Recent Highlights

- **Sustainable Fitch – ESG Monthly**

- **Market Trend**: Monitoring impact, achievements, and targets is becoming increasingly relevant as a new wave of "strategy updates" revisits ambitions towards Net Zero. This trend is particularly noticeable in certain sectors within the corporate space, such as Oil & Gas, and also among some financial institutions, where there are shifts in medium-to-long-term strategies following withdrawals from market-wide initiatives. Sustainable Fitch Ratings will reflect these changes if they align with our methodology.
- **Regulation Review**: The Omnibus package is progressing rapidly within European circles, integrating changes across CSRD, CSDDD, CBAM, and the EU Taxonomy. Significant changes are anticipated in reporting standards, reporting thresholds, deadline reconsiderations (such as "stop-the-clock"), and official recognition of partial alignment with the EU Taxonomy.
- **Labelled Bonds and UoPs Classification**: As part of their analyses on labelled bonds, Sustainable Fitch Ratings provides classification of Use of Proceeds (UoP) according to ICMA-GBP/SBP categories, EU Taxonomy (and NACE) activities, and UN SDG contributions.

- **Sustainable bond market surges with 18 bonds worth $11 billion**

Last week saw a surge in the sustainable bond market, with 18 bonds settling worth a total of $11 billion, up from $6.9 billion the previous week. The rebound was driven by several large sovereign and supranational deals that brought a sharp rise in total issuance value despite fewer transactions overall.

The Federal Republic of Germany led the market with a €3 billion ($3.3 billion) sovereign green bond under its Green Bond Framework. The bond mirrors a conventional Bund and supports Germany's climate strategy, with proceeds allocated to sectors such as clean transport, renewable energy and biodiversity protection. Germany aims to become climate neutral by 2045.

The European Investment Bank (EIB) also priced a €3 billion Climate Awareness Bond, the first under the new EU Green Bond Standard. The bond attracted strong demand, reflecting investor confidence in the EIB's role as the EU's climate bank. Proceeds will be used for EU Taxonomy-aligned projects in renewable energy and climate change mitigation.

The week also marked the debut sovereign green bond from the **People's Republic of China**, with the Ministry of Finance raising CNH6 billion ($824 million) in a two-tranche deal. Funds will support the country's "Ecological Civilisation" goals, including clean energy, transport and environmental restoration initiatives. The issuance is part of China's broader strategy to reach carbon neutrality by 2060.

On the corporate side, **Severn Trent** returned to the market with a CHF200 million ($223 million) green bond. Proceeds will help fund the UK water utility's renewable energy and emissions reduction goals as part of its net-zero 2030 strategy.