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Recent Highlights

- **Landmark A2A green bond 'bodes well' for EU GBS issuance**

Italian utility firm A2A has raised €500 million ($520 million) from the first green bond issued under the EU Green Bond Standard (EU GBS), with investor demand for the ground-breaking deal providing encouraging signs around uptake of the 'gold standard' sustainable fixed income label.

- The inaugural bond using the 'European Green Bond' (EuGB) label follows the EU GBS coming into effect last month.

- Milan-based A2A said the 10-year bond – with a 3.625% coupon – was more than four-time oversubscribed by investors, with the final orderbook standing at €2.2 billion.

- Following the landmark A2A deal, the market is preparing to see further issuance under the EuGB label – in particular from the utility and bank sector. However, Environmental Finance understood from some senior underwriters that several potential issuers were keen to wait until they have seen the market response to initial transactions before moving forward with their own plans.

- **Ile-de-France Mobilites issues 'historic' public sector 'European Green Bond'**

French government-owned Île-de-France Mobilités has become the first public sector body issuer to adopt the EU Green Bond Standard (EU GBS).

Île-de-France Mobilités – which operates the public transport network in and around Paris – said the €1 billion ($1 billion), 20-year transaction was "historic", because it was the first sovereign, supranational and agency (SSA) to use the 'European Green Bond' (EuGB) label introduced under the EU GBS legislation, which came into effect in December.

- The final orderbook stood at €5.9 billion for the deal after pricing was tightened by six basis points compared with initial guidance to 19bps over the French sovereign OAT curve. Île-de-France Mobilités said this was the "tightest pricing ever achieved versus the OAT curve as well as the largest tightening from guidance" for the issuer.

- The proceeds from the bond will be used to finance projects to "modernise" the transport network, including by "renewing the electric rolling stock (trains, metros, tram-trains, trams), deploying low-emission buses and electric bicycles, while also developing the necessary supporting infrastructure".

- The EU GBS has been described as the 'gold standard' for the green bond market. In addition to the EU Taxonomy criteria for 'substantial contribution' to sustainability objectives, EU Taxonomy-aligned activities under the EU GBS must also demonstrate they meet the 'do no significant harm' (DNSH) and 'minimum safeguard' (MS) requirements. It is the onerous DNSH and MS requirements which have often been cited as the main challenges to widespread uptake of the EU GBS by issuers.

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- **Moody's Predicts $1 Trillion Sustainable Bond Market in 2025 Despite Political Headwinds**

Global issuance of labelled sustainable bonds – including green, social, sustainability, sustainability-linked, and transition bonds – is anticipated to again reach around $1 trillion in 2025, according to a new forecast released by Moody's Ratings, as headwinds including political changes from the new U.S. administration are expected to be offset by a continued focus on sustainable development across many regions, including increased clean energy investments, and growth in climate adaptation and nature-related projects.

If the forecast is achieved, it would mark the fifth consecutive year of sustainable bond issuance at around the $1 trillion level. While 2024 issuance remained flat year-over-year at $1 trillion, however, sustainable bond volumes underperformed strong growth in the overall bond market in the year, with share of global issuance declining to 11% from 15% in the prior year.

By bond type, green bonds are anticipated to continue to dominate, with Moody's forecasting record issuance in 2025 of $620 billion, up slightly over 2024. Green bond issuance is expected to be driven by climate mitigation initiatives, with policy support, private sector pledges and cost declines in clean energy supporting climate investment through the year.

Among the key themes driving green investments, Moody's noted greater demand for financing of energy- and water-efficient data centers, and related investments in nuclear energy projects to help meet increased low carbon energy demand from data centers, as well as investments in emerging green technologies to provide low carbon solutions for hard-to-abate industrial sectors.

- **Landmark Austrian Swiss franc green bond issued as 2025 programme kicks-off**

Austria has raised CHF350 million ($387 million) from a ground-breaking Swiss franc-denominated green bond.

- The Austrian Treasury told Environmental Finance the 10-year deal – with a 0.6825% coupon – is the first Swiss franc-denominated green bond issued by a sovereign other than Switzerland. The deal is also the first Swiss franc-denominated bond in any format by Austria since 2009.

- In addition to the Swiss franc-denominated deal, Austria raised €1.5 billion ($1.6 billion) from a 10-times oversubscribed tap of its existing green bond due in 2049, which it first issued in 2022.

- The €15 billion orderbook for the tap allowed Austria to tighten pricing on this transaction by two basis points (bps) compared to initial guidance, which the Treasury said represented a two to three bps 'greenium'.

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- **IFC Issues $2 Billion Social Bond to Fund Projects in Emerging Markets**

World Bank Group member the International Finance Corporation (IFC) announced today that it has raised $2 billion in a new social bond offering, with proceeds aimed at funding projects supporting low-income communities in emerging markets.

The offering was more than 5x oversubscribed, with an order book reaching $11 billion, the largest-ever for a single bond issuance by IFC, enabling the spread on the deal to be tightened from its initial price. The transaction also represented the largest-ever social bond for IFC, as well as the largest US dollar denominated social bond to be issued by a supranational.

The transaction also follows a 1 billion Australian dollar denominated social bond issued by IFC last week.

The new bond issuances follow the publication earlier this month by IFC of its updated social bond framework. IFC has a focus on vulnerable and underserved populations, such as women, low-income populations, underserved communities, refugees and displaced persons, and eligible use of proceeds for IFC social bonds under the new framework target project categories including affordable basic infrastructure such as clean drinking water, sewers, sanitation, transport, energy; access to essential services; affordable housing; employment generation; food security and sustainable food systems, and; socioeconomic advancement and empowerment, such as for women-owned small and medium sized businesses who lack access to finance.

***(Moody's/S&P/Fitch)**