



Sustainable Finance newsletter

Welcome to NAB's newsletter on the Sustainable Finance market from an Australasian perspective.

Market overview – YTD data as of 31 March 2025



Source [Moody's](#)

- [Moody's reported Q1 2025](#) global sustainable bond issuance increased 4% from Q4 2024, but down 27% on Q1 2024 volumes, reflecting heightened macroeconomic uncertainties. This shifting geopolitical and policy backdrop has impacted broadly on overall global bond volumes down around 4% on Q1 2024 volumes. Sustainable bonds issuance as a % of overall bond issuance, declined across all regions in Q1 2025, dropping from 12% for all 2024 to 9% in Q1 2025. The shifting global geopolitical and policy environment is expected to see continued reprioritisation of labelled issuance for many issuers, especially in the USA.
- Apart from supranationals, Q1 2025 sustainable bond issuance across all issuer types was down In Q1 2025.
- Green bonds remain the leading format, with [US\\$129bn](#), or 57% of global sustainable bonds issued in Q1 2025 and are widely expect to remain the most resilient with continued issuer focus on climate related financing.
- Global sustainability-linked bond issuance fell for the sixth consecutive quarter, while transition bonds remain a niche format with only US\$3bn issued in Q1 2025, all coming from APAC issuers.

Investor and market news

- The **Australian Office of Financial Management (AOFM)** won the “Green Bond of the Year – Sovereign” award at the [Environmental Finance 2025 Sustainable Debt Awards](#). **NAB** acted as joint structuring advisor for development of AOFM’s green bond framework and as joint lead manager on the inaugural A\$7bn issuance.
- **NAB** has partnered with the Australian Government’s Clean Energy Finance Corporation (CEFC) in a [\\$300 million co-finance program](#). \$200 million will be allocated to support [NAB’s Green Finance for Vehicles and Equipment](#) providing discounted green finance for businesses and manufacturers with \$100 million to support [NAB’s Agribusiness Emissions Reduction Incentive Program](#) providing discounted green finance for farmers and agribusinesses to reduce emissions.
- The Australian Government has introduced a **Critical Minerals Tax Incentive** and a **Hydrogen Production Tax Incentive** to boost investment in Future Made in Australia priority industries [starting 1 July 2027](#) and will remain available until 30 June 2040.
- According to **Ember**, Australia remains the worldwide leader in solar generation per capita ([1,866 kWh](#)), over seven times the world average. In 2024, record solar growth helped clean power surpass 40% of global electricity generation.
- The **Clean Energy Regulator's** first [compliance report](#) for the ratcheting Safeguard Mechanism revealed heavy industry emissions fell by only 1.2% in 2023-24 without carbon offsets.
- The **Bank for International Settlements (BIS)** – [March 2025 BIS Quarterly Review](#) revealed the green bond market grew most in countries with stricter emissions targets. Despite global green bond issuance of US\$700 billion in 2024, its only a fraction of the estimated US\$2 trillion annual investment needed to tackle climate change.
- The [Carbon Market Report 2025](#) highlights Australia’s carbon market evolution with the annual value of the traded ACCU market [exceeding A\\$1 billion for the first time in 2024](#).
- Research conducted by the **World Federation of Exchanges** has found that voluntary carbon markets (VCM) are over [ten times less efficient than mainstream markets](#).
- The **Science Based Targets initiative (SBTi)** proposed its draft [Corporate Net Zero Standard 2.0](#). The new standards would require Scope 1 and Scope 2 targets to be set separately, unlike previous guidelines allowing them to be combined. Public consultation concluded on 1 June 2025.
- Research by the **Clean Energy Investor Group (CEIG)** found that renewables and battery storage had a [material downward impact on Australian wholesale electricity prices](#) in 2024.
- Since the inauguration of President Donald Trump in December 2024, [19 banks](#) across the US, Canada, Australia, Japan, and the Netherlands have exited the **Net-Zero Banking Alliance (NZBA)**. [NZBA members voted to adopt](#) changes to the NZBA Framework following a year-long review, with the April 2025 release of [Guidance for Climate Target Setting for Banks \(Version 3\)](#). This included removing the requirement for members' lending to align with a 1.5-degree Celsius pathway, replacing it with a more flexible well below 2 degrees target, albeit striving for 1.5 degrees.
- **Loan Market Association (LMA)** published their first [Sustainable Finance Insights Report](#) on Greenwashing: Understanding and Navigating the Impacts for the Loan Market.
- According to **the International Energy Agency (IEA)** [Global EV Outlook 2025](#), global sales of electric cars are on track to surpass 20 million in 2025, accounting for over a quarter of cars sold worldwide.
- **Green Building Council of Australia’s (GBCA)** **May 2025** report, [Our Homes Weigh a Tonne*](#), reveals how upfront carbon emissions from construction and materials to build an average new all-electric home, are over seven times more than the operational emissions it will produce during its lifecycle and locked in at construction. This underscores the need for low-carbon supply chains and optimized designs to achieve lasting emission reductions and economic benefits.
- **France** updated its [2017 Green OAT Framework](#) to include nuclear energy as an eligible use of proceeds for the first time. France [announced plans in February 2022 to build six reactors and is considering building another eight](#).
- **J.P. Morgan’s** recent advisory report, [Building resilience through climate adaptation](#), provides a comprehensive overview of the importance of climate adaptation as a strategic investment to build resilience against the impacts of climate change.
- The **European Commission** issued a new report Wednesday, assessing the energy and climate plans of EU member states, [revealing that the EU is very nearly on track to hit its climate and energy targets](#).

Regulatory developments

- The **ACCC** has released a [draft determination](#) proposing to allow the **Australian Sustainable Finance Institute (ASFI)** and industry participants to collaborate on sustainable finance initiatives for five years. The goal of which is to increase the flow of private capital into sustainable investment opportunities.
- In partnership with the **Australian Treasury**, **ASFI** ran the initial development phase for Australia's sustainable finance taxonomy from [July 2023 to February 2025](#). Final consultation and submission to Treasury has since been completed with the final taxonomy is expected to be released by [mid-2025](#).



Figure 1: Kokkai Ng/ iStock / Getty Images Plus via Getty Images

- The **Loan Market Association** [published updates](#) to the **Green, Social, and Sustainability-Linked Loan Principles**. Key updates included clarification of key definitions, external review and disclosure requirements.
- **EU Omnibus** proposes to amend the scope of the Corporate Sustainability Reporting Directive (CSRD), Corporate Sustainability Due Diligence Directive (CSDDD), Carbon Border Adjustment Mechanism (CBAM), and aspects of the Taxonomy for Sustainable Activities Regulation. The European Central Bank's [paper](#) highlights concerns around the removal of an estimated 80% of companies from CSRD reporting requirement proposed by the omnibus.
- **International Capital Markets Association (ICMA)** published a [paper](#) reflecting on recommendations for the sustainable fund market in the new regulatory environment.
- **New Zealand's Commerce Commission** is [investigating](#) whether banks' net-zero strategies under the NZBA violate section 30 of the Commerce Act, prohibiting cartel provisions.

- **ASIC** issued a [regulatory guide](#) on sustainability reporting, following new legislative changes that [mandate sustainability reporting](#) for certain Australian businesses and financial institutions from January 2025.
- **President Trump's** impact on a variety of climate-related topics is tracked by Columbia Law School's, Sabin Center for Climate Change Law's [Inflation Reduction Act Tracker](#). The law school's Climate Law [blog series '100 days of Trump 2.0'](#) categorises the evolution of federal climate change regulation in the US.
- **The Australian Accounting Standards Board (AASB)** is [seeking feedback](#) on a proposed revision to the International Sustainability Standards Board's (ISSB) S2 – Climate-related disclosures standard, which may be adapted into Australia's S2 standard.
- The Australian Federal Court imposed a [penalty of \\$10.5 million](#) against the trustee of **Active Super**, marking the third time ASIC has successfully brought an action in the Federal Court in relation to greenwashing.

Selected recent deals

- **BPCE SA**, French cooperative banking and insurance group, [priced a A\\$1.5bn multi-tranche kangaroo bond](#) including an A\$500 million tranche of Tier 2 15NC10 labelled social bonds, the first to be issued in Australian debt markets. The social bond tranche was issued under BPCE's [Local Economic Development framework](#) with proceeds earmarked to support underserved communities and small businesses across France. **NAB** was a joint lead manager.
- **Plenti Group Limited (Plenti)**, through Plenti [PL & Green ABS 2025-1, closed an A\\$400 million asset-backed securitisation](#) backed by personal loan and renewable energy receivables, including A\$92 million in Climate Bond certified green bonds. **NAB** was sole arranger and a joint lead manager.
- **Contact Energy Limited** issued an [A\\$400m, 6.5 year, Climate Bond certified green bond](#) with proceeds earmarked for financing and refinancing geothermal, hydropower, solar and wind energy generation, plus transmission infrastructure. **NAB** was a joint lead manager.
- **Western Australia Treasury Corporation** issued its second syndicated green bond, raising [A\\$2 billion with the issuance of a 10 year green bond](#). Proceeds will be allocated to fund eligible green expenditures including electrified public rail, electric buses, EV charging networks, large scale battery storage systems, renewable energy, transmission infrastructure and desalination plants. **NAB** was a joint lead manager.
- **3i Infrastructure plc** completed a [£900 million refinancing and extension](#) of a multi-currency revolving credit facility in sustainability-linked loan format. The new facility includes sustainability performance targets seeking to improve emissions reduction, gender diversity and health & safety performance. **NAB** was a mandated lead arranger and lender for the transaction.
- **NBN Co** raised [A\\$750 million in its latest domestic green bond issuance](#) to help fund the company's commitment to improving the energy and emissions intensity of the nbn network. **NAB** was a joint lead manager for the 10-year fixed rate benchmark bond, which cemented NBN Co's position as the largest Australian corporate issuer of green bonds. In late May 2025, **NBN Co followed on with its inaugural Sustainability Bond, raising €700 million**, with proceeds earmarked for investments into the deployment of energy-efficient fibre and the nbn Fixed Wireless network, which enable access to essential services and helps advance digital skills and abilities in regional and remote communities.
- **Zenith Energy Pty Limited** (Zenith) completed a [A\\$1.9 billion refinancing and upsizing](#) of its bank debt facilities which included labelled green loan facilities. Zenith delivers renewable power technologies and lower emissions solutions for mine site energy supplies. **NAB** was a joint Green Loan Coordinator and lender for the transaction.
- **Keyton**, [expanded its debt facilities to \\$1.3 billion](#), including a tranche in labelled green loan format aligned with the APLMA Green Loan Principles. The green loan will support development projects to achieve a minimum NatHERS rating of 7.5 and refurbishment of existing retirement villages to enhance energy efficiency and climate resilience. **NAB** was joint sustainability coordinator and lender.
- **Brighte Capital** (through Brighte Green Trust 2025-1) [raised A\\$200m via their 6th public asset backed securitisation](#), which included A\$175.9m of ICMA Green Bond Principles aligned green notes used to refinance solar energy and low-carbon transport assets originated by Brighte. **NAB** was sole arranger and lead manager.
- **China's Ministry of Finance (MOF)** launched the country's [inaugural sovereign green bond](#), raising RMB 6 billion (USD\$824 million) to fund investments in climate change mitigation, adaptation, natural resource conservation and biodiversity.
- The **European Investment Bank (EIB)** issued a [€3bn green bond](#), the largest ever bond aligned with the European Green Bond Standard (EuGBS), and the first bond issued by a supranational under the EU's new green bond rules.

Figure 2: imaginima/ E+ via Getty Images



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