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Sustainable Loans Insight 2026

Sustainable Debt Global Series 2027



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Sustainable Loans Insight

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Environmental Finance is proud to launch the fourth edition of Sustainable Loans Insight. In a market defined by its dynamism, the period since the third edition has, once again, demonstrated the eagerness of participants to find better ways for borrowers to access critical sustainable financing wherever the impact can be delivered.

In particular, focus has turned to opening dedicated sustainable loan approaches to two borrower types at the two extremes of the market who have been underserved to date – ‘transition’ and hard-to-abate sectors, and ‘pure play’ green and social borrowers.

The transition loan topic, in particular, has been a core discussion point since the pioneering draft Transition Loan Principles (TLP) were published by the Loan Market Association (LMA), Loan Syndications and Trading Association (LSTA), and Asia Pacific Loan Market Association (APLMA) in October 2025.

With the TLP due to come out of draft format in November 2026, there is growing appetite to see the structural elements outlined in the principles actively used by lenders and borrowers.

Encouragingly for this next stage, the pace with which banks are updating their sustainable finance frameworks to more directly incorporate transition finance elements has accelerated in recent months. This points to the significant progress these critical sustainable finance facilitators have made in turning this concept into something credible to lend against.

As will be seen later in this report, ‘pure play’ companies have also received welcome attention, through guidance to identify and assess this type of borrower, in order to support access to sustainable finance – whether labelled or not. These dedicated green or social companies have faced fragmented treatment within sustainable lending market due to the fairly consistent core elements being compromised by the varied methodologies currently deployed.

This is a clear indicator of the confidence with which sustainable loan markets are now looking to address the specific challenges and nuances that have built up as sustainable finance has scaled.

This is unlocking new opportunities for directing finance and demonstrating impact. For example, 2026 has already seen some fascinating innovations covered in depth in the pages of *Environmental Finance* – including blue loans companies including Canadian water treatment technology firm H2O Innovation and Australian water company Helena Water as well as a hybrid ‘sustainability-linked green’ loan from South African mining company Harmony. We have also seen growing use of sustainable loan instruments to strengthen the sustainability credentials of the closely watched artificial intelligence (AI)-driven data centre build-out.

Meanwhile, attention is being turned to the significant sustainable revolving credit facility (RCF) market and the challenges and opportunities this poses for labelled instruments.

All of this offers fresh opportunities to build on the scale already created in the sustainable loan market. Although gathering data on the sustainable loan market remains challenging, *Environmental Finance Data* (efdata.org) shows more than \$800 billion worth of public labelled sustainable loans were signed in 2025 – this followed a record \$960 billion in 2024. Although 2026 has got off to a slow start, it is clear that volumes remain robust.

Even if volumes contract, however, it is undeniable that the sustainable loan market is laying the foundations to support greater adoption of these instruments. That desire for bigger and better ways to support rising demand for both greater quantity and quality of sustainable loans is growing.

Of course, there is still a long way to go. But we hope this report – and the previous editions – will provide invaluable insights to help form the market discussions that need to take place as the sustainable loan market continues to grow. ■

The data presented in the Sustainable Loans Insight 2026 is taken from *Environmental Finance Data*. Sustainable loans are manually researched and added to the database daily by a team of analysts. For the time period covered in the report, *Environmental Finance Data* reconciled loan data with 20 leading international banks to enhance market coverage. This data is used as the basis for the charts, graphs and league tables contained within this publication.

The *Environmental Finance* sustainable loan league table is intended to reflect banks' activity in the international sustainable loan market in terms of number of deals across green, social, sustainability and sustainability-linked loans where banks have acted as sustainability coordinator and bookrunner.

Methodological notes:

League tables:

- The base for the data used for league tables and charts covers loans signed from start of H2 2025 (01/07/25) to close of H1 2026 (30/06/2026).
- The league table emphasises transparency as part of efforts to address concerns surrounding greenwashing. As such, only publicly disclosed deals are included in the league tables.
- For a loan to be factored into the league table, the value, date, and label must be disclosed as a minimum.
- Multi-tranche loans will be considered a single deal in the deal count, but the total value of all tranches is included.
- The league table is divided into two parts – a sustainability coordinator league table ranked by number of deals they participated as sustainability coordinators and a bookrunner league table listing the number of deals in which each bank

was involved as bookrunners.

- The deal value listed on league tables is the full value of the deal, not prorated to the number of sustainability coordinators or bookrunners. Where lenders are involved in an equal amount of deals the position in the table is determined by the total value of the deals they were involved in.
- Bilateral deals and those of development bank and supranational organisations are included.
- All self-labelled loans are included, however compliance with standards e.g. the LMA's Green Loan Principles, Social Loan Principles and Sustainability-Linked Loan Principles were beneficial for validating the loan.
- Parent, subsidiary banks and branches of banks will be treated as a single entity in the league table.
- The league table considers the sum obtained by the borrower as the value of the deal. Loans provided in a currency other than US dollars are calculated from the dollar equivalent at the exchange rate on the last day of closing converted using online conversion tool OANDA.
- Loans will be allocated in the league table regardless of subsequent events related to the transaction (e.g. refinancing, retirements or further syndication of the loan).
- Sustainability coordinator designation includes other similar roles such as: green agent, ESG advisor, sustainable agent, green loan coordinator.

Chart data:

- Country and region data is based on the borrower headquarters and not necessarily the country/countries of projects funded by the loan.
- Sector data relates to the primary activities of the borrower, the borrower can be active in multiple sectors.

Methodology

- KPI categories for sustainability-linked loans are an in-house categorisation created by Environmental Finance Data. KPIs can be issuer-specific and the categorisations are designed to show broad alignment to a type of KPI.
- The following exclusions apply:
 - The League table is not an indicator of service quality and professionalism.
 - Transactions with a maturity of less than three months are not considered.
 - 'Sleeping' sustainability-linked loans will not be considered; only upon conversion to SLL format will these factor into the league table.
 - Cancelled or withdrawn transactions that are not signed prior to the deal's cancellation or withdrawal will not be considered.
 - Schuldschein products will not be treated as loans for the purposes of the league table.

Acronyms and abbreviations:

SLL:	Sustainability-linked loan
EMEA:	Europe, Middle East, Africa
APAC:	Asia Pacific
Americas:	North America, South America, Central America and Caribbean
KPI:	Key Performance Indicator – used to judge the progress on sustainability-linked finance products
GSSS:	Green, social, sustainability, sustainability-linked
ICMA:	International Capital Market Association
LMA:	Loan Market Association
Q:	Quarter – a 3-month period
H:	Half year – a 6 month period

A quarterly analysis of loan transactions during the period of H2 2025 to H1 2026 show that overall loan amounts peaked during Q4 2025 with over \$201 billion borrowed. In H1 2026, sustainability-linked loans (SLLs) were the dominant label in terms of dollars borrowed, with \$37 billion more borrowed through SLLs than green loans. However, in H2 2025, green loans were dominant, with \$35 billion more borrowed in green loans, compared to SLLs.

There are several factors that can explain this, including several large ticket green loans borrowed by renewable energy developers and data centres in H2 2025.

There was a slow start to 2026, with sustainable loans dropping to \$131 billion in Q1 2026, a 35% contraction on Q4 2025. This was driven by a 43% contraction in green loan borrowing from Q4 2025. SLLs saw a smaller, but still significant contraction of 26% in Q1 2026, compared to Q4 2025.

Q4 2025 was the strongest quarter for SLLs, borrowing \$18 billion more than in Q3 2025 – the second strongest quarter for SLLs. Conversely, Q3 2025 was slightly stronger than Q4 2025 for green loan issuance, with \$1 billion more borrowed.

Issuance patterns continue to reflect a combination of macroeconomic and market-specific pressures, including elevated interest rates, credibility concerns, a trend towards greenhushing in some sectors, and persistent anti-ESG sentiment in the US.

These risks affect both borrower appetite and lender execution. Higher base rates reduce the relative value of small sustainability-linked margin benefits, while greater scrutiny of sustainability claims increases the legal, reputational and disclosure burden associated with labelled debt.

For example, borrowers may be less willing to include SLL targets if missed KPIs could attract negative market attention, while lenders may apply more rigorous due diligence before classifying a facility as sustainable.

Sustainable loans quarterly issuance – label by value



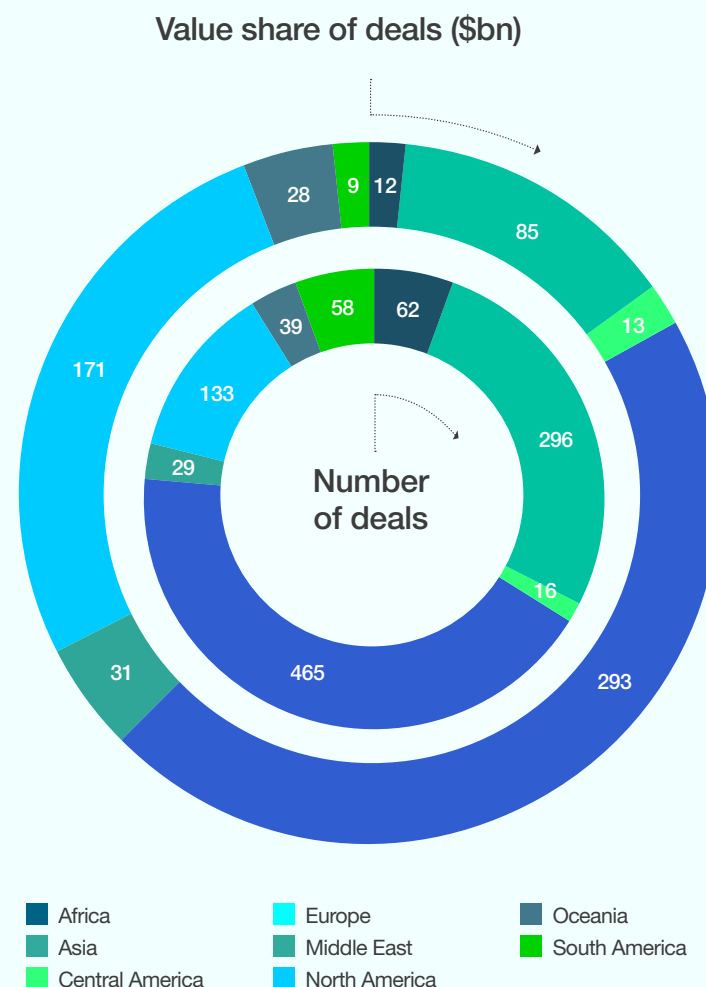
Europe was the largest region for sustainable loans by both deal count and value. Between H2 2025 and H1 2026, borrowers headquartered in Europe raised more than \$293 billion across 465 loans, accounting for 45.7% of global sustainable loan issuance by value.

North America ranked second by value, with \$171 billion of sustainable loan issuance, equivalent to 26.7% of the global total. However, the region recorded only 133 loans, resulting in a materially higher average loan size of \$1.29 billion, compared with \$629 million in Europe. Several high-value sustainable loans issued in H1 2026 were linked to data centre operators and renewable energy developers, including a EUR7.5 billion (\$8.7 billion) SLL from Aligned Data Centres and multiple green loans from QTS Data Centres, while IPX Power, Cypress Creek Renewables and Atlas all signed multibillion dollar green loans for solar projects.

Asia recorded a higher number of transactions than North America, with 296 loans issued over the same period. However, deal sizes were considerably smaller, averaging \$287 million and generating total issuance of \$85 billion between H2 2025 and H1 2026.

Methodology: Regions are based on where the borrower of the loan is headquartered.

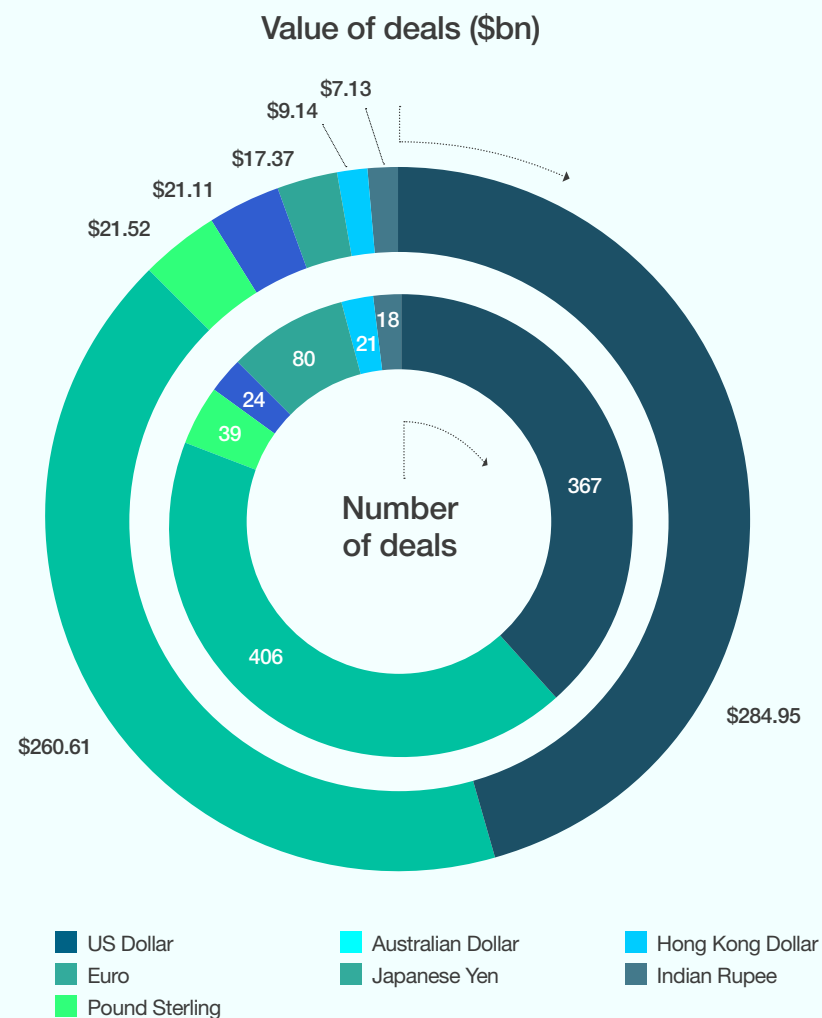
Sustainable loans regional breakdown – number and value of deals



The sustainable loan market remains heavily concentrated in EUR and USD. Together, these currencies accounted for 88% of issuance by value and 81% of deal count. EUR-denominated loans represented 43% of transactions, compared with 38% for USD-denominated loans, although aggregate issuance value was higher in USD. The prevalence of USD reflects its role as the primary currency for international financing, particularly outside Europe, where it remains the default issuance currency across most regions.

Currency	Value (\$bn)	Market share	Number of deals
USD	284.95	43.36%	367
EUR	260.61	39.66%	406
GBP	21.52	3.27%	39
AUD	21.11	3.21%	24
JPY	17.37	2.64%	80
HKD	9.14	1.39%	21
INR	7.13	1.08%	18
ZAR	5.56	0.85%	30
SGD	5.53	0.84%	21
TWD	3.94	0.60%	3
NZD	2.94	0.45%	10
AED	2.21	0.34%	6
MYR	2.14	0.33%	8
THB	1.84	0.28%	9
SAR	1.73	0.26%	1
CAD	1.50	0.23%	4
CNY	1.20	0.18%	7
SEK	1.09	0.17%	5
COP	0.90	0.14%	1
MXN	0.76	0.12%	3
PLN	0.64	0.10%	2
DKK	0.62	0.09%	1
BRL	0.59	0.09%	17
CNH	0.59	0.09%	2
IDR	0.54	0.08%	2
KRW	0.35	0.05%	2
PHP	0.17	0.03%	5
NOK	0.16	0.02%	1
KES	0.12	0.02%	1
KWD	0.08	0.01%	1
CLP	0.06	0.01%	1
ARS	0.03	0.00%	1
BDT	0.02	0.00%	1
NAD	0.02	0.00%	1
Grand Total	100.00%	100	1101

Sustainable loans currency – number and value of deals



‘We are not creating a new label’

The loan market is encouraged to innovate with financing using “streamlined” pure play company guidance, but a dedicated label is not envisaged. Ahren Lester reports

New guidance on ‘pure play’ company (PPC) loan market practice aims to support the identification of such borrowers without having to resort to labelled loan structures.

The comments follow the publication of the ‘Practice Note for the Assessment of Pure Play Companies’ by the Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA) and Loan Syndications and Trading Association (LSTA) in July.

The guidance is designed to help lenders identify ‘pure play’ corporate borrowers, which it says are focused at least 90% by revenue or assets on green or social activities.

It was restricted to five pages, following the realisation that it either needed to be short or an “encyclopaedia”.

LMA sustainability head Gemma Lawrence-Pardew – one of the coordinators of the guidance – tells *Environmental Finance* that one of the “probably one of the most impactful pieces” of the note was the two-thirds of a page introduction which provides a broad overview of how the market is using PPC designation.

“This was one of the questions that we kept coming back to: Once you get this ‘pure play’ company definition, what do you do with it?”

LMA senior sustainability advisor Sukhvir Basran agrees the introduction was a really important element, as it emphasised how PPCs were already starting to be treated in the market as a “distinct economic exposure” through a “wide variety” of sustainable loan structures at entity, project and activity level.

“The introduction explores how PPCs are being used internally: how they are being used to address risk and the fact



Gemma Lawrence-Pardew, Loan Market Association

that they are being assessed almost as a separate asset class,” Basran says. “That was really interesting, as it demonstrates how extensively and how important this was becoming.”

Lawrence-Pardew says this was the “biggest message” to be drawn from the guidance.

No new label

It also provides the clearest messaging around another core point emphasised by the practice note: this is not intended to

“This was one of the questions that we kept coming back to: Once you get this ‘pure play’ company definition, what do you do with it?”

Gemma Lawrence-Pardew

create a new green or social ‘pure play’ loan label alongside the existing green, social, transition and sustainability-linked loan labels.

“Instead, [the practice note] looks to build on the existing varied methodologies and frameworks used for identifying PPCs and provide a credible benchmark for the analysis of PPCs in the context of sustainable finance structures,” Basran says. “The aim is to support market participants to develop a credible, scalable market for PPC-related sustainable finance.”

Nonetheless, Lawrence-Pardew emphasises there is very much a “clear thread that ties all our [sustainable loan principles and guidance] work together.” Indeed, the high-level elements of the eligibility criteria for PPCs will be familiar to readers of the Green Loan Principles (GLP).

However, this also created a “challenge” for the drafting of the practice note.

“In our opening statement we were very clear: We were not creating a new label,” she says. “But a lot of the comments after this then implied we were. So, we had to find that balance between the level of detail we should go into in this market practice note so

that did not, as an indirect consequence, create a label.”

Basran says this “slight contradiction” that emerged meant the drafters had to be a “little bit stricter” in making sure it is clear this is not intended as a dedicated sustainable loan label, even though there are already some cases in the market.

Labelled aligned

Inevitably, the topic of sustainable loan labelling is prominently discussed around the PPC topic in the practice note.

Indeed, one of the five pages of the guide is dedicated to questions and answers predominantly focused on how the PPC designation can interact – or not – with existing green, social, and sustainability-linked loan labels.

The intention is also not to create a hard-and-fast rule between labelled sustainable loans and PPC-related financing. Indeed, the process and criteria related to PPC designation can play a role in strengthening the ability of companies and lenders to also explore labelled transactions.

“When assessing whether a company is a PPC, it is likely that those familiar with sustainable loan labels can readily identify ways to streamline the structuring of financings as labelled loans,” Basran says.

“The aim is not to create an additional layer of requirements [for PPCs to access labelled sustainable loans], but to identify how a PPC can access sustainable finance more efficiently.”

The labelling question also introduced some additional insights about how lenders and investors are using PPC assessments. Basran says most of the label-related questions focused on green loans and PPCs. But, more surprisingly, she noted that they also asked about how PPC assessments can be used in sustainability-linked loans (SLLs).

“For example, if a company has reached the 90% [pure play] threshold and the other 10% is transitioning, you can have transition-related SLL key performance indicators (KPIs) linked to that 10%,” Basran says.

This is why the practice note extended its discussion of loan labelling to include performance-based SLLs as well as the use-of-proceeds green and social loan labels.

Basran reiterates that the SLL surprise highlights that “we do not quite know exactly how this assessment is being used across



Sukhvir Basran, Loan Market Association

the market” currently, but that such PPC assessments are being undertaken and embedded into transactions and portfolios.

“[Pure plays] are being assessed almost as a separate asset class”
Sukhvir Basran

Stimulate, not stifle

Instead, they say the guide is intended to “streamline the language” the market is using when describing PPCs in various lending activities at a point where some market participants are already using such designations and others are potentially looking to do so.

“This is the most sensible starting point to be able to allow those who are not familiar with it to get their head around it,”

Basran says. “And those who are familiar with it will continue to use it in the different contexts that they already are.”

Over the next year, the trade associations will watch how the guidance is used.

“This will be to see whether the market continues to view ‘pure play’ through a broad lens, or whether the use cases start to become more streamlined and more entrenched,” Lawrence-Pardew says.

If the market does start to use the PPC designation in a more specific way within loan transactions, she adds that they may then look to do a “mapping exercise” of the criteria of the PPC guidance to the existing sustainable loan principles to demonstrate more directly how they can interact with one another.

“One of the reasons we did not pursue a mapping exercise this time is the loan market is very good at innovation,” she says. “And the second you put out something that is too prescriptive, there is a tendency to stifle innovation.”

“So, it is trying to balance where we can usefully create credibility and integrity of guardrails versus where we would stifle market practice. This is why we are focused here on setting the baseline, and we will see how it is used.”

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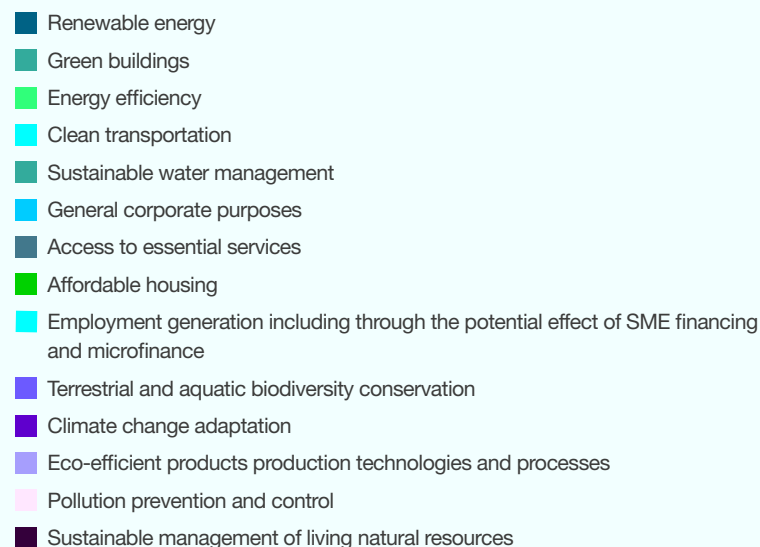
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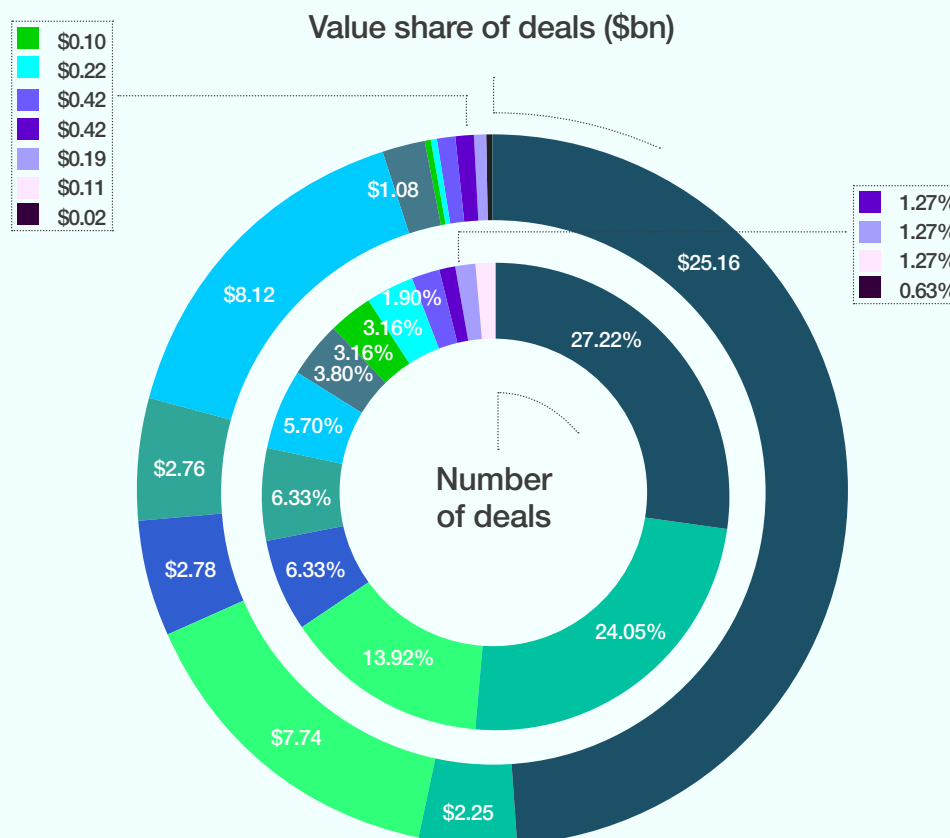
Renewable energy remained the dominant use of proceeds for sustainable loan financing, accounting for around half of total issuance value despite representing only a quarter of deals.

Green buildings ranked second by deal count for the second consecutive year but accounted for just 4% of issuance value and therefore sat outside the top five use-of-proceeds categories by value. This suggests that real estate borrowers are continuing to prioritise sustainable design and energy efficiency, potentially with greater emphasis on retrofitting and adaptation rather than new-build development.

The dataset also indicates that project-based sustainable financing remains concentrated in a limited number of established use-of-proceeds categories. Niche areas, including nature-related and social proceeds, continue to represent a relatively small share of large-scale lending activity.



Use of proceeds breakdown of sustainable loans – number and value of deals



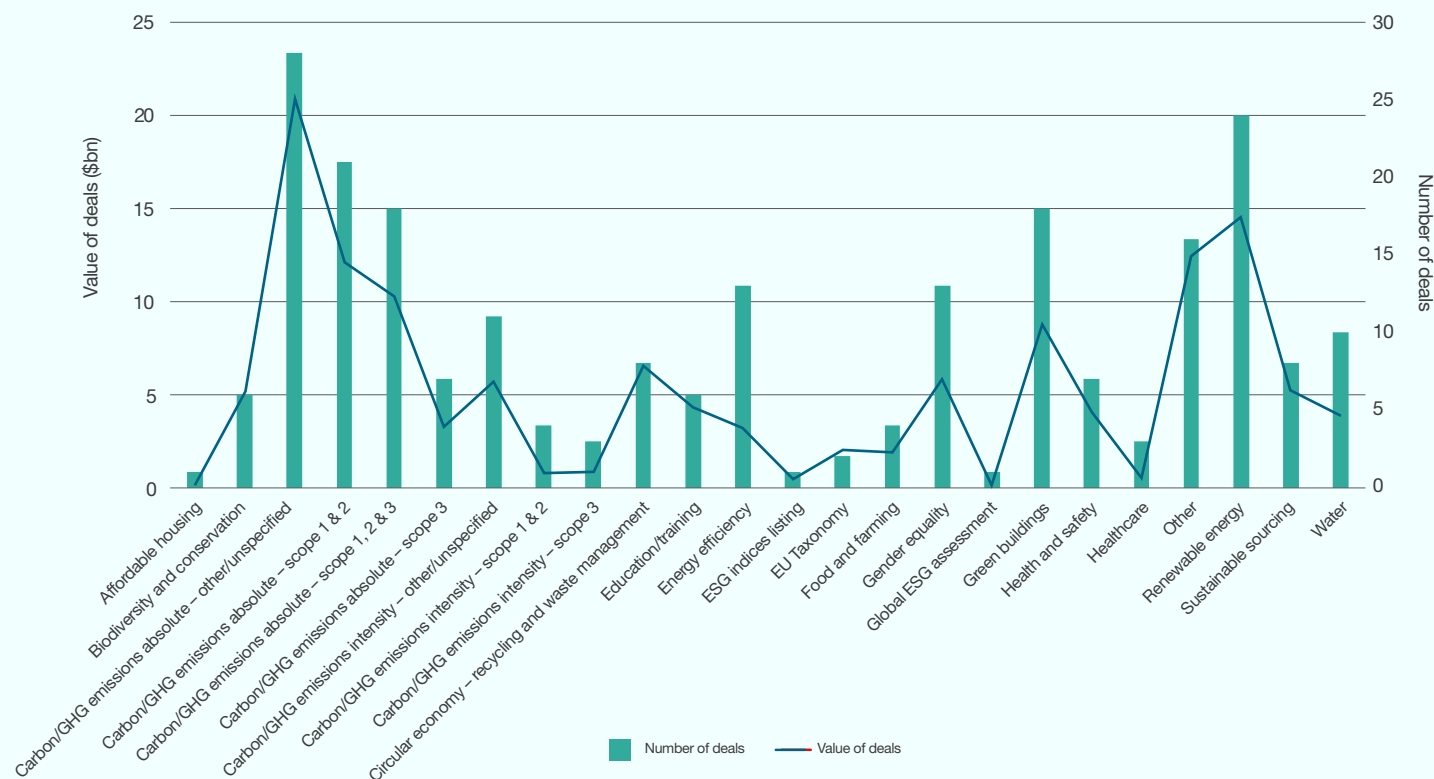
Globally, the most common KPI categories were linked to reductions in carbon and greenhouse gas emissions, covering both absolute and intensity-based metrics. These KPIs appeared in 39% of deals, representing 41% (\$55 billion) of all KPI-labelled SLL issuance. The most frequently used individual KPI was “Carbon/GHG emissions absolute – other/unspecified”.

The continued dominance of carbon and GHG emissions KPIs is consistent with prior years. These indicators are typically measurable, comparable and directly linked to predefined sustainability targets, making them well suited to margin-adjustment mechanisms. They also provide lenders with a clearer basis for assessing sustainability performance and pricing transition-related risk.

The main risk for SLLs is therefore not the use of KPIs itself, but whether those KPIs are sufficiently material, ambitious and verifiable. Weak structures can create greenwashing risk where targets are either too easy to achieve, not linked to the borrower’s core business model, or measured against unclear baselines. For example, an emissions KPI may be less credible if it excludes material Scope 3 emissions for a high-emitting borrower, while a diversity KPI may be less robust if it tracks only group-level representation without addressing senior management or business-unit outcomes.

Increasingly stringent reporting requirements are reinforcing demand for instruments that generate reliable, decision-useful sustainability

Sustainable loans KPI category - number and value



data for investors, lenders and regulators.

There is also an execution risk where reporting systems are not mature enough to support the selected KPIs. Borrowers that rely on manual data collection, inconsistent boundary definitions or unaudited operational data may struggle to provide lenders with reliable evidence at each testing date. In

practice, this can delay margin adjustments, increase assurance costs, or require amendments to the facility if the original KPI methodology proves difficult to apply.

Beyond emissions-based KPIs, green indicators such as renewable energy, green buildings and energy efficiency also remained prominent. This supports the

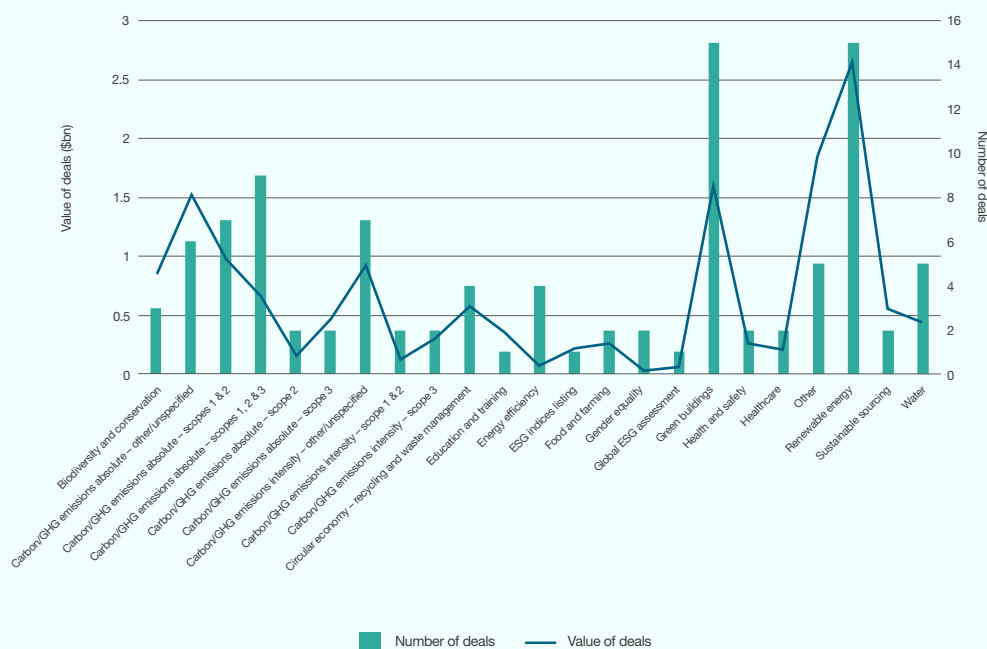
broader observation that borrowers favour KPI structures tied to metrics that are both operationally relevant and readily reportable. Social KPIs are mostly found under the ‘gender equality’ label, although there are a few deals based around education/training and health.

In APAC, deal activity was heavily weighted towards green buildings and renewable energy KPIs. This suggests a regional focus on financing energy innovation, energy security and the development or retrofit of energy-efficient buildings.

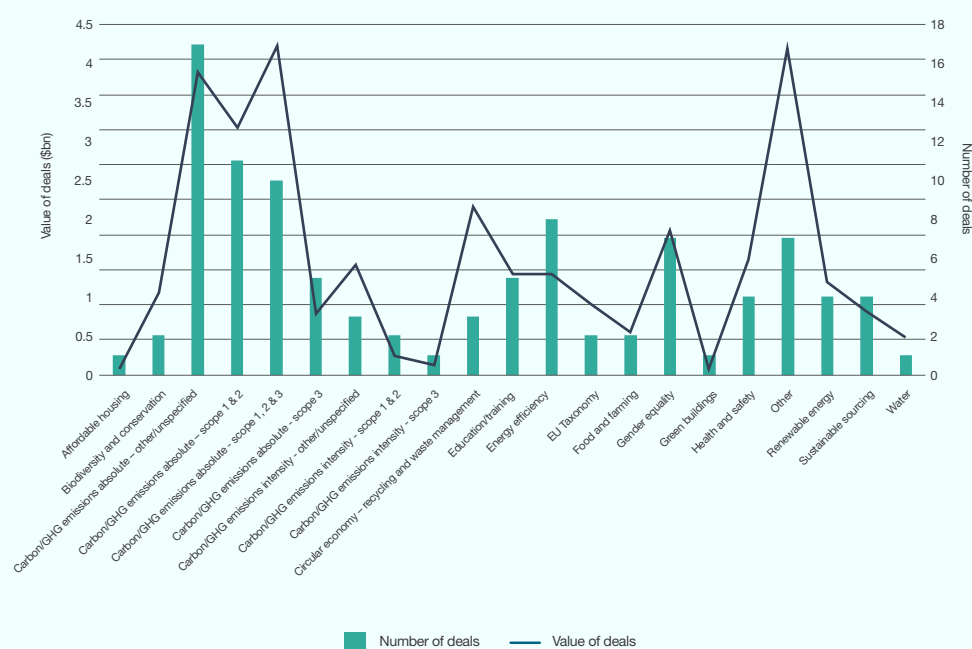
As economies in the region continue to diversify and urbanise, demand for sustainable commercial infrastructure is likely to increase. More extreme and less predictable weather patterns may also strengthen demand for climate-resilient construction and energy projects.

European KPI trends closely mirror the global dataset, partly because European KPI-labelled SLL issuance represents a substantial share of overall activity. Stronger regulatory expectations paired with established reporting frameworks and a borrower base familiar with emissions disclosure appear to support continued use of carbon and GHG reduction KPIs.

Sustainable loans KPI category (APAC) – number and value



Sustainable loans KPI category (Europe) – number and value



Global largest sustainable loans – value

Borrower	Labels	Loan value (bn)	Currency	Dollar value (bn)	Loan date	Country	Borrower sector
Aligned Data Centers	Sustainability-Linked Loan	7.55	EUR	8.71	26/11/2025	United States	Data Centre
L'Oréal	Sustainability-Linked Loan	7.00	EUR	8.13	02/12/2025	France	Manufacturing
Amprion	Green Loan	6.50	EUR	7.40	29/06/2026	Germany	Utilities
QTS Data Centers	Green Loan	6.81	USD	6.81	25/06/2026	United States	Data Centre
April International Enterprise	Sustainability-Linked Loan	6.60	USD	6.60	14/01/2026	Singapore	Paper and packaging
Sizewell C	Green Loan	5.00	GBP	6.57	04/11/2025	United Kingdom	-
Welltower	Sustainability-Linked Loan	6.25	USD	6.25	10/03/2026	United States	Real Estate - REIT
SGMW Multifinance ID	Green Loan	550.00	INR	6.24	31/08/2025	Indonesia	Financial
Eurogrid	Green Loan	5.25	EUR	6.20	24/02/2026	Germany	Utilities
PIF Round 6 Solar PV IPPs	Green Loan	6.00	USD	6.00	01/12/2025	Saudi Arabia	Energy – renewable

Two of the four largest loans – from Aligned Data Centers and QTS Data Centers – recorded up to H2 2026 were issued by data centre companies, highlighting the sector's growing importance within sustainable loan markets. The trend reflects rapid expansion in digital infrastructure, supported by rising compute demand, advances in chip technology and accelerated investment linked to generative AI.

Data centre financing is likely to remain prominent in league tables. The sector faces a substantial capital expenditure cycle, and loan markets can play a central role in bridging funding needs for both established developers and new entrants.

In H2 2025, L'Oréal signed the second largest sustainability-linked financing from a manufacturing-sector borrower with its €7 billion (\$8.1 billion) sustainability-linked credit facility. The facility is the only SLL from the manufacturing sector and reinforces L'Oréal's position as a pioneer of sustainable finance in the manufacturing sector along with its €1.25 billion sustainability-linked bond issued in March 2022.

The top largest bonds are also heavily weighted toward renewable or clean energy generation and transmission, with large generation projects such as the UK's nuclear power station Sizewell C and Saudi Arabia's Round 6 of its National Renewable Energy Program, featuring alongside European utilities firms Amprion and Eurogrid. The large-scale renewable energy projects these firms undertake require the funding flexibility afforded by these multi-billion dollar sustainable credit facilities.

Largest sustainable loans – regional

Half of the top 10 North American loans, including four of the five largest by deal size, were earmarked for data centre funding. Such concentration can create a regional risk consideration. A high share of large loans linked to one sector can make issuance volumes more sensitive to changes in technology demand, power-market constraints or regulatory intervention.

In Latin America, large SLLs were more common than green loans and were concentrated primarily in Mexico. Borrowers came from a broad range of sectors, with six industries represented, indicating a diversified and evolving sustainable loan market.

The top 10 European loans were large; all over \$4 billion. They also came from a multitude of borrower sectors and different countries.

Unlike previous years, the top 10 Asian loans were not dominated by sustainability-linked bonds. This may indicate greater lender confidence in the regional loan market and a broader willingness to finance sustainable activities through conventional loan structures.

By contrast, Africa's largest loans remained dominated by sustainability-linked structures. This suggests that lenders may continue to prefer instruments with measurable performance targets in markets perceived as less mature or less stable.

North America

Borrower	Labels	Loan value (bn)	Currency	Dollar value (bn)	Loan date	Country	Borrower sector
Aligned Data Centers	Sustainability-Linked Loan	7.55	EUR	8.71	26/11/2025	United States	Data Centre
QTS Data Centers	Green Loan	6.81	USD	6.81	25/06/2026	United States	Data Centre
Welltower	Sustainability-Linked Loan	6.25	USD	6.25	10/03/2026	United States	Real Estate - REIT
Compass Datacenters	Sustainability-Linked Loan	6.00	USD	6.00	19/09/2025	United States	Data Centre
QTS Data Centers	Green Loan	5.38	USD	5.38	02/10/2025	United States	Data Centre
Red Chiles	Green Loan	4.64	USD	4.64	12/11/2025	United States	Financial
Red Chiles	Green Loan	4.50	USD	4.50	12/11/2025	United States	Financial
Red Chiles	Green Loan	4.44	USD	4.44	12/11/2025	United States	Financial
Red Chiles	Green Loan	4.42	USD	4.42	12/11/2025	United States	Financial
CyrusOne	Sustainability-Linked Loan	4.20	USD	4.20	21/01/2026	United States	Data Centre

Europe

Borrower	Labels	Loan value (bn)	Currency	Dollar value (bn)	Loan date	Country	Borrower sector
L'Oréal	Sustainability-Linked Loan	7.00	EUR	8.13	02/12/2025	France	Manufacturing
Amprion	Green Loan	6.50	EUR	7.40	29/06/2026	Germany	Utilities
Sizewell C	Green Loan	5.00	GBP	6.57	04/11/2025	United Kingdom	Energy - nuclear
Eurogrid	Green Loan	5.25	EUR	6.20	24/02/2026	Germany	Utilities
Snam S.p.A	Sustainability-Linked Loan	5.10	EUR	5.96	30/04/2026	Italy	Utilities
East Anglia Three	Green Loan	4.14	EUR	4.87	24/07/2025	United Kingdom	Energy – renewable
Iberdrola	Green Loan	4.10	EUR	4.79	15/07/2025	Spain	Energy; Utilities
Sanofi	Sustainability-Linked Loan	3.85	EUR	4.52	23/04/2026	France	Pharmaceuticals
EQT Group	Sustainability-Linked Loan	4.40	USD	4.40	16/06/2026	Sweden	Financial
United Utilities Group	Green Loan	3.09	GBP	4.16	21/08/2025	United Kingdom	Utilities

Asia

Borrower	Labels	Loan amount (bn)	Currency	Dollar amount (bn)	Loan date	Country	Borrower sector
April International Enterprise	Sustainability-Linked Loan	6.6	USD	6.6	14/01/2026	Singapore	Paper and packaging
SGMW Multifinance ID	Green Loan	550	INR	6.24	31/08/2025	Indonesia	Financial
MTR Corporation Limited	Green Loan	30	HKD	3.86	23/09/2025	Hong Kong	Public transportation;Real Estate - development and management
Trafigura Group	Sustainability-Linked Loan	3.4	USD	3.4	08/10/2025	Singapore	Logistics - warehousing;Logistics – shipping and maritime;Other
Nagoya Expressway	Social Loan	2	EUR	2.3	19/03/2026	Japan	Public transportation
Formosa 2 Taiwan	Green Loan	1.9	USD	1.9	03/02/2026	Taiwan	Energy – renewable: wind
DayOne Data Centers	Green Loan	7.5	MYR	1.77	03/07/2025	Singapore	Data Centre
DayOne Data Centers	Green Loan	1.7	USD	1.7	03/07/2025	Singapore	Data Centre
VPBank	Sustainability-Linked Loan	1.44	USD	1.44	30/06/2026	Viet nam	Financial
Gunvor Singapore	Sustainability-Linked Loan	1.37	USD	1.37	12/06/2026	Singapore	Logistics – shipping and maritime;Oil and Gas

Latin America

Borrower	Labels	Loan value (bn)	Currency	Dollar value (bn)	Loan date	Country	Borrower sector
Cemex	Sustainability-Linked Loan	3.00	USD	3.00	29/05/2026	Mexico	Real Estate – construction and construction materials
America Movil	Sustainability-Linked Loan	3.00	USD	3.00	16/12/2025	Mexico	Telecommunications
Grupo Bimbo	Sustainability-Linked Loan	2.35	USD	2.35	01/08/2025	Mexico	Food/beverage
Ternium	Green Loan	1.25	USD	1.25	23/07/2025	Mexico	Mining/metals
Odata	Green Loan	1.02	USD	1.02	08/09/2025	Brazil	Data Centre
Project Buenaventura-Loboguerrero-Buga	Green Loan	3,660.00	COP	0.90	08/08/2025	Colombia	Real Estate
Grupo Coppel	Sustainability-Linked Loan	0.88	USD	0.88	06/10/2025	Mexico	Retail
NEXT Properties	Sustainability-Linked Loan	0.70	USD	0.70	21/05/2026	Mexico	Real Estate - REIT
Fibra Uno	Sustainability-Linked Loan	11.50	MXN	0.66	20/05/2026	Mexico	Real Estate
Codelco	Green Loan	0.60	USD	0.60	31/12/2025	Chile	Mining/metals

Africa

Borrower	Labels	Loan value (bn)	Currency	Dollar value (bn)	Loan date	Country	Borrower sector
Standard Bank Group	Sustainability-Linked Loan	0.80	USD	0.80	16/04/2026	South Africa	Financial
Sappi Group	Sustainability-Linked Loan	0.55	EUR	0.65	26/01/2026	South Africa	Paper and packaging
OCP Group	Green Loan	0.53	EUR	0.63	02/02/2026	Morocco	Chemicals
Mediclinic	Sustainability-Linked Loan	9.00	ZAR	0.52	29/09/2025	South Africa	Healthcare
SOLA Group	Green Loan	8.36	ZAR	0.52	26/01/2026	South Africa	Energy
Côte d'Ivoire	Sustainability Loan	0.43	EUR	0.51	02/09/2025	Cote D'Ivoire	-
Harmony Gold Mining Company	Sustainability-Linked Loan	0.50	USD	0.50	19/06/2026	South Africa	Mining/metals
Standard Bank Group	Sustainability-Linked Loan	0.50	USD	0.50	09/07/2025	South Africa	Financial
Anthem HoldCo	Green Loan	8.50	ZAR	0.50	10/12/2025	South Africa	Energy
Globeleq and African Rainbow Energy JV	Green Loan	6.56	ZAR	0.37	01/07/2025	South Africa	Energy - renewable: other

Oceania

Borrower	Labels	Loan value (bn)	Currency	Dollar value (bn)	Loan date	Country	Borrower sector
AirTrunk	Green Loan	5.60	AUD	3.63	25/08/2025	Australia	Telecommunications
AirTrunk	Green Loan	2.33	USD	2.33	16/04/2026	Australia	Telecommunications
Stack Infrastructure Australia	Green Loan	2.96	AUD	2.10	01/03/2026	Australia	Telecommunications
Scape Core Fund Finance Co Pty	Sustainability-Linked Loan	2.80	AUD	1.86	09/12/2025	Australia	Real Estate - development and management
AirTrunk	Green Loan	2.25	SGD	1.75	18/08/2025	Australia	Telecommunications
Intellihub Group	Green Loan	2.55	AUD	1.67	01/09/2025	Australia	Utilities
Bluecurrent Australia & New Zealand	Green Loan	2.50	NZD	1.46	22/09/2025	New Zealand	Utilities
Retirement Living Core Fund	Sustainability-Linked Loan	2.00	AUD	1.42	20/05/2026	Australia	Real Estate - REIT
Brambles	Sustainability-Linked Loan	1.35	USD	1.35	08/04/2026	Australia	Logistics - warehousing
Endeavour Energy	Sustainability-Linked Loan	2.07	AUD	1.35	04/09/2025	Australia	Energy – renewable: solar;Utilities

Middle East

Borrower	Labels	Loan amount (bn)	Currency	Dollar amount (bn)	Loan date	Country	Borrower sector
PIF Round 6 Solar PV IPPs	Green Loan	6	USD	6	01/12/2025	Saudi Arabia	Energy – renewable: solar
Public Investment Fund	Green Loan	4.5	USD	4.5	25/10/2025	Saudi Arabia	Government – national
Solar 24 Seven 2 LLC SPC	Green Loan	3.03	USD	3.03	28/01/2026	United Arab Emirates	Energy – renewable: solar
ADNOC	Green Loan	2	USD	2	19/12/2025	United Arab Emirates	Logistics – shipping and maritime;Oil and Gas
Emirates NBD	Sustainability-Linked Loan	1.75	USD	1.75	31/03/2026	United Arab Emirates	Financial
The Red Sea Coastal 3 Company	Green Loan	6.5	SAR	1.73	30/10/2025	Saudi Arabia	Tourism and hospitality
Aldar Properties PJSC	Sustainability-Linked Loan	5	AED	1.36	16/04/2026	United Arab Emirates	Real Estate - development and management
Al Rajhi Bank	Sustainability Loan	1.16	USD	1.16	20/10/2025	Saudi Arabia	Financial
Humaj One Renewable Energy Co	Green Loan	1.14	USD	1.14	27/10/2025	Saudi Arabia	Energy - renewable: other;Energy – renewable: solar;Energy – renewable: wind
Bisha One Renewable Energy	Green Loan	1.14	USD	1.14	27/10/2025	Saudi Arabia	Energy – renewable: solar

Sustainable loans face a reset as digital infrastructure and transition finance take hold

After a decline in sustainable loan volumes compared with last year, the market has entered a softer phase in 2026. But **Moody's Ratings** sees fresh momentum in Asia, amid substantial energy transition investments, resilience building and digital infrastructure

Environmental Finance: Sustainable loan volumes declined in 2025. What are you seeing in 2026?

Matt Kuchtyak: The sustainable loan market started 2026 on a softer footing, following a record year in 2024 and an approximately 18% decline in full-year volumes in 2025.

Environmental Finance Data put global sustainable loan volumes at around \$235 billion in the first half of 2026, substantially below the corresponding period last year.

The main drag has been the sustainability-linked loan (SLL) segment, historically the largest component of the sustainable loan market. As SLL volumes have fallen, so too has the overall labelled loan market.

There are several reasons for this. Borrowers are increasingly weighing the economic and reputational benefits of an SLL against the time and resources required to structure a credible instrument. At the same time, lenders and other market participants are applying greater scrutiny to the quality, ambition and credibility of key performance indicators (KPIs) and their associated sustainability performance targets (SPTs).

That does not necessarily mean that borrowers are stepping back from sustainability investment. Sustainable projects and assets continue to attract substantial financing through a wide range of capital markets instruments. Renewable energy, digital infrastructure and data-centre development are all attracting significant investment, for example, while private credit is increasingly being used to finance these types of projects.

In other words, the labelled loan market is only one part of a much broader sustainable financing ecosystem.



Matt Kuchtyak

Despite recent softness, we continue to see many issuers bringing sustainable finance frameworks to market that allow them to issue both labelled bonds and loans. This suggests that volumes in both segments will remain steady moving forward.

The longer-term outlook therefore looks more constructive than the recent headline numbers might suggest. The financing requirements associated with the energy transition, infrastructure development and climate adaptation remain enormous, and loans are likely to remain an important part of the capital structure used to meet them.

EF: How are regional markets developing?

Amaya London: Europe remains the most mature sustainable finance market overall and continues to set the pace for labelled volumes. Regulation is an important part of that picture. More than 18 months after the EU Green Bond Standard Regulation came into force, explicit references to European Taxonomy technical requirements are increasingly appearing in new and updated sustainable finance frameworks.

Those references are no longer confined to the EU Taxonomy's climate mitigation objective, with adaptation and circular economy objectives also becoming more prominent.

However, Europe does not have quite the same dominant position in sustainable loans that it has in the sustainable bond market. North America has been a close second in the sustainable loan market in recent years, primarily reflecting volumes from US corporates and their use of sustainability-linked facilities and green loans.

MK: Companies in the US, however, are reassessing the need for sustainability-linked loans against a backdrop of a more cautious approach to labelled sustainable finance. While the

decline is less dramatic than that seen in the US sustainable bond market, the recent direction has been clear.

Maisam Hasnain: Asia, by contrast, is emerging as an increasingly important growth story.

In the first half of 2026, Asia accounted for approximately 25% of global sustainable loan volumes, up from roughly 15% in the first half of the previous year. That represents a record share, although part of the increase reflects the more substantial declines seen in other regions.

Underlying this growth is a fundamental financing story. Asian economies face enormous investment requirements in energy systems, transport networks, decarbonisation and digital infrastructure, including data centres. Many countries are simultaneously trying to support economic development, improve energy security and reduce emissions.

That combination creates substantial long-term demand for sustainable finance.

EF: What are the important developments in sustainable loans in Asia today?

MH: One of the biggest developments is the growing importance of transition finance.

Several Asian taxonomies and market frameworks are moving beyond traditional definitions of green activity to recognise credible transition pathways for emissions-intensive sectors. Developments across Australia, ASEAN, Hong Kong and other Asian markets, alongside transition loan guidance from the Loan Market Association, the Asia Pacific Loan Market Association and the Loan Syndications & Trading Association, are helping to provide greater clarity and consistency.

Energy security is adding another dimension. Geopolitical developments have reinforced the focus on investment in renewable energy, electricity grids and energy storage, creating opportunities where decarbonisation and energy security objectives overlap.

EF: Has the transition finance label finally arrived?

MH: The answer is: partially, but not yet at scale.

There has been significant progress in transition guidelines



Maisam Hasnain

and loan frameworks, including instruments designed to finance activities that are emissions-intensive today but can demonstrate a credible decarbonisation pathway.

The opportunity is particularly significant across hard-to-abate sectors. However, adoption is likely to remain gradual because market participants still have varying expectations regarding what constitutes a credible transition activity.

EF: What could unlock the potential for the transition loan market?

MK: It is early days and there is a bit of “first mover” caution playing out on the public bonds side.

There may be a particular opportunity for loans because of their private nature, however. Banks have increasingly ambitious lending targets for sustainable and transition activities. Where a transaction involves only one or a small

number of lenders, it may be easier to test a new transition structure before it becomes a widely used public-market instrument.

Growth will also depend on the development of market infrastructure, taxonomies, regulatory expectations and lender confidence.

The experience of Asia illustrates how early movers can establish precedents, with Japan already a particularly active market. Other countries may follow as their own taxonomies and transition frameworks develop.

Canada is another market to watch. Its taxonomy work is expected to include transition activities, and this could be particularly relevant given the structure of the Canadian economy. Market participants are still waiting to see how the Canadian taxonomy develops and what expectations market participants ultimately establish.

EF: More generally, what are you seeing in terms of loan instrument quality from your second-party opinion (SPO) portfolio?

MK: Across our SPO portfolio, which includes both framework- and instrument-level assessments across bond and loan markets, the clearest trend is that use-of-proceeds instruments generally achieve stronger sustainability quality scores (SQS) than sustainability-linked instruments. About 90% of use-of-proceeds structures scored SQS1 (excellent) or SQS2 (very good) on our five-point scale, compared to fewer than two-thirds of sustainability-linked structures obtaining similar scores, reflecting stronger overall sustainability quality.

Within our instrument-level loan portfolio, there is a similar pattern. Although our sample of standalone use-of-proceeds loans is smaller, 90% of green, social and sustainability loans scored SQS1 or SQS2. These assessments were concentrated among European borrowers, with nonfinancial corporates representing the largest borrower segment. Green loans accounted for the majority of use-of-proceeds loans, with proceeds most commonly allocated to renewable energy, energy efficiency and green buildings projects – categories that benefit from well-established criteria and thresholds.

SLLs show more mixed results, with just over half of loans

achieving SQS1 or SQS2. The strongest SLL structures were characterised by material KPIs, broad coverage of the borrower's sustainability footprint and ambitious, market-aligned sustainability performance targets. Most SLL-related SPOs in our portfolio have come from Asian and European borrowers.

EF: Data centres have emerged as a major theme. How could this be an opportunity for sustainable debt?

MK: Our estimates indicate that meeting global demand for data centre capacity will require at least \$3 trillion in related investments over the next five years.

The sector is already using virtually every major form of debt financing, including bank loans, public bonds, private credit, project finance and other structured financing tools to meet that demand. Sustainable finance is another tool in that toolkit.

Sustainable debt issuance linked to data centres has more than doubled since 2023, although labelled financing remains only a small proportion of the sector's overall funding requirements.

As regulatory and public attention grows regarding energy and water consumption of data centres, we expect to see increasing market demand for companies to demonstrate how they are managing these impacts.

EF: What does sustainability quality look like for a data centre?

MK: It is a relatively sophisticated assessment because there is no single metric that captures overall sustainability performance.

Energy efficiency is one consideration, including power usage effectiveness. Water is another, including whether the facility is located in a water-stressed area and how efficiently it uses water resources.

The source of electricity is also an important factor. A data centre operating on renewable electricity presents a different sustainability profile from one dependent on a carbon-



Amaya London

intensive grid, for example. Assessments therefore consider both the current carbon intensity of electricity and how that grid is expected to decarbonise.

Cooling technology is another factor. Different cooling systems can create different combinations of energy and water impacts, meaning there can be trade-offs between issuers' environmental objectives.

EF: What role will social finance play in the sustainable loan market?

AL: Social and sustainability loans remain relatively small parts of the overall labelled market, but the underlying social issues are becoming increasingly interconnected with climate

considerations.

The impacts of climate events on communities vary according to geography and the ability of populations to adapt. That creates growing financing needs for climate adaptation and resilience, including infrastructure and essential services.

There are also substantial financing needs for affordable housing, healthcare, education, small and medium-sized enterprises and workforce development, particularly as artificial intelligence begins to reshape employment.

However, these needs may not necessarily translate into a major increase in standalone social loans. Instead, social considerations are increasingly likely to be incorporated into green, transition and sustainability frameworks.

EF: What else will determine the trajectory of the sustainable loan market over the next year?

MK: Adaptation and resilience are becoming more important as the frequency and intensity of climate-related events increases. These projects are often smaller and more likely to involve public-sector entities, so they may not immediately translate into a dramatic increase in loan volumes. But the underlying financing requirement is growing rapidly.

Nature- and blue-labelled instruments are also becoming more prominent, with the relationship between adaptation, resilience and nature increasingly recognised by market participants.

Taken together, these trends suggest that the underlying need for capital is not going away. ■

[Learn how Moody's Ratings brings independent and transparent assessment to sustainable and transition finance.](#)

Amaya London is assistant vice president-manager, sustainable finance assessments for Moody's Ratings in Paris, Maisam Hasnain is senior vice president, head of APAC sustainable finance assessments for Moody's Ratings in Singapore, and Matt Kuchtyak is senior vice president, head of Americas sustainable finance assessments for Moody's Ratings in New York.

Methodology: Sustainability coordinator league tables are ranked based on the number of deals the lender acted as a sustainability coordinator on. Sustainability coordinator includes other similar roles such as green agent, ESG advisor, sustainable agent and green loan coordinator. The full value of the deal is attributed under deal amount, regardless of the number of lenders involved. Where sustainability coordinators were involved in the same amount of deals the value of the deals is used to determine position. The regional league tables are based on the headquarters of the borrowers.

Sustainability coordinator league table: global

Lender	Deals	Deals value (full) (\$m)	Rank
Crédit Agricole CIB	76	77,386	1
Natixis	76	62,402	2
HSBC	51	35,386	3
SMBC	45	25,101	4
ING	41	43,447	5
BNP Paribas	31	30,074	6
Société Générale	30	32,597	7
Mizuho Bank	30	22,301	8
Banco Bradesco	26	332	9
First Abu Dhabi Bank	25	22,336	10
BBVA	19	22,100	11
OCBC	15	9,881	12
Standard Chartered	12	15,386	13
DBS Bank	12	13,161	14
Intesa Sanpaolo	11	4,444	15
Westpac Banking Corporation	10	4,951	16
Santander	9	13,500	17
MUFG Bank	8	9,439	18
BPCE	8	1,273	19
Mashreq Bank	7	3,748	20

Europe

Lender	Deals	Deals value (full) (\$m)	Rank
Crédit Agricole CIB	53	48,288	1
Natixis	46	31,564	2
ING	26	24,124	3
SMBC	23	9,656	4
BNP Paribas	16	19,437	5
Société Générale	14	8,649	6
First Abu Dhabi Bank	13	5,291	7
Intesa Sanpaolo	11	4,444	8
HSBC	10	23,042	9
BBVA	9	9,439	10

North America

Lender	Deals	Deals value (full) (\$m)	Rank
Natixis	20	24,409	1
Société Générale	12	16,274	2
ING	11	13,702	3
SMBC	8	9,766	4
BNP Paribas	6	6,121	5
Santander	5	11,322	6
Crédit Agricole CIB	4	13,396	7
CIBC	3	3,288	8
Citigroup	2	8,303	9
BBVA	2	6,879	10

Asia

Lender	Deals	Deals value (full) (\$m)	Rank
HSBC	36	7,252	1
OCBC	15	9,881	2
Credit Agricole CIB	14	4,342	3
Mizuho Bank	11	7,361	4
DBS Bank	9	7,334	5
SMBC	6	2,777	6
Natixis	4	2,115	7
Standard Chartered	3	2,824	8
BBVA	3	949	9
First Abu Dhabi Bank	2	4,840	10

Oceania

Lender	Deals	Deals value (full) (\$m)	Rank
Westpac Banking Corporation	9	3,986	1
ANZ Bank	5	5,090	2
National Australia Bank	4	1,810	3
Crédit Agricole CIB	3	7,709	4
Société Générale	3	6,944	5
ING	3	5,501	6
HSBC	3	4,296	7
Commonwealth Bank of Australia	3	1,605	8
DBS Bank	2	4,077	9
Natixis	1	2,102	10

Africa

Lender	Deals	Deals value (full) (\$m)	Rank
Standard Bank Group	5	728	1
Rand Merchant Bank	4	437	2
ABSA	3	362	3
Bank of America Merrill Lynch	1	800	4
Standard Chartered	1	800	4
Crédit Agricole CIB	1	651	5
BNP Paribas	1	628	6
Mizuho Bank	1	500	7
First Abu Dhabi Bank	1	500	7
Emirates NBD	1	500	7

Latin America

Lender	Deals	Deals value (full) (\$m)	Rank
Banco Bradesco	26	332	1
SMBC	7	1,552	2
BNP Paribas	6	2,638	3
BBVA	4	4,663	4
Natixis	3	1,821	5
Scotiabank	3	1,663	6
Crédit Agricole CIB	1	3,000	7

Middle East

Lender	Deals	Deals value (full) (\$m)	Rank
First Abu Dhabi Bank	8	11,449	1
Mizuho Bank	8	7,189	2
Emirates NBD	3	3,132	3
HSBC	2	797	4
Natixis	2	392	5
Standard Chartered	1	3,034	6
Abu Dhabi Commercial Bank	1	3,034	6
Abu Dhabi Islamic Bank	1	3,034	6
Bank of America Merrill Lynch	1	1,750	7
DBS Bank	1	1,750	7
Citigroup	1	222	8

Methodology: Bookrunner league tables are ranked based on the number of deals the lender acted as a bookrunner on. The full value of the deal is attributed under deal amount, regardless of the number of lenders involved. Where bookrunners were involved with the same amount of deals the value of the deals is used to determine position. The regional league tables are based on the headquarters of the borrowers.

Bookrunner league table: global

Lender	Deals	Deals value (full) (\$m)	Rank
Crédit Agricole CIB	127	168,614	1
ING	92	128,523	2
MUFG Bank	75	94,379	3
Bank of America Merrill Lynch	73	118,420	4
Natixis	70	93,490	5
SMBC	65	95,943	6
BNP Paribas	63	122,648	7
HSBC	56	69,558	8
Société Générale	54	83,694	9
Mizuho Bank	53	81,961	10
BBVA	45	61,216	11
JP Morgan	38	75,988	12
First Abu Dhabi Bank	34	30,829	13
Standard Chartered	33	47,677	14
Citigroup	32	55,554	15
Emirates NBD	30	22,288	16
Unicredit	29	41,993	17
Abu Dhabi Commercial Bank	28	22,180	18
Deutsche Bank	26	32,737	19
Intesa Sanpaolo	24	40,197	20

Europe

Lender	Deals	Deals value (full) (\$m)	Rank
Crédit Agricole CIB	86	97,007	1
ING	54	79,569	2
Bank of America Merrill Lynch	46	67,751	3
Natixis	41	57,453	4
BNP Paribas	34	55,523	5
Société Générale	32	41,001	6
MUFG Bank	31	37,020	7
SMBC	31	31,112	8
Unicredit	29	41,993	9
BBVA	29	30,441	10

North America

Lender	Deals	Deals value (full) (\$m)	Rank
ING	31	39,680	1
Crédit Agricole CIB	24	48,064	2
Bank of America Merrill Lynch	22	44,779	3
SMBC	20	53,820	4
MUFG Bank	19	31,185	5
Natixis	18	25,391	6
BNP Paribas	17	52,248	7
JP Morgan	16	41,434	8
Société Générale	16	31,746	9
Mizuho Bank	13	33,230	10

Asia

Lender	Deals	Deals value (full) (\$m)	Rank
MUFG Bank	19	15,262	1
HSBC	19	8,838	2
OCBC	11	15,585	3
Crédit Agricole CIB	11	7,123	4
DBS Bank	9	10,902	5
Mizuho Bank	8	7,139	6
Standard Chartered	7	8,873	7
First Abu Dhabi Bank	4	6,506	8
CTBC Bank	4	2,958	9
Natixis	4	2,612	10

Oceania

Lender	Deals	Deals value (full) (\$m)	Rank
HSBC	6	10,912	1
BNP Paribas	3	6,944	2
SMBC	3	6,594	3
Natixis	3	5,287	4
IFC	3	4,162	5
Chiba Bank	2	4,077	6
ANZ Bank	2	3,535	7
Mizuho Bank	2	2,962	8
E Sun Commercial Bank	2	2,962	8
CIMB Bank	2	2,016	9
National Australia Bank	2	2,016	9
Standard Chartered	2	1,902	10

Africa

Lender	Deals	Deals value (full) (\$m)	Rank
First Abu Dhabi Bank	4	1,278	1
Citigroup	3	1,095	2
Mizuho Bank	2	580	3
Nedbank	1	628	4
BNP Paribas	1	500	5
Rand Merchant Bank	1	500	5
Emirates NBD	1	500	5
The National Bank of Ras Al Khaimah	1	500	5

Latin America

Lender	Deals	Deals value (full) (\$m)	Rank
SMBC	7	4,152	1
BNP Paribas	6	7,820	2
Crédit Agricole CIB	3	7,250	3
JP Morgan	3	4,660	4
Natixis	3	1,821	5
BBVA	4	6,963	6
Citigroup	2	4,250	7
Intesa Sanpaolo	2	4,250	7
HSBC	2	3,875	8
Bank of America Merrill Lynch	2	3,410	9
Citizens bank	1	3,000	10
ING	1	3,000	10
Mizuho Bank	1	3,000	10
Morgan Stanley	1	3,000	10
Scotiabank	1	3,000	10

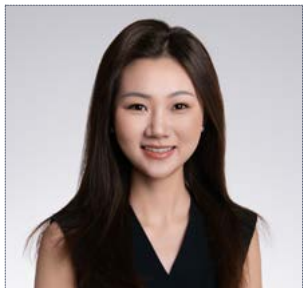
Middle East

Lender	Deals	Deals value (full) (\$m)	Rank
First Abu Dhabi Bank	6	10,136	1
Abu Dhabi Commercial Bank	4	5,414	2
Emirates NBD	4	4,493	3
Mizuho Bank	4	4,455	4
HSBC	2	3,983	5
Natixis	2	3,251	6
Abu Dhabi Islamic Bank	1	3,034	7
Bank of China	1	3,034	7
BNP Paribas	1	3,034	7
Crédit Agricole CIB	1	3,034	7
KfW IPEX-Bank	1	3,034	7
Société Générale	1	3,034	7
Standard Chartered	1	3,034	7
Sumitomo Mitsui Trust Bank	1	3,034	7
Bank of America Merrill Lynch	1	1,750	8
DBS Bank	1	1,750	8
Al Ahli Bank of Kuwait	1	1,361	9
Dubai Islamic Bank	1	1,361	9
ICBC	1	1,361	9
SMBC	1	1,361	9
Citigroup	1	222	10



APAC weathers the downturn

Yoshi Yue and Candice Low of Sustainable Fitch analyse how AI, industrial development and water innovation are reshaping the sustainable loans market in Asia



Yoshi Yue



Candice Low

The global labelled loan market lost momentum in the first half of 2026, but Asia-Pacific (APAC) proved comparatively resilient. Issuance in APAC still declined by 18%; however, the contraction was materially less severe than the nearly 40% fall in major regions such as the Americas and EMEA.

Notably, the growth drivers of APAC issuance are also changing. Sustainable loan activity has been gradually shifting from a real estate-led model towards technology, data centres and manufacturing in recent years.

This sectoral shift heightens the importance of infrastructure and resource resilience. AI data centres, manufacturing supply chains and industrial expansion all depend not only on reliable energy and land availability, but also on secure water access and climate-resilient water infrastructure. Water is emerging as a cross-cutting financing theme rather than a standalone environmental issue in APAC, where flooding, drought and

water scarcity risks remain material challenges.

This section examines the key shifts unfolding across APAC, including the growing role of Southeast Asia and the rotation from property towards technology and industrials. Drawing on Sustainable Fitch's second-party opinion (SPO) experience, it also provides a focused review on how APAC issuers are testing innovative approaches through sustainable loans to address the region's pressing water challenges, from blue loans and water-sector sustainability-linked loans to adaptation finance with social benefits.

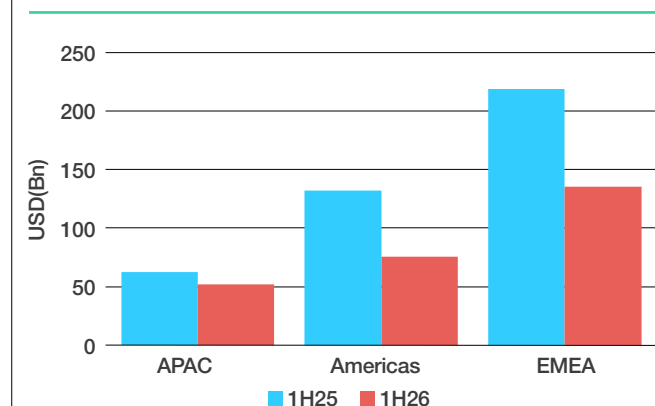
Southeast Asia's growth supports APAC market activity

A key source of resilience came from Southeast Asia. Total issuance from the region rose to more than \$21 billion in the first half of 2026, up by 12% year-on-year (yoy). Singapore remained the cornerstone market, contributing over a quarter of APAC issuance and maintaining issuance volumes broadly in line with the previous year.

Beyond Singapore, a growing number of issuers from emerging markets in Southeast Asia entered the sustainable loan market and helped diversify the region's borrower base. Both Thailand and Malaysia recorded triple-digit growth rates in the first half of 2026. Vietnam also produced one of the region's largest transactions, namely VPBank's \$1.44 billion sustainability-linked loan.

The emergence of inaugural borrowers in Southeast Asia also helped cushion APAC from the sharper declines observed elsewhere. These included nickel miner PT Vale Indonesia's \$750 million sustainability-linked loan and several large-ticket issuances by data centre operators from Singapore and Australia.

APAC shows relative stability in 1H26, but remains a smaller market



Source: Sustainable Fitch, Environmental Finance Data

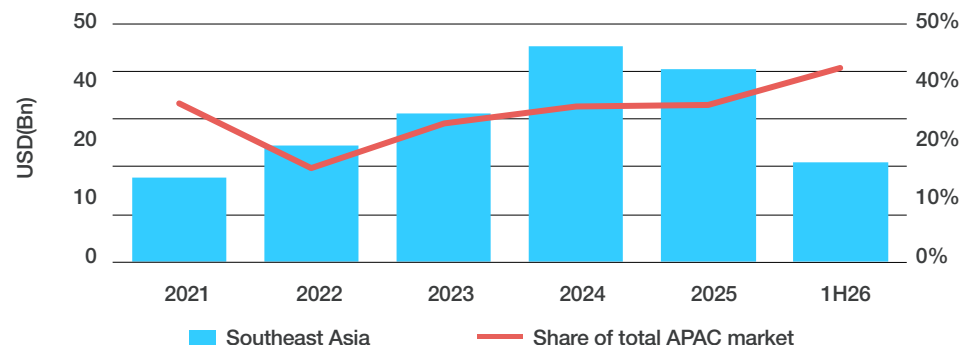
Capital rotates from property to technology and manufacturing

The most notable development in APAC private sector¹ during the first half of 2026 was the reallocation of financing away from real estate and towards sectors tied to AI data centres and industrial development.

Real estate, which had been among the dominant sectors in previous years, continued the contraction starting in 2025 and experienced a substantial decline in the first half of 2026. Its issuance fell by 54% to \$5.9 billion in the first half of 2026 from \$12.7 billion in the same period in 2025.

Industrials and manufacturing posted exceptional growth,

Southeast Asia sustainable loan issuance and share of APAC market



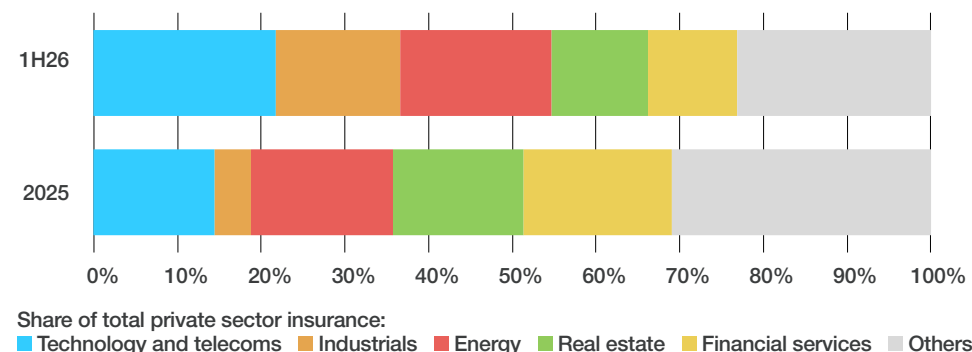
Source: Sustainable Fitch, Environmental Finance Data

with financing volumes roughly tripling. However, this surge should be viewed with caution, as much of it was attributable to a single mega transaction, namely April International Enterprise's multi-tranche \$7.49 billion sustainability-linked facility, which was also the largest sustainable loan transaction in APAC in the first half of 2026.

Technology presents a more sustainable structural growth story driven by the rapid AI data centre build-out. In the first half of 2026, technology and telecommunications became the largest sector in the APAC sustainable loan market, with issuance doubling yoy to \$11.2 billion. The sector also featured prominently among the region's largest deals: six of the top 20 transactions completed in APAC during the period came from technology and telecommunications – including five green loans from data centre operators and a sustainability-linked loan (SLL) by a Hong Kong telecommunications company, HGC Global Communications.

Singapore and Australia benefit from the AI debt boom, while property weakness weighs on Hong Kong
Australia and Singapore emerged as the key centres of data centre financing.

Technology and industrials became growth drivers of private-sector issuance
Combined market share increased to nearly 40% in 1H26 from 19% in 2025



Source: Sustainable Fitch, Environmental Finance Data

Australia-based AirTrunk secured two green loans in the first half of 2026 – a \$2.3 billion facility for its hyperscale data centre in Malaysia and a JPY191.6 billion (\$1.2 billion) facility for its East Tokyo campus. Both set national records as the largest green data centre financing in their respective markets. Stack Infrastructure Australia also raised AUD2.955 billion (\$2.1 billion) for a major Melbourne facility. The increase in data centre financing partially offsets weakness in traditional sectors such as energy and natural resources.

Turning to Singapore, Digital Edge secured \$880 million of green financing for a new AI campus in Thailand, following earlier financings in Indonesia and South Korea. DayOne Data Centers also completed a THB27.5 billion (\$884 million) green loan for its first data centre in Thailand. Together with other transactions involving STT GDC and Princeton Digital Group, these deals underscore the growing role of sustainable loans in financing digital infrastructure expansion across APAC.

The decline in real estate has been most pronounced in Hong Kong. Historically a pillar of the APAC labelled loan market alongside Singapore and Australia, Hong Kong saw first-half issuance fall by nearly 70%, causing it to slip out of the top three markets. Continued pressure on the commercial property sector

and elevated vacancy levels weighed on sustainable financing activity. The market still generated a sizeable HKD7.5 billion (\$942 million) SLL from HGC Global Communications; however, it was insufficient to offset the sharp decline in property-sector issuance.

Water finance as an enabler of long-term project resilience

Water is becoming an important enabling component of APAC emerging sustainable finance shifts. Secure water access and resilient water systems are increasingly critical to project viability and long-term environmental outcomes as capital rotates towards data centres and manufacturing.

The following cases show how water-related financing can improve environmental performance in water-intensive sectors, address water infrastructure investment needs, and support broader adaptation and social-resilience outcomes.

Water and adaptation financing with social impact

Recent transactions show an innovative trend of integrating social outcomes with water and adaptation financing objectives. A notable example is AirTrunk's major green loans

Blue loan case study: Shandong Intco Recycling Resources 2023 \$70 million blue loan

Context

Shandong Intco Recycling Resources is a plastic recycling company headquartered in Shandong, China. It has a vertically integrated and circular business model which encompasses plastic collection, pre-treatment, recycling and reuse, mainly of polystyrene (PS) and some polyethylene terephthalate (PET).

Blue loan framework

The company published a blue loan framework in 2023 and obtained a \$70 million blue loan from the International Finance Corporation (IFC). Loan proceeds were used to finance the construction of a multi-material plastic recycling plant in Malaysia.

Sustainable Fitch provided the SPO² for the framework, concluding that the alignment of the framework with the LMA, LSTA and APLMA Green Loan Principles is 'Excellent'.

Sustainable Fitch deemed projects under the two blue categories to be eligible under the blue financing guidelines³ from the IFC, Asian Development Bank and the UN Global Compact.

Investments in recycling and reuse of plastic waste support circular economy outcomes, alongside pollution prevention and control, natural resource conservation, and climate change mitigation. Sustainable Fitch noted the pertinence of such projects in the context of Asia, which contributes to a high share of global marine litter and plastic pollution while presenting low recycling rates and growing plastic waste.

for its hyperscale data centre projects in Malaysia and Japan in 2026. It will direct margin savings from these transactions to its social-impact programme that supports community initiatives, such as disaster relief, STEM education and recycled water programmes in schools.

While not in APAC, Ecuador's experience is relevant for adaptation finance innovation that generates green and social outcomes. In 2025, it published a framework to issue social and/or green loans or bonds for affordable and resilient housing. Sustainable Fitch conducted the SPO⁶ for the framework and designated its alignment with the International

Water SLL case study: New Zealand Local Government Funding Agency (LGFA) – Sustainable Water Action Loan (SWALe) Programme

Context

LGFA is the central financing authority for New Zealand's local government sector.

LGFA established a green and social loans lending programme in 2021, integrating environmental and social objectives into its lending, and introduced a climate action loans lending programme in 2022, to incentivise borrowers to measure and reduce their GHG emissions. LGFA had issued NZD4.5 billion (\$2.7 billion) in sustainable financing bonds as of August 2026 to fund this pool of assets.

New Zealand's water sector faces a critical investment gap due to historical underinvestment, population and environmental challenges. The gap is estimated at NZD120 billion to NZD185 billion over the next 30 years. In late 2025, the "Local Water Done Well" reform restored control over water services to local councils, creating an opportunity for LGFA to influence water-sector investment through its financing capacity.

Focus on water sector sustainability

Against that backdrop, LGFA launched the SWALe programme in July 2026 to provide SLLs targeted at water-specific outcomes.

The KPIs and sustainability performance targets (SPTs) target the most material issues facing New Zealand's water sector. They were designed through a consultative process steered by the Planetary Accounting Network and grounded in the Planetary Boundaries scientific framework⁴.

Water council-controlled organisations are eligible for the SWALe programme, which entails a 2bp discount, if they commit to:

- one compulsory KPI: reducing the concentration of total nitrogen and phosphorus per litre of wastewater discharged to the environment; and
- one of the three optional KPIs: biogenic GHG emissions (improving emissions measurement at wastewater plants); embodied carbon (measuring the life-cycle emissions of projected infrastructure); or water efficiency (reducing water consumption).

The compulsory KPI is critical, as wastewater is a significant pathway for nitrogen and phosphorus that can lead to large-scale eutrophication of freshwater and ocean ecosystems. The optional KPIs are targeted at other material issues for the water sector. The biogenic GHG emissions KPI supports improved measurement which can be a foundation for future target setting, while the embodied-carbon KPI addresses the life cycle GHG emissions of large-scale capital works in the water sector. The water efficiency KPI reflects the importance of reducing water consumption across the water supply network.

Sustainable Fitch provided an external review⁵ of the SWALe lending criteria. Sustainable Fitch assessed the criteria to originate loans as aligned with market practice based on the LMA, LSTA and APLMA Sustainability-Linked Loan Principles. In particular, Sustainable Fitch noted the water-sector focus, science-based design, relatively detailed KPIs, and reporting and verification structure as the framework's strengths.

Overall, the SWALe programme is an innovative approach to spur improved environmental performance and measurement of critical emissions data of the water sector in New Zealand.

Capital Market Association (ICMA) and the loan association principles as 'Excellent'. The uses of proceeds for affordable housing and affordable resilient housing support the provision of climate-resilient housing for socioeconomically vulnerable populations. ■

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For more information, see: www.sustainablefitch.com

1 The private sector refers to corporate and financial institution issuer types, as classified by EF Data.

2 For more details on the SPO, please click [here](#)

3 Specifically, these guidelines include Guidelines for Blue Finance by the IFC, and the Practitioner's Guide for Bonds to Finance the Sustainable Blue Economy by the Asian Development Bank, ICMA, IFC, UN Environment Programme – Finance Initiative and UN Global Compact.

4 The Planetary Boundaries framework goes beyond climate change to address forest systems, biodiversity, water use, water pollution (eg from nitrogen and phosphorus runoff), synthetic waste and more.

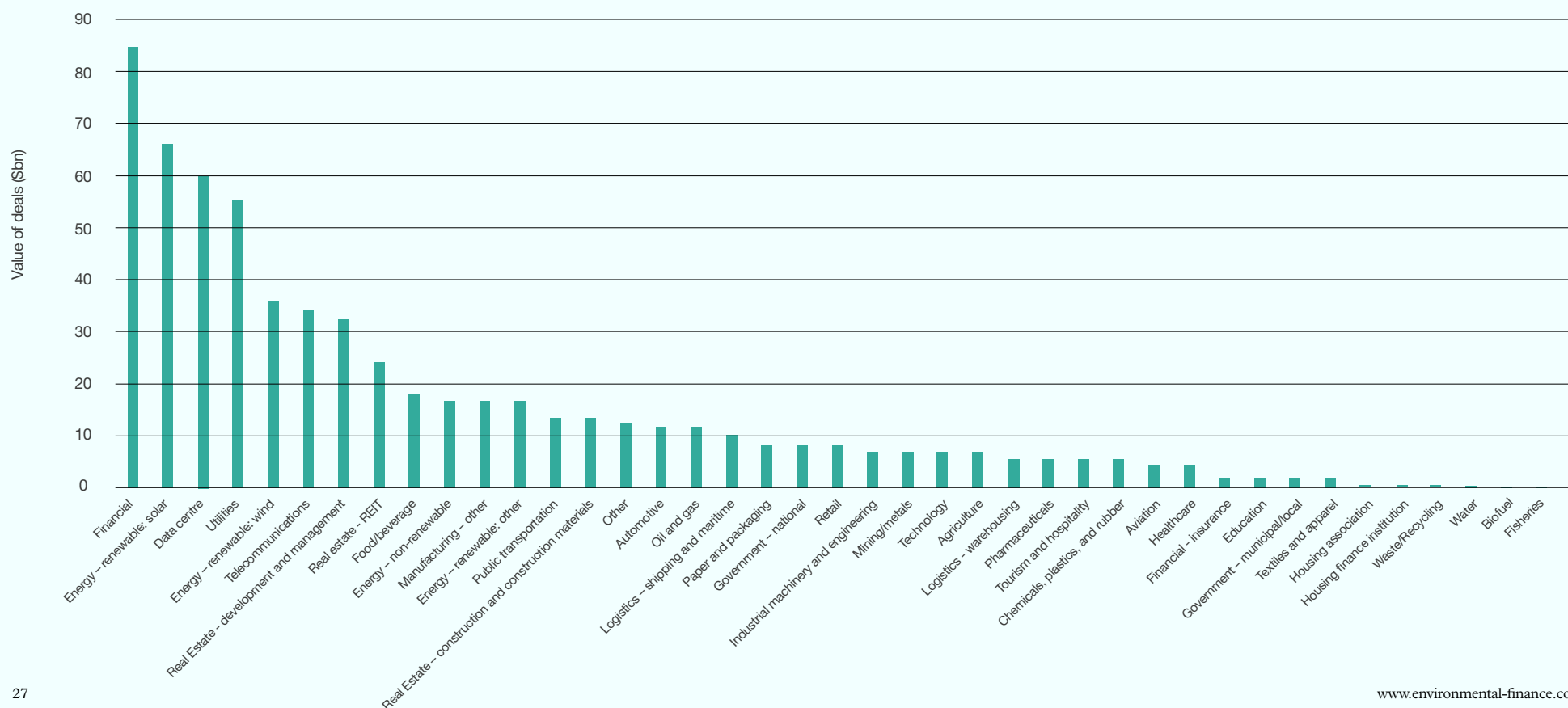
5 For more details on the external review, please click [here](#)

6 For more details on the SPO, please click [here](#)

The financial sector was the largest single borrowing sector for sustainable loans during H2 2025 to H1 2026, marking a shift from the previous one-year period, when solar was the leading sector. Financial-sector borrowing was concentrated in EMEA and the Americas, where many large multinational banks are headquartered.

Although financials represented the largest single sector, renewable energy activity is distributed across several categories, including wind, solar and other renewables. In aggregate, these categories materially exceed financial-sector issuance. Regional patterns vary by generation type: solar and other renewables – including hydro and geothermal – were led by EMEA and the Americas at broadly similar levels, while wind was dominated by EMEA. APAC issued more SLLs in the wind sector than the Americas, suggesting a preference among Americas-based borrowers for solar and other renewable technologies.

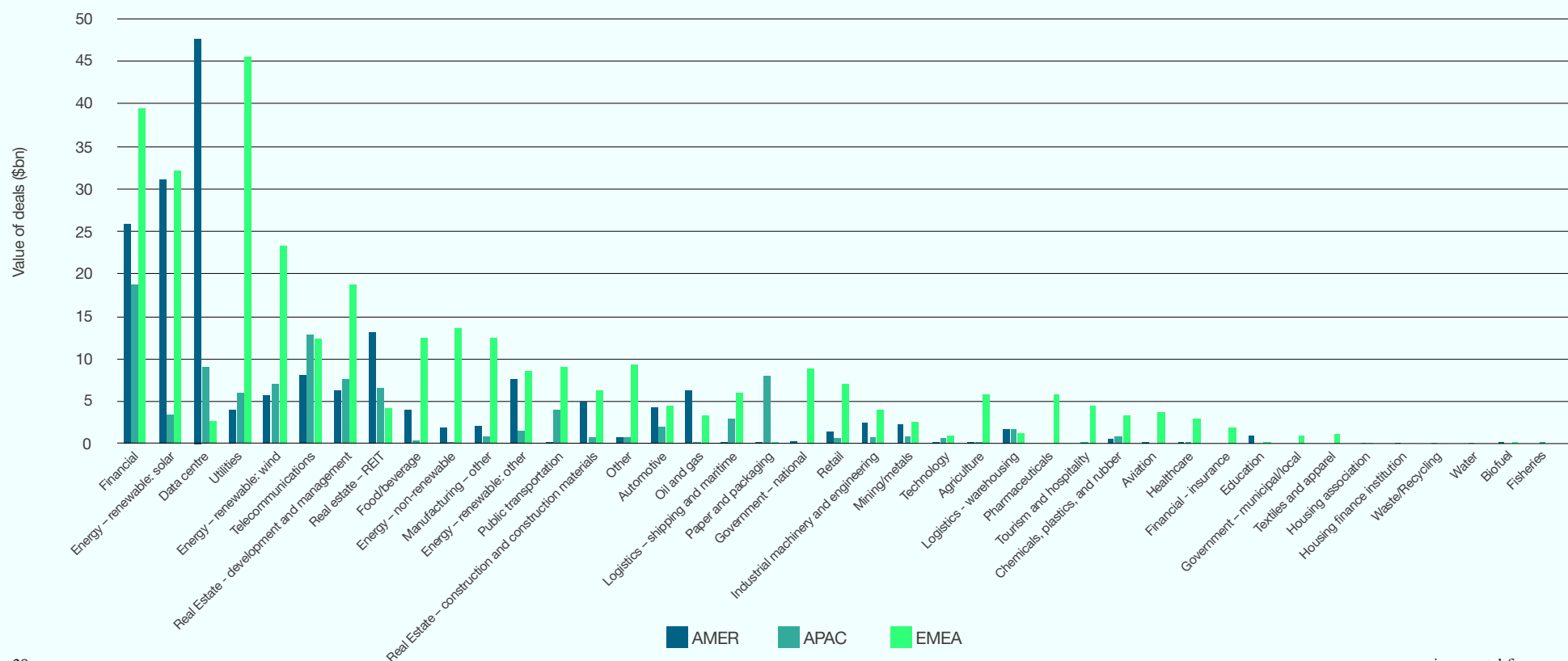
Global sustainable loans issuance – borrower sector: value



Data centres represented a significant share of sustainable loan activity during the period, with Americas-based issuers, particularly US companies, dominating the sector. In the Americas, data centres were the largest sustainable loan sector, exceeding renewable and non-renewable

energy combined. APAC also outpaced EMEA in data centre borrowing, with issuance more than three times higher during the year.

Regional sustainable loan issuance – borrower sector: value



AI data centre sustainable debt spurs innovation - and risk

Asia is keen to take the lead on finding flexible but credible ways for the market to support data centre investment, **Ahren Lester** reports

Environmental Finance's recent Sustainable Debt & Transition Finance Asia 2026 conference in June offered a deep dive into the risks and opportunities the AI-driven growth of data centres poses for the region – and some early signs on how best to tackle the theme.

Moody's Ratings sustainable finance assessment assistant vice president Jing LiYim said data centres are “definitely becoming very prominent” in labelled sustainable debt instruments, with more than \$50 billion raised to date. The second party opinion (SPO) provider said data centres are “increasingly included in issuers' sustainability [debt] frameworks”.

But a “huge amount” of data centre financing is also finding its way into unlabelled sustainable debt markets, said Singlife credit and sustainability investment management senior vice president Sandra Chow.

“There are many different flavours of AI [data centre] financing that we have seen in the market – from your regular bonds to private bank loan type deals, and even on the infrastructure side where data centre financing is now being included within green infrastructure portfolios if there is a renewable energy element to it,” Chow said.

“That is something that we do have in our green infrastructure portfolio as well.”

Chow argued that private credit investment in data centres is an area “where we really can make an impact, potentially more than what labelled bonds provide us”.

All told, Chow said this is “very exciting” for sustainable debt investors – but there is “also quite a lot of risk” due to



Jing Li Yim, Moody's Ratings

the amount of debt coming to the market and the “ambitious projections” underpinning these deals from a financial and sustainability perspective.

Fast moving

“This industry is sufficiently complicated and fast moving that people can kind of make stuff up [around sustainability], to be

honest,” Digital Edge chief financial officer Jonathan Walbridge said.

However, Walbridge said Digital Edge has been impressed by the growing sophistication among investors and lenders since it entered the sustainable debt market in 2023 with its debut green loan.

“Three years ago, even with sophisticated [data centre] lenders, you were talking about what is your PUE [power usage efficiency] and what is the operating environment and how that might affect your PUE.

“But now people are much more sophisticated in terms of how they think about it,” he said. “It is not just PUE but also WUE [water usage efficiency], and actually how you are achieving that in terms of what type of cooling technology are you using to get there.

“And, then, that very quickly went from, ‘what your efficiency is’, to the reality that, ‘you are still using power and water, so where are you sourcing that from?’”

Walbridge said the “big challenge” for the industry is responding to the growing realisation that “what looked good a year ago does not necessarily look good today” due to the speed of technology evolution.

For this reason, he argued that data centres firms “need” third-party verification to enter the sustainable debt market. Digital Edge, for example, asked Moody's to provide a SPO on its framework.

Moody's Yim explained that it assesses four dimensions for data centres. In addition to the more familiar PUE and WUE,

the SPO provider also analyses the energy sourcing for the data centre and the use of ozone depletion- or global warming-linked refrigerants.

A major sustainable bond investor said there is “huge greenwashing risk” from data centre sustainable bonds

‘Something a bit special’

Walbridge believes data centre providers need to “make sure there is additionality” built into their sustainable debt instruments “as opposed to just putting a stamp on something that a business was going to do anyway”.

“What is starting to find its way into some of these frameworks is saying how can you be doing something that is a bit special,” he said. “So, outside of your WUE and your PUE, what can you be doing actually that has got some additionality or some additional benefit?”

Digital Edge has looked to do this recently with the first phase of its 350MW BOM AI-ready hyperscale campus being developed in the Indian city of Mumbai.

“What we have done in India – and we would like to do this a lot more across our portfolio, but the challenge for us is how we do that – is, on the power side, we are looking at how can you be striking PPAs [power purchase agreements] which are actually building new renewable energy developments,” he said. “In our case, it was working with a partner to build a new solar farm.

“That is actually additional power that is coming in, and it is green power.”

In addition, the BOM data centre will use what is believed to be an industry-first recycled ‘greywater’ system for data centre cooling.

Currently, the greywater – domestic dirty water from sinks, showers and washing machines – is discharged into the ocean.

Instead, 10 million litres per day will be purchased by Digital Edge and treated for use to cool the data centre. As well as reducing the use of drinkable water supply and preventing discharge of wastewater, this also provides a revenue stream for the local community.

“So, this is trying to look for those additionality opportunities,” Walbridge said. “It is hard to prescribe them ... but I think that sort of thing will be a differentiator over time.”

‘One-size-fits-all is not the way’

The challenges posed by data centre sustainable bonds to investors is becoming clearer.

For example, a major sustainable bond investor said there is “huge greenwashing risk” from data centre sustainable bonds as he expects to see “a lot of different issuers try to label themselves wrongly” under the existing structures designed for more familiar, slower moving technologies such as renewable energy.

Sustainability-linked debt a natural home?

The need for more nuance when faced with fast-moving technology developments and significant context dependencies points the sector towards the potential strengths of the forward-looking, performance-based sustainability-linked bond and loan structure.

Sustainability-linked bond (SLB) issuance has been in decline in recent years, however, as the market has struggled with the complexity and credibility of the structure. Nonetheless, sustainability-linked loans (SLLs) continue to attract significant interest from borrowers and lenders.

Digital Edge signed a \$575 million loan facility in May which is expected to be converted into its first SLL within six months after it finalises its targets. The firm tells *Environmental Finance* the final targets are expected to focus on PUE as well as operational sustainability governance standards in line with the International Organisation for Standardisation (ISO) 14001, 50001, and 27001 environmental, energy, and information security management system systems.

Digital Edge chief financial officer Jonathan Walbridge said the sustainability-linked structure does give data centre operators “some more flexibility” around how you can achieve the targets compared to use-of-proceeds structures. Nonetheless, the fast-

As a result, he argued that investors have to “place a lot more emphasis” on safeguarding themselves from this greenwashing risk in the future.

In contrast, other investors argue that the growth of data centres could serve as a catalyst for change in the sustainable bond markets.

Eastspring Investments sustainability head Joanne Khew believes areas such as data centres will play a role in the shift towards a “more nuanced space for sustainability in the capital markets”.

“One-size-fits-all is not the way,” she said. “Or, at least, the market is realising that it is impossible – or getting increasingly impossible – to have that across regions, also across infrastructure types, across financing types – things are very contextual.”

Local considerations can significantly impact what PUE or WUE is feasible or recommended, depending on topics including water availability and climatic conditions. For

moving and context-dependent nature of the data centres makes both structures “challenging”.

“The reality is the portfolio we have got is operating in different countries with different temperatures and humidities and different types of asset bases, with some of the legacy sites [with older technologies].”

He said looking at the SLL target performance and the loan margin impact can feel like playing the classic boardgame ‘Battleships’ where you have to methodologically go through all the different possible permutations to work out the feasibility of the structure.

“As a CFO, you have to go through all the scenarios. For example, what is the implication if we have a whole lot of customers that come into a specific market where actually we can’t really meet this target [in the SLL] because it is just not possible to do that there.”

“But we have to set the goal posts right,” he said. “It must be something that people aspire to do and they have got an incentive to do. So, it is not either so simple that they are otherwise going to do it anyway, and it is also not something that is so far out that it is just going to cost me a whole lot of money or delay me by six months. That is not really feasible.”



Jonathan Walbridge, Digital Edge

example, data centres in humid locations often require higher PUE or WUE to keep cool than cooler countries.

Social element

There is also an “important” social element which is context specific. For example, there have been reports that, when data centres are poorly built, local water supplies have been polluted or disrupted due to their impact on water pressure.

The tolerance for data centre construction among communities has also been in decline.

“That social aspect is massive, and we need to be looking at what can you be doing above and beyond saying: ‘Here are 2,000 construction jobs,’” Digital Edge’s Walbridge said. “Because, obviously, those data centres get built and then perhaps you have only got 20 people working in the data centre.”

As a result, Walbridge said Digital Edge has been working on how to communicate the community and social benefits of data centres.

“How do you do things like investing in education programmes to help develop levels of talent in the local community that are

above and beyond non-skilled labour?”

“Or how you articulate exactly what that whole value chain is – not just the data centre that has been brought there – but the whole, quite sophisticated supply chain including the service industry that is there to support the data centres and their customers?”

“It is going to be a huge area, and one we feel very passionately about being on the right side of,” he said.

The data centre sustainable debt discussion potentially provides a good opportunity for the market to “rethink” sustainable bond and loan structures to make sure they are “still being sustainable, but also achieve our economic goals”.

Joanne Khew

Time to rethink

Eastspring’s Khew said the data centre sustainable debt discussion potentially provides a good opportunity for the market to “rethink” sustainable bond and loan structures to make sure they are “still being sustainable, but also achieve our economic goals”.

“This is not to say that we will relax the [sustainability] conditions, but it is more about putting it into different places in the sustainability structure,” she said.

“How much must you decide up front versus on a ‘checks-and-balance’ way and being flexible along the structure? Of course, this would need guardrails within the contract, but allowing places for social or environmental corrections within reasonable bounds that allows a conversation to be had throughout the lifetime of the issuance. Maybe that could be something that the industry may start thinking about.”



Joanne Khew, Eastspring Investments

This is perhaps even more important as we enter themes and sectors which are fast-changing. This makes it hard to fix all the details fairly pre-issuance, which could make it “very tough” for a chief financial officer or treasurer of a company in those sectors to consider issuing a sustainable bond.

This headwind for data centre sustainable debt is strengthened by the fact that Walbridge said that “in reality” there is currently no pricing benefit in Asia from issuing in green loan format.

Nonetheless, Walbridge said this is not a reason for the sector to shy away from sustainable debt instruments. First, he believes using the green loan label helped Digital Edge to get its deal through credit committees. Second, he thinks the benefits of using labelled debt will become wider and deeper over time.

“You are starting to see more environmentally orientated capital coming in, and that is going to have a pricing implication,” he said. “But, probably, the bigger point is liquidity. I think there is going to be a huge benefit over time being able to point to those green credentials when there is a sea of other paper coming to market.” ■

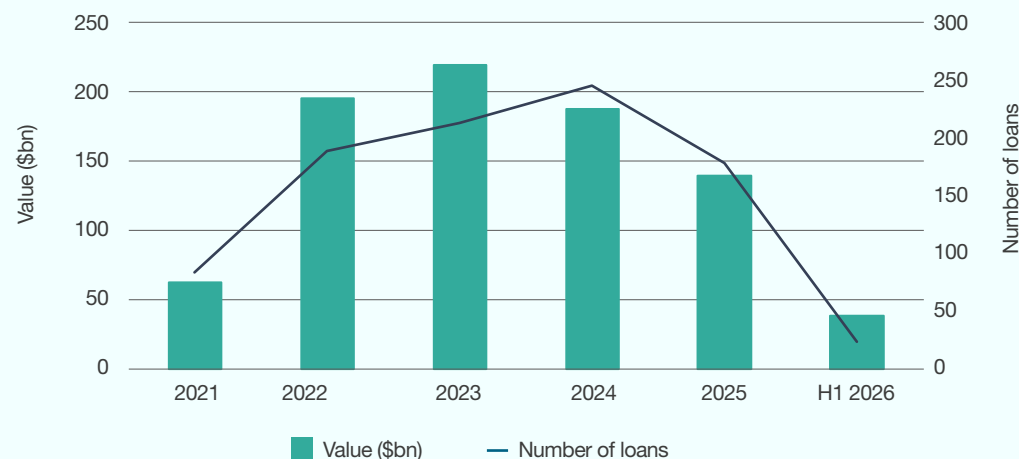
The transitioning sectors considered here are hard-to-abate industries, including aviation, fisheries, non-renewable energy, mining and metals, oil and gas, chemicals, plastics and rubber, and shipping and maritime logistics.

Although transition loans are designed specifically for hard-to-abate sectors, the label remains underutilised. No transition loans were issued between H2 2025 and H1 2026. Instead, borrowers in transitioning sectors relied primarily on green and sustainability-linked financing, with 30% of sustainable loans classified as green and 70% as sustainability-linked. The preference for SLLs over transition loans may reflect the historically less developed transition finance framework, alongside the flexibility of SLLs to support incremental sustainability improvements.

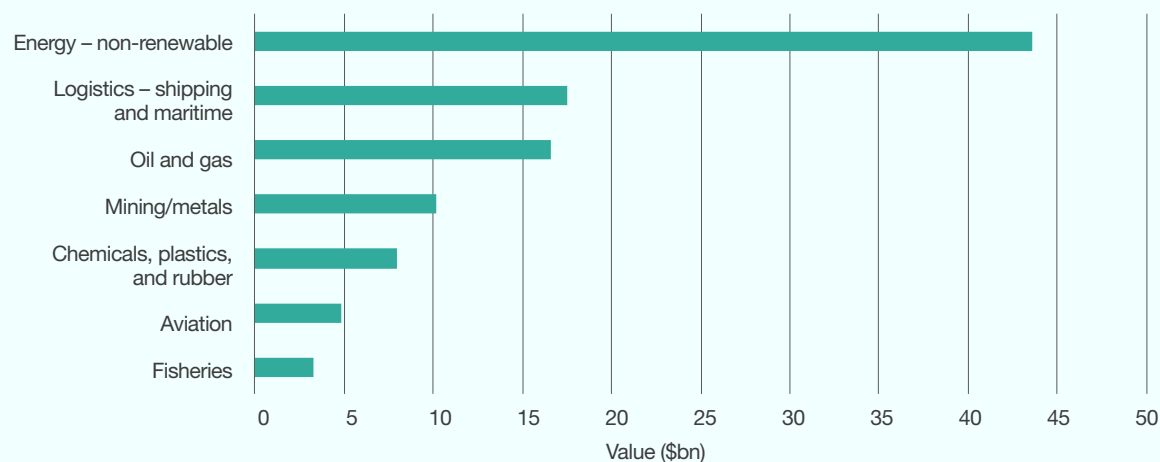
Sustainable loan issuance from hard-to-abate sectors has slowed materially, with a decline in 2025 relative to 2024 and a further contraction in H1 2026. This downturn coincides with a broader pullback in sustainability-linked instruments, which these sectors have historically used. Following the publication of the Transition Loan Principles by the Loan Markets Association (LMA), Asia Pacific Loan Market Association (APLMA) and The Loan Syndications and Trading Association (LSTA) in October 2025, borrowers in hard-to-abate sectors may increasingly consider the transition loan format for future debt financing.

The risk profile for hard-to-abate borrowers is also distinct. These companies often face high capital requirements, uncertain technology pathways and elevated policy risk, particularly where decarbonisation depends on infrastructure that is not yet mature or widely available. For example, an aviation borrower may be exposed to the availability and cost of sustainable aviation fuel, while a shipping borrower may need to assess future fuel choices before committing to vessels with long operating lives. In these cases, transition loans could provide a clearer framework than generic SLLs, but only if targets are supported by credible transition plans and transparent capital expenditure commitments.

Annual issuance of sustainable loans from transitioning sectors



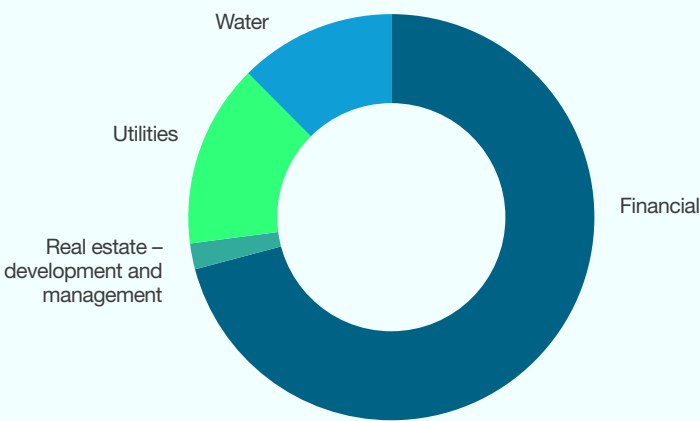
Breakdown of loans from transitioning sectors H2 2025 to H1 2026



Blue loans remain a niche segment of the sustainable loan market by both issuance value and deal count. The market expanded after the IFC published its Blue Finance Guidelines in January 2022, with a further update in September 2025. The IFC has been an important anchor lender, participating in more than a third of blue loans to date. Although it has not been publicly involved in any blue loans in 2026 so far, the label has rebounded after a slower 2025 and could return to 2024 issuance levels if current momentum is sustained.

Water, fisheries and utilities companies are natural candidates for blue loans because their activities fall within the blue economy. However, financial-sector borrowers accounted for the majority of blue loan issuance between H2 2025 and H1 2026, driven largely by Denizbank’s \$810 million blue financing in June 2026, the largest blue syndicated loan recorded to date.

Blue loans issuance H2 2025-H1 2026 by sector – value



Annual blue loan issuance – number and value

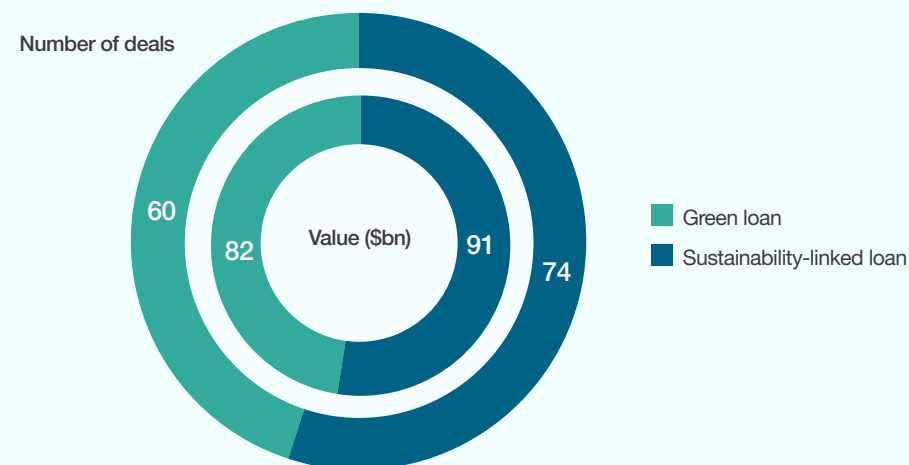


Sustainable financing for data centres has expanded rapidly over the past five years, with a significant acceleration in 2024 following the widespread adoption of generative AI and large language models. Hyperscalers have required a rapid buildout of data centre infrastructure to meet rising compute demand and support the training of frontier AI models. Data centres require substantial energy, with hyperscale facilities typically demanding more than 100MW, as well as significant water resources for cooling. These sustainability considerations have contributed to the growth of sustainable financing in the sector. Despite this rapid expansion, the value of sustainable loans to data centre borrowers slowed in 2025 and declined slightly, even as deal count increased. This may indicate that data centre funding has seen a shift towards other capital markets and project finance.

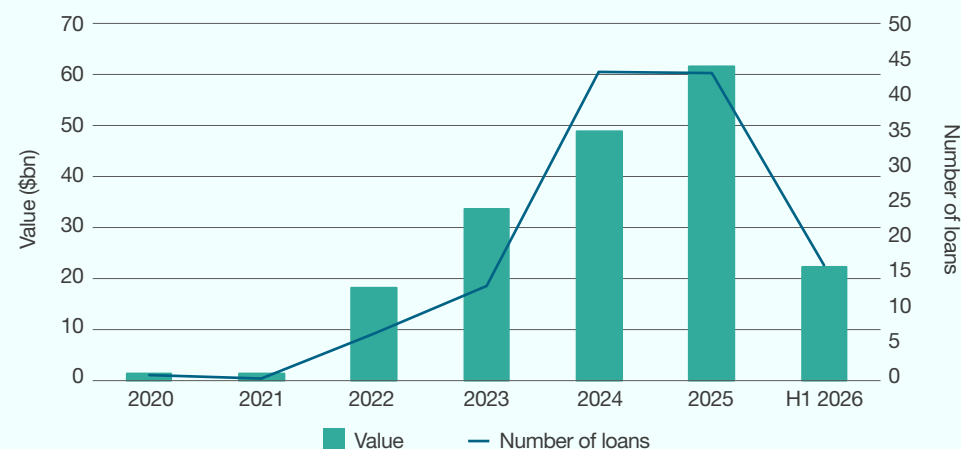
However, the financing profile of the sector is becoming more complex. As data centres evolve from relatively straightforward site-development projects into infrastructure- and technology-intensive assets, borrowers must also finance hardware that may face accelerated obsolescence as chip and quantum photonics technologies advance. This creates residual-value and refinancing risk because lenders may need to underwrite assets whose useful economic life is shorter than the debt tenor. For example, a facility designed around current-generation AI servers could face weaker collateral value if compute architecture changes materially before the loan matures.

The sector's revenue trajectory will also be a key determinant of bankability. If revenue growth does not keep pace with the current capital expenditure cycle, underwriting risk could rise materially.

Share of data centre sustainable labels



Issuance of data centre sustainable loans

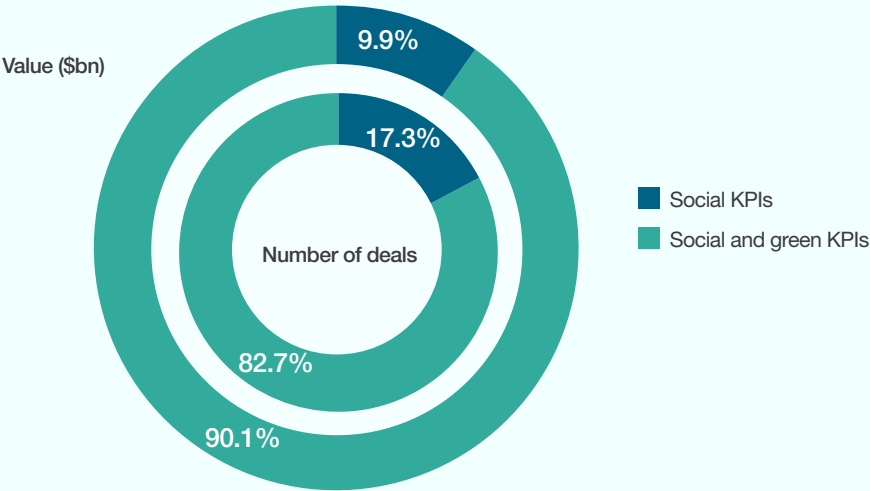


Loans with gender equality KPIs are commonly used to support increased representation of women in the workforce and in management positions. They have also been used to finance female-led small and medium-sized enterprises (SMEs).

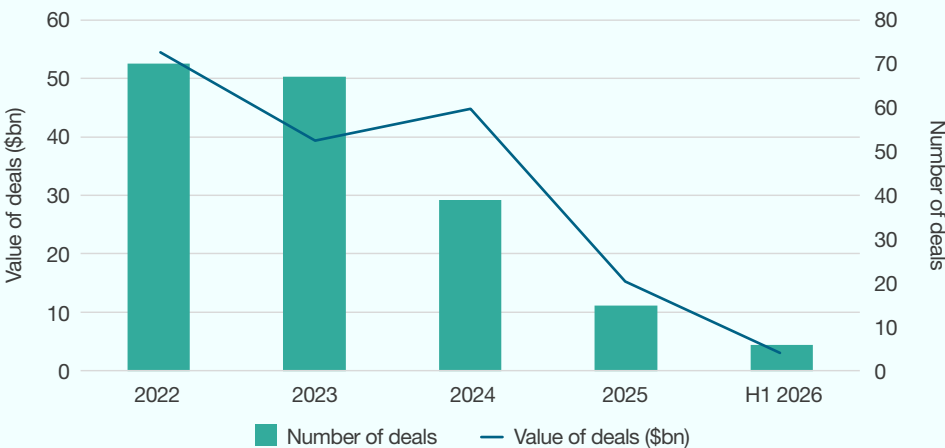
Gender-based KPIs have declined sharply since 2023, both by deal count and issuance value. The limited gender-linked deals signed in 2025 and 2026 to date have tended to focus on representation-based KPIs. While sustainability-linked financing has declined more broadly, gender-related KPIs have fallen more steeply than the average KPI category. When used, they are typically incorporated into broader sustainability objectives rather than structured as social-only targets. In 2025 and 2026, no loans with gender KPIs were exclusively social-focused, in contrast to 2022 and 2023, when post-pandemic recovery efforts supported more frequent use of social-only structures to address historic gender imbalances.

A further risk is that social KPIs can be harder to standardise than environmental KPIs. Representation metrics, access-to-finance targets or workforce indicators may depend heavily on local labour markets, disclosure practices and borrower-specific baselines. For example, a gender-equality KPI based only on total workforce representation may show progress even if senior leadership representation remains unchanged. This makes careful KPI design important if gender-linked loans are to avoid being treated as symbolic rather than financially meaningful.

Sustainable loans with gender KPIs social vs green and social KPI – number and value



Annual issuance of loans with gender equality KPI – number and value



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