ), led by SSA's, reinforcing the role of public-sector and policy-aligned funding in this segment.
- Sustainability-linked formats reached USD 61.5bn YTD by end-Q2 (+170% QoQ) accounting for ~5% of labelled issuance, concentrated in hard-to-abate sectors.
- SSA's and financial institutions remained the largest source of supply. Corporate issuance concentrated in energy, utilities, real estate and transport sectors.
- Issuance is tracking ahead of 2025 levels, with strong Q2 activity supporting a positive outlook for H2 2026.

Source: Bloomberg, NAB.

- AUD GSSS issuance reached AUD 54bn by end-June 2026, broadly mirroring global trends. Activity softened through March/April, before recovering in June, driven by sovereign and supranational supply.
- Green-labelled issuance dominates YTD activity (AUD 27bn), followed by sustainability (AUD 19bn) and social formats (AUD 6bn). Whilst the overall format mix is broadly consistent with global markets, social issuance represents a smaller domestic share due to limited SSA bond and securitisation-related supply in social bond format.
- SSA and government-related issuers continue to dominate AUD supply with Q2 activity driven by large benchmark GSSS bond issuance including AOFM's AUD 7.5bn Green Treasury Bond and World Bank's AUD 2bn Sustainable Development Bond. Corporate issuance remains more selective, concentrated in commercial and residential real-estate sectors and predominantly in loan format.
- Australia recorded record first half volumes for sustainable debt issuance in 2026, with strong GSSS bond activity, a healthy issuance pipeline and ongoing policy development supporting continued market growth.

NAB-led GSSS product breakdown by deal count for Q2 2026



- The chart above illustrates the breakdown of NAB-led labelled GSSS transaction activity through Q2 2026. Green-labelled formats dominate led by green bonds this quarter, a shift from Q1's green loan-led volumes due primarily to AOFM's second green bond. SLLs remain the third-largest format primarily driven by refinancing activity while sustainability bonds, social loans and green securitisations each provided equal smaller contributions to Q2 deal flow.

Investor and market news

- The **NSW Government** launched the AUD 557m [Home Energy Saver program](#), providing eligible households with zero-interest loans of up to \$15k for energy-saving upgrades. Loans are available to eligible homeowners and landlords, with the program delivered through [Plenti](#) and [Brighte](#).
- The [CEFC Household Energy Upgrades Fund \(HEUF\)](#) announced over AUD 1bn in low interest loans have been made available since it launched two years ago.
- AEMO** has published the [2026 Integrated System Plan \(ISP\)](#), its least-cost roadmap for the National Electricity Market to 2050. The ISP reaffirms that renewable energy, firmed with storage and backed by gas, remains the lowest-cost pathway for reliable
- The Australian Government** has announced further Capacity Investment Scheme (CIS) measures to support renewable generation and storage investment, including reserving capacity in upcoming tenders for [projects with First Nations equity or revenue-sharing arrangements](#).
- The **Investor Group on Climate Change (IGCC)** released its [State of Net Zero Investment 2026](#) report, based on responses from 55 investors managing approximately AUD 3.5 trillion, reporting investor appetite for climate solutions is sharply increasing despite policy and regulatory uncertainty worsening, while a lack of suitable opportunities pushes capital elsewhere.
- The [World Meteorological Organization \(WMO\)](#) reports a strong **El Niño** is expected to dominate global climate patterns during August-October 2026, with above-normal temperatures expected worldwide along with significant shifts in rainfall patterns. [United Nation's World Food Programme](#) analysis suggests the resulting climate shocks could push at least 49 million people into acute food insecurity by the end of 2027.
- BloombergNEF** highlights "climate inflation" as an emerging risk to global grocery prices, with extreme heat and drought increasingly disrupting harvests and supply chains. [Economists from the European Central Bank \(ECB\) and Potsdam University](#) estimate extreme heat could lift global inflation by 0.3% to 1.2% annually from 2035.
- Allianz Research's** report [Too hot to grow, the economic cost of extreme heat](#), finds productivity losses accelerate once temperatures exceed 30°C and highlights the growing importance of climate adaptation and resilience investment. Allianz estimates cumulative GDP losses under a severe heat stress scenario between 2026 and 2030 could reach 5-7% in some major economies.
- [SolarPower Europe's Global Solar Market Outlook 2026-2030](#) reported a record 664 GW of solar PV capacity installed globally in 2025 with global solar PV capacity passing 3 TW in early 2026. Solar PV accounted for 77% of all renewable capacity additions and now covers around 9% of global electricity demand.
- The International Renewable Energy Agency's (IRENA)** [Renewable Power Generation Costs in 2025](#) report found renewables remained the cheapest source of new power generation in 2025, with more than 90% of new utility-scale projects undercutting the lowest-cost new fossil fuel alternative.
- Sustainable Fitch** published "Widening the Lens" examining the global shortfall of investment into climate adaptation and resilience (A&R), illustrating how broadening the lens to capture A&R outcomes embedded across infrastructure, utilities, buildings, housing and food systems could expand the investable universe and help mobilise additional capital at scale.
- [Environmental Finance data](#) shows the three major US credit rating agencies growing their lead in the sustainable debt Second-Party Opinion (SPO) market through H1 2026. **Moody's** led with a market share of 25.7%, followed by **S&P Global** with 23.1%, **Sustainable Fitch** with 14.3%, **ISS Corporate** with 11.7% then **DNV** with 10.4%.
- Ahead of its June 2026 IPO, **SpaceX** received MSCI's lowest possible ESG risk rating of CCC. MSCI cited the company's exposure to and management of "significant" ESG risks, assigning a score of 1/10 on its controversies assessment and 3.2/10 for governance.
- The World Bank** will retire its target to allocate 45% of annual lending to projects with climate co-benefits, while extending its Climate Change Action Plan. The shift moves the bank away from input based climate lending goals and towards outcome-based development outcomes, following political pressure to refocus on narrower development and financial stability mandates.

- The **Science Based Targets initiative (SBTi)** released [Version 2.0 of its Corporate Net-Zero Standard](#) placing greater emphasis on implementation, transparency and progress tracking. The update introduces a “best-efforts” framework, more flexible Scope 1, 2 and 3 target-setting options and additional transition plan and assurance requirements for larger companies.
- The **United Nations Environmental Finance Initiative (UNEP FI)** has published an [Adaptation Finance Taxonomy Playbook](#) to support financial institutions implementing regional taxonomies across jurisdictions through practical, decision-useful tools to identify, assess and scale adaptation and resilience financing opportunities.
- The **Climate Bonds Initiative** has released an updated [Climate Bonds Taxonomy](#) to allow for screening of climate-science aligned activities, assets and measures making substantial contributions to climate mitigation and/or resilience. It now allows for filtering by ISIC code, sector, sub-sector, activity and/or climate hazard to identify what is eligible for green financing and certifiable under the Climate Bonds Standard.
- **BlackRock** has partnered with the **Natural History Museum, London** to incorporate its Biodiversity Intactness Index (BII) into selected [BlackRock Sustainable Investing Intelligence strategies](#), using data across over 76,000 species and 50,000 locations to inform nature-aware investment decisions.
- **Green Data Centres Coalition (GDCC)** has been launched by nine of the world’s leading built environment and sustainable finance initiatives, (including the Climate Bonds Initiative, GRESB and the GBCA) as AI-driven demand for computing power accelerates worldwide. The GDCC will develop transparent benchmarks that define what “green” genuinely means for data centres, helping investors, operators, communities and policymakers cut through greenwashing and direct capital toward facilities that reduce emissions while protecting water resources, energy systems and local communities.
- conditions including wholesale-only offers, conflict management arrangements, SPO independence and disclosures.
 - [Identified sustainability reporting and assurance](#) as key focus areas for FY2026–27, emphasising the importance of transparent climate-related disclosures as mandatory reporting requirements are phased in.
 - [Early observations](#) on the first wave of mandatory climate reports, noting an overall uplift in the quantity and quality of disclosures, while highlighting areas for improvement.
- The **Department of Climate Change, Energy, the Environment and Water (DCCEEW)** has announced the end of the [Climate Active certification program](#), reflecting a shift away from government-backed “carbon neutral” claims as mandatory climate disclosure requirements, net zero policies and investor expectations play a larger role in driving corporate decarbonisation.
- **AusEnergy Services Limited (ASL)** the body responsible for managing key NSW renewable energy tenders, has changed [tender settings](#) to [prioritise](#) project value and deliverability over the lowest-priced bids. According to [RenewEconomy](#) the shift responds to concerns that existing underwriting arrangements have not provided enough revenue certainty to move wind and solar projects from tender award to financial close and construction, amid rising costs, grid constraints and fewer long-term offtake opportunities.
- The **Australian Accounting Standards Board (AASB)** has published [educational guidance](#) to support entities applying AASB S2 Climate-related Disclosures, providing practical direction on disclosing climate transition plans, including both mitigation and adaptation activities.
- A new [APLMA/LSTA/LMA Practice Note](#) provides guidance for identifying and assessing “pure play” companies, including threshold-based eligibility tests and expectations around reporting, safeguards and reassessment to support credibility in sustainable finance markets.
- The **International Organization for Standardization (ISO)** has released a draft of [ISO 14060](#), the first independently verifiable international standard for net zero-aligned organisations. The proposed standard sets requirements for emissions targets, transition plans and progress reporting, aiming to provide a more consistent framework for credible net zero pathways aligned with the Paris Agreement.
- At its June 2026 AGM, **ICMA** released a broad package of sustainable finance guidance updates, including a Climate Transition Bond FAQ, a comparison of the Green Bond Principles and European Green Bond Standard, and new research on investor demand for GSS+ bonds. It also updated the Guidance Handbook, External Review Guidelines, and harmonised impact reporting frameworks for green and social bonds.

Regulatory developments

- **Prime Minister Anthony Albanese** announced [plans for Australian Standards for AI](#), building on their [March 2026 Data Centre Expectations](#). They include a mandatory framework for large-scale data centres with legal requirements to underwrite their own new power supply, pay their full share of connection costs, reduce power when required to support grid stability and be as water efficient as possible. Legislation is expected in early 2027.
- **Australian Securities and Investments Commission (ASIC)** has released several sustainability related updates:
 - [Extending its class no-action position](#) for SPO providers until 15 June 2028, subject to

- The **European Council** agreed its position on [Sustainable Finance Disclosure Regulation](#) (SFDR) reforms, proposing three product categories: sustainable, transition and ESG basics, to improve comparability and reduce greenwashing risk. Notably, the transition category could include fossil fuel sector companies where 20% of capex is EU Taxonomy-aligned and backed by a clear, time-bound emissions reduction strategy.
- The **EU's ESG Ratings Regulation** came into effect on 2 July 2026, introducing the first dedicated regulatory framework for ESG rating providers. Firms offering ESG ratings in the EU must now be authorised by the **European Securities and Markets Authority (ESMA)** separate ratings from consulting activities, disclose methodologies and ESG component scores, and explain material rating changes and withdrawals.

Selected recent deals

- The **Australian Office of Financial Management** issued an AUD 7.5bn 10-year Green Treasury Bond. Proceeds support eligible expenditure across renewable energy, low-emissions transport, climate resilience and biodiversity outcomes. **NAB** acted as a Joint Lead Manager on the transaction, continuing its role supporting the Australian Government's sovereign green bond program.
- **World Bank** issued an AUD 2bn 5.5-year Sustainable Development Bond, attracting more than AUD 6.5bn in orders from over 80 investors and marking the largest orderbook for a World Bank AUD bond. The transaction highlights strong Australian dollar investor support for long-term capital directed towards inclusive growth, job creation and poverty reduction.
- **SA Power Networks** issued an AUD 300m 5-year Green Bond, marking the first transaction to be fully aligned with the [Australian Sustainable Finance Taxonomy](#) (ASFI). The deals follows the release of its updated [Sustainable Financing Framework](#), and supports investment in South Australia's decarbonisation. **NAB** acted as Joint Lead Manager.
- **Brighte** completed its largest issuance to date, an AUD 250m green securitisation backed by residential solar PV and battery storage receivables and aligned with the ICMA Green Bond Principles and the Australian Taxonomy. The transaction was upsized from AUD 200m following strong investor demand. **NAB** acted as Sole Arranger and Bookrunner, Sole Sustainability Coordinator, Liquidity Facility Provider and Joint Lead Manager.
- **Western Australian Treasury Corporation (WATC)** issued an AUD 2bn October 2039 Green Bond, attracting a 3.9x oversubscribed orderbook. **NAB** acted as a Joint Lead Manager.
- **KMD Brands** completed a NZD 208m syndicated sustainability-linked refinancing, extending its funding to October 2028 with revised sustainability-linked performance targets. **NAB** acted as Mandated Lead Arranger and Bookrunner.
- **QTS Data Centres** launched a USD 4.6bn investment-grade green bond to finance its Fayetteville hyperscale data centre campus. Proceeds are expected to support investment in energy-efficient data centre infrastructure and renewable energy procurement.

Charging Ahead: The Infrastructure Challenge Behind Australia's EV Transition

Australia's transport sector is becoming a central decarbonisation challenge. While electricity emissions are beginning to decline with the rollout of renewables, transport emissions have continued to rise alongside population growth, freight demand and vehicle use. Within the transport sector, road transport is the highest emitting sub-sector and presents one of the most immediate transition opportunities through electrification.

22%
of Australia's
emissions in 2025¹

83%
Of transport
emissions come
from road transport²

2nd
Largest emitting
sector today (behind
electricity) and
projected to become
the largest by 2030¹

Electric vehicles (EVs) have emerged as the primary low-carbon alternative to internal combustion engine (ICE) vehicles, and their uptake is accelerating.

59%
Australians more
likely to consider an
EV due to rising pump
prices³

Consequently, significant expansion of supporting infrastructure, such as public and private charging facilities and their associated required network upgrades is needed. Investment and coordinated capital deployment is crucial to ensuring infrastructure is not a constraint on the pace and scale of the road transport transition.

In Australia, recent fuel-supply disruption and higher pump prices have coincided with a sharp lift in Australian EV demand (see Figure 1). In June 2026, [FCAI](#) data showed battery electric vehicles reaching a record 23.3% of total vehicle sales.

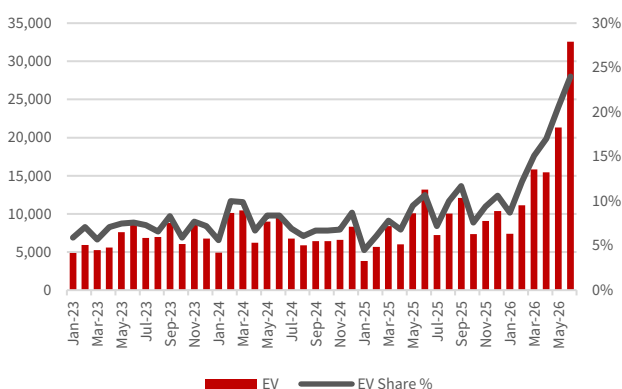


Figure 1: Monthly EV sales in Australia (LHS) and EVs as a share of total new vehicle sales (RHS). Source: EV Market Stats (2026), based on VFACTS vehicle sales data and supplementary Tesla and Polestar sales data from the Electric Vehicle Council.

The next phase of the transition is less about whether EV demand exists, and more about whether the supporting infrastructure can scale quickly enough, and in the optimal locations. Australia's fast-charging network has

grown rapidly from [55 public fast-charger sites in 2018 to more than 1,500 in 2026](#), but a potential national fleet of 5 million EVs may require around [40,000](#) additional fast-charger plugs in less than a decade.

Infrastructure build-out challenge

Charging networks cannot replicate the petrol station model. Passenger EVs are most often charged where they are parked rather than where they travel, meaning infrastructure needs to extend across homes, kerbsides, workplaces, shopping centres and highway corridors. Fleet and freight electrification adds complexity, requiring higher-capacity, site-specific infrastructure aligned to vehicle routes and depot operations. While most electric trucks are expected to charge overnight at private depots, interstate and regional freight will also depend on common-use public charging infrastructure. Public fast chargers are currently concentrated in major cities and coastal routes, leaving gaps across inland and regional areas, which will impact regional drivers, freight operators and businesses seeking to electrify.

Australia's current market structure is shaped by many private operators, including [Chargefox](#), [Evie](#), [Tesla](#), [BP](#), [Ampol](#), [Jolt](#), [Exploren](#) and [EVX](#), who are supporting investment across different charging formats from highway fast-charging to kerbside and destination charging. This is positive for competition and innovation but requires coordination to ensure individual projects complement a reliable and accessible system. Responsibility remains spread across charging providers, governments, councils, electricity distributors and regulators, creating a gap between individual project delivery and whole-of-network planning.

Grid availability is a potential constraint for large capacity fast charging sites. [Industry participants have identified](#) grid connections and tariff settings as key barriers to faster rollout, citing connection delays of up to two years, adding risk to investment decisions, making early deployment harder to justify even where long-term demand is expected. Stable policy settings, coordinated planning and innovative demand-side management systems will be important to ensure a successful rollout.

The core challenge for Australia is to build ahead of demand without losing sight of utilisation. To date, the network has expanded in step with demand, but the next phase of electric mobility will require more deliberate planning that factors in location, routes and operating profiles. This challenge is particularly pronounced for higher-capacity infrastructure, where utilisation may take time to develop even when long-term demand is expected, making early investment decisions harder to justify.

Policy Settings

Policy settings are increasingly recognising the importance of transport electrification. The Federal

1. Department of Climate Change, Energy, the Environment and Water (DCCEEW), [National Greenhouse Gas Inventory Quarterly Update: December 2025](#).
 2. Department of Climate Change, Energy, the Environment and Water (DCCEEW), [Australia's emissions projections 2024](#).
 3. Kempower, (2026), [Australia's EV boom hits a wall: 88% of Aussies say EV charging gaps are holding it back 2026](#).

[Transport and Infrastructure Net Zero Roadmap and Action Plan](#) identifies enabling infrastructure, system efficiency and nationally consistent standards as key priorities, while state level strategies such as the [NSW Electric Vehicle Strategy](#), [Victoria's Zero Emissions Roadmap](#) and [Queensland's Zero Emission Vehicle Strategy](#) are focusing on charging gaps, fleet electrification and public charging deployment. These measures provide important foundations, although policy requirements will continue to evolve as EV adoption grows. The [National Electric Vehicle Strategy](#) is scheduled for a comprehensive review in 2026, creating an opportunity to consider how policy can support a coordinated expansion of transport electrification. The European Union provides a useful precedent for the next stage of development. Through the [Alternative Fuels Infrastructure Regulation \(AFIR\)](#), the EU has moved beyond supporting charger deployment towards defining network-level outcomes, including minimum charging coverage, capacity requirements and dedicated heavy-duty vehicle charging infrastructure along major freight corridors. The framework also places greater emphasis on longer-term infrastructure planning, including future charging demand, corridor development and coordination with grid requirements. The framework is supported by the Alternative Fuels Infrastructure Facility (AFIF), which allocated more than €600 million across 70 projects in 2025. This approach demonstrates how infrastructure standards, network planning and targeted capital deployment can be coordinated to support electrification at scale.

Role of Sustainable Finance

A key feature of transport infrastructure is the role of utilisation in shaping project economics. In early deployment phases, infrastructure is often built ahead of demand, resulting in lower utilisation, higher unit costs and less stable cash flows. As utilisation increases, project economics improve, but the early-stage risk profile can make traditional infrastructure financing formats harder to access.

These characteristics create an important opportunity and role for sustainable finance to support low-carbon investment and financing structures tailored to suit infrastructure development as it moves through development and into operation. For charging networks, depot electrification and freight infrastructure, green use-of-proceeds financing is widely utilised to finance green expenditure. Other structures may include portfolio-level green financing that combine assets at different stages of utilisation, phased facilities that align capital deployment with demand growth, or blended structures that bring public and private capital together.

Australian labelled sustainable debt markets already provide useful sector-level precedents, with government - sector sustainable bond programmes allowing debt investors to invest in green bonds funding clean transportation and enabling infrastructure:

- [AOFM](#) Includes electrified transport-related expenditure such as [Driving the Nation](#);
- [TCV](#) includes enabling infrastructure supporting eligible low-carbon transport;
- [TCorp](#) includes dedicated electrified rail infrastructure, railway networks and charging stations; and
- [QTC](#) includes low-carbon transport such as electrified rail and supporting infrastructure.

Private-sector sustainable finance is also becoming widely used in securitisation markets to support financing of large portfolios of consumer lending for zero emissions vehicles and related infrastructure. [Brighte's Green Trust](#) securitisation programme includes green use of proceeds financing for electric vehicles and supporting infrastructure (including EV chargers), demonstrating how labelled sustainable finance can support the aggregation of smaller-scale enabling infrastructure at the household level. Since 2020, the programme has raised over AUD 1.4bn across seven transactions.

Policy and sustainable-finance guidance can strengthen the connection between infrastructure priorities and private capital. The [Australian Sustainable Finance Taxonomy](#) provides a common language for identifying credible green transport and enabling infrastructure, including EV charging infrastructure, associated grid connection upgrades and infrastructure supporting freight and public transport systems. By establishing more consistent criteria for assessing these green economic activities, the taxonomy should help to improve the consistency, credibility and transparency of information available to lenders and investors funding these assets.

These examples show how policy, sustainable finance frameworks and capital markets are beginning to align around transport electrification. However, the scale of investment required remains substantial. The next phase of road transport electrification will depend on coordinated policy and mobilising significant funding across charging networks, depot upgrades, grid connections and freight infrastructure. As financing frameworks continue to mature, sustainable finance should play an important role in mobilising capital and supporting infrastructure deployment ahead of demand.

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