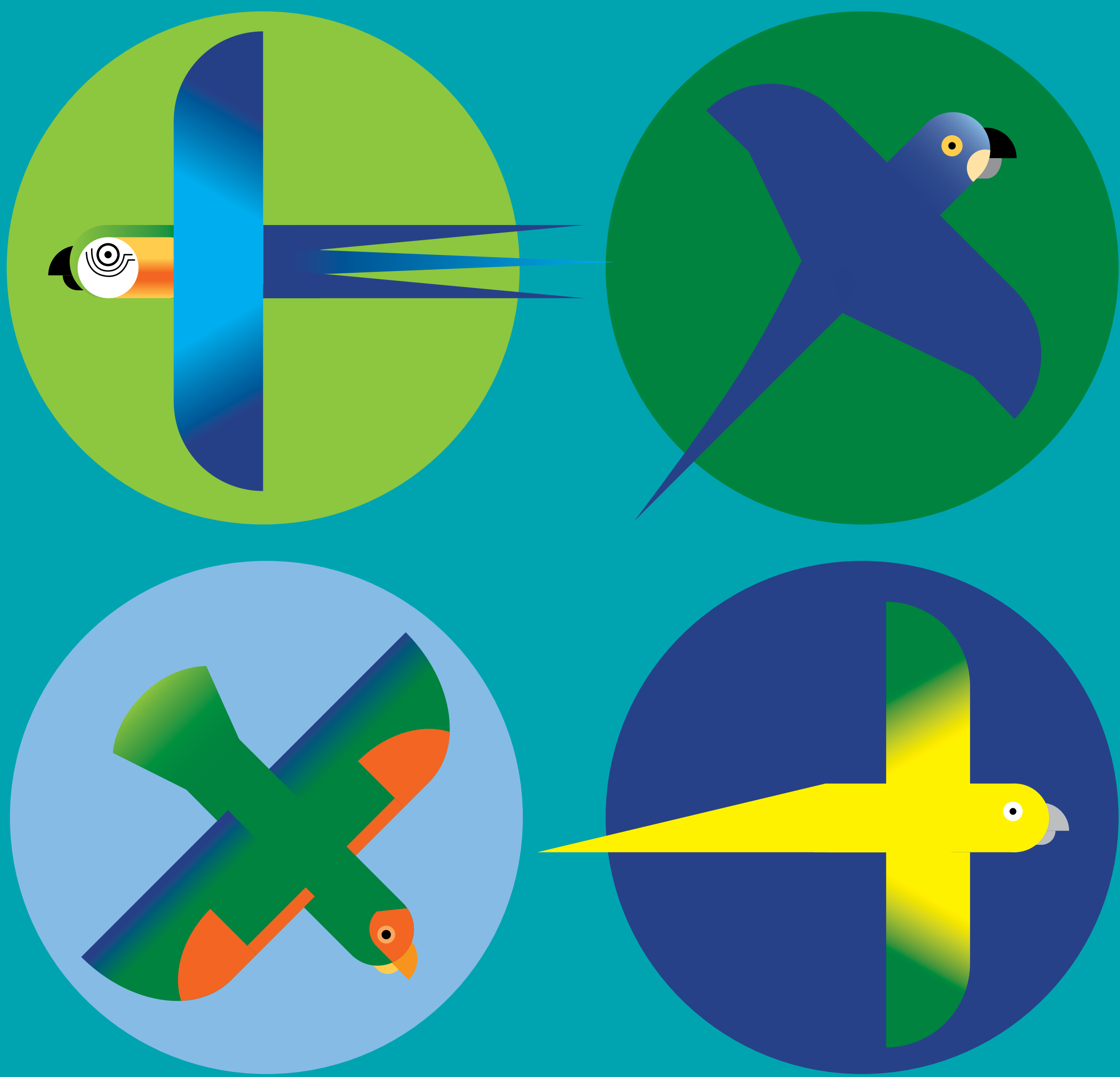
Brazil
Sustainable Debt
State of the Market Report
H1 2025



Prepared by the Climate Bonds Initiative and ERM

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List of abbreviations and acronyms

ABDE: Brazilian Development Association (*Associação Brasileira de Desenvolvimento)
AI: Artificial intelligence
AQUA: High Environmental Quality (*Alta Qualidade Ambiental, green building certification)
A&R: Adaptation and resilience
B+P: More Productive Brazil (*Brasil Mais Produtivo, by its acronym in Portuguese)
B3: Brasil, Bolsa, Balcão (*Brazilian Stock Exchange)
BCB: Central Bank of Brazil (*Banco Central do Brasil)
BC#: Brazil Climate and Ecological Transformation Investment Platform (abbreviation used in reports)
BGFI: Brazil Green Finance Initiative
BIP: Brazil Climate and Ecological Transformation Investment Platform
BNDES: National Bank for Economic and Social Development (*Banco Nacional de Desenvolvimento Econômico e Social)
BST: Brazilian Sustainable Taxonomy
CASAN: Water and Sanitation Company of Santa Catarina (*Companhia Catarinense de Águas e Saneamento)
CBRT: Climate Bonds Resilience Taxonomy
CEBDS: Brazilian Business Council for Sustainable Development (*Conselho Empresarial Brasileiro para o Desenvolvimento Sustentável)
CEMIG: Energy Company of Minas Gerais (*Companhia Energética de Minas Gerais)
CFSS: Sovereign Sustainable Finance Committee (*Comitê de Finanças Sustentáveis Soberanas)
CFC: Federal Accounting Council (*Conselho Federal de Contabilidade)
CMN: National Monetary Council (*Conselho Monetário Nacional)
CNSP: National Council of Private Insurance (*Conselho Nacional de Seguros Privados)
COP: Conference of the Parties
CRA: Agribusiness Receivables Certificate (*Certificado de Recebíveis do Agronegócio)
CRI: Real Estate Receivables Certificate (*Certificado de Recebíveis Imobiliários)
CNY: Chinese Yuan
CVM: Securities and Exchange Commission of Brazil (*Comissão de Valores Mobiliários)
EFD: Digital tax bookkeeping (*Escrituração Fiscal Digital)
E&S: Environmental and social
EDGE: Excellence in Design for Greater Efficiencies (green building certification)
EMBRAPA: Brazilian Agricultural Research Corporation (*Empresa Brasileira de Pesquisa Agropecuária)
ESG: environmental, social, and governance
FC4S: Financial Centres for Sustainability
FIDC: Receivables Investment Fund (*Fundo de Investimento em Direitos Creditórios)
FII: Real Estate Investment Trust (*Fundo de Investimento Imobiliário)
FIAGRO: Agribusiness Investment Fund (*Fundo de Investimento nas Cadeias Produtivas Agroindustriais)
FiBraS: Sustainable Brazilian Finance (*Finanças Brasileiras Sustentáveis)
G20: Group of Twenty (the primary forum for international economic cooperation among the world's leading developed and emerging economies)
GBP: Green Bond Principles
GDP: Gross domestic product
GHG: Greenhouse gas
GIZ: German Agency for International Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit)
GSS+: Green, social, sustainability and sustainability-linked debt
H1: First half of the year
ICMA: International Capital Market Association
IDB: Inter-American Development Bank
IFC: International Finance Corporation
IFRS: International Financial Reporting Standards
ILPF: Crop-Livestock-Forestry Integration (*Integração Lavoura-Pecuária-Floresta)
ILS: Insurance-linked securities
ISSB: International Sustainability Standards Board
KPI: Key performance indicator
LAB: The Finance Innovation Laboratory (*Laboratório de Inovação Financeira)
LEED: Leadership in Energy and Environmental Design (green building certification)
LCI: Real Estate Credit Bill (*Letra de Crédito Imobiliário)
LCA: Agribusiness Credit Bill (*Letra de Crédito do Agronegócio)
LF: Financial letter (*Letra Financeira)
LRS: Insurance linked securities (*Letras de Risco de Seguro)
LAC: Latin America and the Caribbean
MAPA: Ministry of Agriculture and Livestock (*Ministério da Agricultura e Pecuária)
MDIC: Ministry of Development, Industry, Commerce and Services (*Ministério do Desenvolvimento, Indústria, Comércio e Serviços)
ME: Ministry of Economy (*Ministério da Economia)
MF: Ministry of Finance (*Ministério da Fazenda)
MMA: Ministry of Environment and Climate Change (*Ministério do Meio Ambiente e Mudança do Clima)
MME: Ministry of Mines and Energy (*Ministério de Minas e Energia)
Mover: National Green Mobility Programme (*Programa Nacional de Mobilidade Verde)
MSMEs: Micro, small and medium-sized enterprises
NIB: Brazil New Industry (*Nova Indústria Brasil)
NBC T 15: Brazilian Accounting Standard Technical No. 15 (*Norma Brasileira de Contabilidade Técnica nº 15)
NbS: Nature-based solutions
NAFMII: National Association of Financial Market Institutional Investors (China)
NDC: Nationally determined contribution
PAC: Growth Acceleration Programme (*Programa de Aceleração do Crescimento)
PDI: Industrial Decarbonisation Policy (*Política de Descarbonização da Indústria)
PNCPD: National Programme for the Conversion of Degraded Pastures (*Programa Nacional de Conversão de Pastagens Degradadas)
PPA: Power purchase agreement
PPP: Public-private partnerships
PTE: Plan for Ecological Transformation (*Plano de Transformação Ecológica)
PROCEL: National Programme for Electric Energy Conservation (*Programa Nacional de Conservação de Energia Elétrica)
PRSAC: Social, Environmental and Climate Responsibility Policy (*Política de Responsabilidade Social, Ambiental e Climática)
PRSA: Environmental and Social Responsibility Policy (*Política de Responsabilidade Socioambiental)
SANEPAR: Paraná Sanitation Company (*Companhia de Saneamento do Paraná)
SARB: Brazilian Association of Financial and Capital Market Entities (*Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais)
SLB: Sustainability-linked bond
SLBD: Sustainability-linked bond dataset
SMEs: Small and medium-sized enterprises
SOFR: Secured overnight financing rate
SPO: Second party opinion
SSPE: Special securitisation purpose entity (*Sociedade de Propósito Específico para Securitização)
TAF: Technical assistance facility
TCFD: Task Force on Climate-related Financial Disclosures
T&D: Transmission and distribution
TWh: Terawatt-hour
UNEP: United Nations Environment Programme
USD: United States Dollar
VAT: Value-added tax
YoY: Year-on-year

*by its acronym in Portuguese

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1. Introduction

The objective of this report is to provide analysis and recommendations to support the growth of the sustainable finance market in Brazil, through the strengthening of the thematic bond market. The market analysis is complemented by an overview of key policy developments, trends, guidance, investments, and growth opportunities for thematic bonds in Brazil. Accordingly, it identifies sustainable investment opportunities using thematic bond issuance as the means to finance credible sustainable projects and activities providing clear guidelines for entities to deploy capital to achieve their sustainable finance ambitions.

This report also describes the shape and size of the aligned GSS+ debt market in Brazil as of 30 June 2025 and includes analysis of green, social, and sustainability (GSS) bonds plus sustainability-linked bonds (SLBs) (collectively GSS+) considered to be **aligned** with Climate Bonds dataset methodologies (Appendix).[1]

Supported by the LAGreen Fund, this report was developed by the Climate Bonds Initiative (Climate Bonds) and Environmental Resources Management (ERM) through data analysis, research, and consultation with key stakeholders in Brazil.

Climate Bonds Initiative

The **Climate Bonds Initiative** (Climate Bonds) is an international organisation working to mobilise global capital for climate action. It promotes investment in projects and assets needed for a rapid transition to a low-carbon, climate-resilient, and fair economy. The mission focus is to help drive down the cost of capital for large-scale climate and infrastructure projects and to support governments seeking increased capital markets investment to meet climate and greenhouse gas (GHG) emission reduction goals. Climate Bonds conducts market analysis and policy research; undertakes market development activities; advises governments and regulators; and administers a global green bond Standard and Certification scheme.

ERM

Environmental Resources Management (ERM) is a leading global provider of consultancy services in health and safety, environment, risks, social issues, and services related to sustainability. For almost 50 years, ERM has worked with the world's leading organisations, providing innovative solutions and helping them understand and manage their sustainability challenges. The company has more than 5,500 employees in more than 40 countries and territories working in more than 160 offices. The main sectors ERM serves include oil and gas, mining and metals, energy, manufacturing and pharmaceuticals, chemicals and technology, media and telecommunications.

LAGreen Fund

The LAGreen Fund is the first impact investment fund dedicated to promoting green bonds in Latin America. The fund aims to support positive climate, environmental, and societal benefits through the promotion of Latin America's green bond market. To consolidate green bonds as instruments for mobilising resources towards more sustainable and green economic models in the region, the LAGreen Fund provides technical assistance and invests in green bonds issued in the region.

The German Development Bank (KFW) established the LAGreen Fund, with seed capital provided by the European Union (EU) and the German Federal Ministry for Economic Cooperation and Development (BMZ), with Finance in Motion and Santander Asset Management as investment managers. The fund seeks to support the issuance of high-impact thematic bonds in the region, attract a greater volume of long-term funding for sustainable projects, as well as support issuers through technical assistance during the different phases of bond preparation, issuance, and post-issuance, with the commitment to purchase a significant portion of the issue.

2. Labelled finance support for sustainable development

Summary of Brazil's most relevant characteristics

Brazil is the largest country in South America and the fifth largest on the planet, covering approximately 8.5 million km^2. The country is home to six biomes (Pampa, Pantanal, Cerrado, Caatinga, Atlantic Forest, and Amazon) and is the most biodiverse country, containing around 15–20% of the planet's biodiversity.[2] It has a vast variety of species in both terrestrial and marine ecosystems, with an estimated 124,000 species of fauna, 44,000 species of flora, and 8,000 species of fungi that are known of.[3]

With a population of over 212 million people, Brazil is the seventh most populous country in the world. Its population growth rate has been steadily slowing since the 1960s, reaching the lowest average of 0.52% from 2010–2022. Brazil is mostly urban and richly diverse in terms of ethnicities, cultures, and religions. Its population self-identifies predominantly as mixed-race (or parda) (45%), followed by white (43%), Black (10%), indigenous (0.6%), and Asian (0.4%).[4]

From 1995–2019, extreme weather events such as droughts and urban and river floods cost BRL13bn (USD2.4bn, 0.1% of 2022 GDP) per year on average. Over 25 years, this represents more than BRL333bn (USD62bn), in which drought accounted for around 60%, urban floods 16%, and river flooding 10%.[5] These losses demonstrate that Brazil is highly vulnerable to the impacts of climate change.

Brazil is among the top ten largest GHG emitting countries, with land-use change the largest source of emissions. These emissions comprise carbon dioxide (65% in 2020), mainly from land-use change and energy; methane (24%) and nitrous oxide (11%), mainly from agriculture and cattle ranching, and waste sectors.[6] However, Brazil has demonstrated its potential to lead in climate action through its COP30 presidency. Its latest nationally determined contribution (NDC) commits to a reduction in GHG emissions of 59%–67% below 2005 levels by 2035, and achieving climate neutrality by 2050.[7] It is also updating its national plan on climate change, which will guide, promote, catalyse, and monitor coordinated actions aimed at the transition to a net-zero economy.

Country facts

Population: **212.6m**

Macroeconomic facts (2024)

GDP: **BRL11.7tn (USD2.19tn)**

GDP growth: **3.4%**

Inflation: **4.83%**

Country's Investment risk rating:

Fitch rating: **BB**

S&P rating: **BB**

Moody's rating: **Ba1**

Macroeconomic overview

Growth in Brazilian GDP surpassed market expectations in 2024 (3.4%) and 2023 (2.9%).[8,9] First quarter 2025 growth is estimated at 1.4%, indicating a continuation of the upward trend.[10]

The country's history of hyperinflation remains a concern but having breached the target band with an annual rate of 4.8% in 2024, inflation is forecast at 4.3%–5.2% in 2025.[11] Consequently, the Brazilian central bank has tightened the Selic rate, which is expected to remain at 15% throughout the year.[12]

Unemployment is trending at historically low levels with the average annual unemployment rate falling from 7.8% in 2023 to 6.6% in 2024.[13] In the second quarter of 2025, Brazil's unemployment rate stood at 5.8%, the lowest registered since 2012.[14]

The Brazilian Real (BRL) exchange rate has fluctuated amid fiscal concerns and global uncertainty, especially related to international trade. In 2024, Brazil recorded a trade surplus of over USD74bn with exports of USD337bn and imports of USD262bn. Its main trade partners are China, followed by the United States, Argentina, Netherlands, and Spain.[15] Agribusiness continues to be the main driver of these transactions, followed by iron ore and oil. Significantly, progress has been made on the agreement between Mercosur (South American free-trade bloc) and the EU, which is still in the ratification phase and expected to benefit core sectors such as agribusiness and energy, thereby fostering economic growth and diversifying the Brazilian export portfolio.[16]

Brazil's fiscal position continues to face structural challenges with gross public debt at 76.1% of GDP in 2024, and a primary deficit of 0.4% of GDP.[17] To address this, the government has committed to a new fiscal framework, and a VAT reform approved in 2023 and under implementation which is expected to simplify the tax system and improve productivity, while introducing spending control mechanisms and guaranteeing a minimum level of public investment. A personal income tax reform is also being considered which would broaden the tax base and improve equity.

The three main global rating agencies maintain Brazil's risk rating below investment grade but with a neutral outlook in 2025. Moody's has placed the country at Ba1 with a stable outlook, S&P has indicated BB stable, and Fitch also BB with a stable outlook.[18,19,20]

Brazil's strategic development agenda integrates long-term planning with targeted operational initiatives. At its foundation is the Federal Development Strategy 2020–2031 (EFD in Portuguese), which outlines the country's economic, social, and environmental transformation goals.[21] In parallel, the New Growth Acceleration Programme (PAC in Portuguese), relaunched in 2023, mobilises over BRL1.7tn (USD320bn) in public and private investment toward infrastructure, energy transition, and social inclusion, linking budget execution to structural priorities.[22] The Nova Indústria Brasil (New Industry Brazil) plan, launched in 2024, supports green reindustrialisation through innovation-driven credit and development policies.[23] In agriculture, the 2025/2026 Plano Safra allocates BRL400bn (USD75bn) in rural credit, with expanded support for sustainable production.[24] Combined with the fiscal and tax reforms already mentioned, these initiatives reflect a cohesive strategy that combines fiscal responsibility, sectoral financing, and long-term planning to advance productivity, inclusion, and climate-aligned development.

This when coupled with Brazil's robust economic growth and falling unemployment in 2024 and early 2025, even amidst fiscal concerns and an adverse external environment, will be critical to sustaining investor confidence and unlocking long-term inclusive growth towards sustainable development.

Spotlight on innovative financial instruments in the Brazilian sustainable market

The Brazilian capital markets have been growing steadily since 2018, at an average rate of 20% annually, reaching BRL787bn (USD148bn) in 2024, of which fixed income accounted for 90% of the volume.[25] This increasing market maturity relies on various financial instruments, each designed to meet specific financing and investment needs. This section presents some of the typical financial instruments used, outlining their specific characteristics and potential applications in the market, while the following section will focus on how these instruments are deployed in the Brazilian thematic debt market.

i. Debentures

Definition: Fixed income instruments issued by corporates, representing a loan agreement between the issuer and the debenture holders which are entitled to receive periodic interest payments and the principal when the bond matures. They represent the most popular fixed-income instrument in Brazil, accounting for around 67% of the volume issued in 2024.[26]

There are two special categories of debentures in the Brazilian market linked to tax incentives. In both cases, the funds raised by the issuers must be earmarked to projects that implement, expand, recover, repair, adapt or modernise the infrastructure or economic production that is focused on research, development, and innovation, which is considered a priority by the federal government.

- Law No. 12.431/2011 introduced **incentivised debentures**: tax-exempt debentures to encourage individual investors to finance infrastructure projects.[27]

- Law No. 14.801/2024 created **infrastructure debentures** aimed at attracting institutional investors and expanding private financing for infrastructure and innovation projects, with tax benefits for the issuers.[28]

The criteria and conditions for classifying projects as priorities in the designated sectors are defined by Decree No. 11.964/2024. This regulation applies to both incentivised and infrastructure debentures, and revokes Decrees No. 8.874/2016 and No. 10.387/2020, which previously addressed this classification. Priority segments include urban mobility, energy, and basic sanitation. The current decree revises the definition of priority sectors but still includes those previously established. It also incorporates complementary actions and interventions aimed at reducing or mitigating GHG emissions within the scope of the infrastructure project.

Regulation: Federal Law No. 12.431/2011, Federal Law No. 14.801/2024, Federal Decree No. 11.964/2024.

ii. Asset-Backed Securities (ABS)

- **Agribusiness Receivables Certificates (CRA in Portuguese)**

Definition: CRAs are instruments that are collateralised by receivables originated from transactions between rural producers or their cooperatives and third parties, including financing or loans related to the production, commercialisation, processing, or industrialisation of products, inputs, and machinery used in agricultural production. Companies transfer their receivables to a securitisation company, which issues the CRAs and makes them available for trading on the capital market, usually with the assistance of a financial institution. At maturity, the securitisation company will pay the company for the receivables transferred.[29]

Regulation: Federal Law No. 9.514/1997, National Monetary Council (CMN, by its acronym in Portuguese) Resolution No 5.118/2024, CMN Resolution No. 5.212/2025.

- **Real Estate Receivables Certificate (CRI in Portuguese)**

Definition: ABS that are used to finance transactions in the real estate sector and backed by real estate-related receivables, such as buying and selling, renting, among others. CRIs have been widely used in the renewable energy sector, financing projects in which receivables from solar and/or wind energy act as collateral through power purchase agreements (PPAs). Only securitisation companies are permitted to issue CRIs.[30]

Regulation: Federal Law No. 9.514/1997, CMN Resolution No. 5.118/2024, CMN Resolution No. 5.212/2025.

iii. Credit Receivables Investment Fund (FIDC in Portuguese)

Definition: Fixed-income pooling of resources constituted as either an open-ended or closed securitisation fund. The principal rule is that at least 50% of the net assets must be invested in credit rights originating from commercial, industrial, real estate, financial, and service operations. In an open-ended structure, investors (quota holders) may request redemption of their shares according to the fund's regulations. In a closed structure, shares can only be redeemed at the end of the fund's duration, or at the end of each series or class of shares as specified in the regulations, or upon the fund's liquidation. The regulations may also allow for the amortisation of shares either by the fund's rules or by a decision of the general meeting of quota holders.[31,32]

Regulation: Brazilian Securities and Exchange Commission (CVM, by its acronym in Portuguese) Instruction No. 356/2001, and amendments.

iv. Banking Fund

- **Financial Letter (LF in Portuguese)**

Definition: An LF is a fixed-income security issued by multiservice, commercial, development, and investment banks; lenders and investment companies; savings banks, mortgage companies, and real estate lenders; all with the aim of raising medium-, and long-term funds. It requires a minimum maturity of two years, during which no partial or full redemption is allowed, with a minimum investment amount of BRL50m (USD9m) or BRL300m (USD56m) if the instrument includes a subordination clause.[33] In addition, LFs are not covered by the Credit Guarantee Fund (FGC, by its acronym in Portuguese), which increases their risk.[34]

Regulation: CMN Resolution No. 5.007/2022.

- **Real Estate Credit Bill (LCI in Portuguese) and Agribusiness Credit Bills (LCA in Portuguese)**

Definition: LCIs and LCAs are fixed-income instruments issued by financial institutions, which can be remunerated at pre- or post-fixed rates. The minimum maturity varies from six to 36 months, depending on if and how often the instrument is updated by the price index, and individual investors are exempt from income tax.[35] Both LCI and LCA are eligible for coverage from the FGC.[36] The main difference between LCIs and LCAs is the collateral.

LCI: Issued by commercial, multiservice and investment banks, building societies, savings and loan associations, and mortgage companies. LCIs are backed by real estate credit operations, secured through mortgages or fiduciary sale of real estate.[37]

Regulation: Federal Law No. 10.931/2004, CMN Resolution No. 5.006/2022 and 5.215/2025.

LCA: Focused on the agribusiness sector and can be backed by various types of assets tied to credit rights involving rural producers, cooperatives, and third parties. These assets may include loans and finance associated with the production, sale, processing, or industrialisation of agricultural goods, inputs, equipment, or machinery.[38]

Regulation: Federal Law No. 11.076/2004, CMN Resolution No. 5.215/2025

Investment Funds

- **Real Estate Investment Trusts (FII in Portuguese)**

Definition: FIIs are collective investment funds, managed by financial institutions that pool capital from multiple investors to finance real estate ventures. Each fund operates under a specific investment policy, which guides how the resources are allocated. The funds can invest in a wide range of real estate assets, including urban or rural properties, either completed or under development, for residential or commercial use. Additionally, FIIs may allocate capital to financial instruments tied to the real estate sector, such as other FIIs, CRIs, mortgage-backed securities, FIDCs, and shares of publicly traded real estate companies.[39]

FIIs are structured as closed funds, which means investors cannot redeem their shares before the fund's maturity date, although most FIIs are designed to have no fixed end date, allowing them to operate indefinitely. Income generated by the fund is typically distributed to investors on a regular basis. FIIs are traded on the Brazilian Stock Exchange (B3).[40]

Regulation: Federal Law No. 8.668/1993 and CVM Instruction No. 472/2008, and amendments.

- **Investment Fund in Agro-industrial Productive Chains (Fiagro)**

Definition: Fiagro was inspired by the regulation governing FIIs but is focused on investing in different areas within the agro-industrial chain. Among the assets eligible for investment are rural properties; activities that are part of the agro-industrial chain; financial assets, credit securities or securities in the agro-industrial chain; agribusiness credit rights and securitisation bonds issued with backing in agribusiness credit rights; and FIDC quotas, among others. Similar to FIIs, Fiagros are structured as closed funds and most have no specified settlement date.[41,42]

Regulation: Federal Law No. 14.130/2021 and CVM Resolution No. 39/2021.

Insurance Linked Securities (LRS in Portuguese)

Definition: Letras de Risco de Seguro (LRS) are the Brazilian version of insurance-linked securities (ILS). They can be issued by special purpose insurance companies (SSPE) and are linked to a portfolio of insurance and reinsurance policies. An LRS is a financial instrument with a flexible maturity date, and returns tied to risk factors where the yield is based on parameters such as climate-related catastrophes (which are known as catastrophe bonds or cat-bonds). These instruments permit the insurance market to share risk with the capital market.

These cat-bonds enable the early allocation of funds for climate emergency situations, such as floods, severe droughts, or hurricanes.[43] Payouts are activated by predefined triggers, such as parametric data, estimated industrial damage, or indemnity thresholds.[44] If the risk does not materialise within the predefined parameters, the investor receives the principal amount with a return as compensation for the risk assumed, in line with the company's investment performance. If a disaster occurs, the investor does not receive a return and may also incur a partial loss of the invested capital, as the funds are allocated to cover indemnity payments.[45]

Regulation: Federal Decree No. 14.430/2022 and Joint Resolution CNSP/CMN No. 9/2024.

3. Brazil sustainable debt market overview

GSS+ market snapshot

As of the end of June 2025, Climate Bonds had recorded USD67.8bn of cumulative GSS+ volume originating from Brazil, of which USD49.3bn (73%) aligned with Climate Bonds screening methodologies. Despite having a lower rate of alignment compared to other Latin America and the Caribbean (LAC) countries such as Chile (96%) and Mexico (76%), in the first half of 2025, Brazilian alignment rates improved, reaching 93% of GSS+ debt volume, compared to 88% in H1 2024. Yet, since 2024, non-alignment within Brazil's green bond market has been increasing. The main reasons for non-alignment of green bonds are use of proceeds (UoP) not meeting Climate Bonds technical criteria and insufficient disclosure.

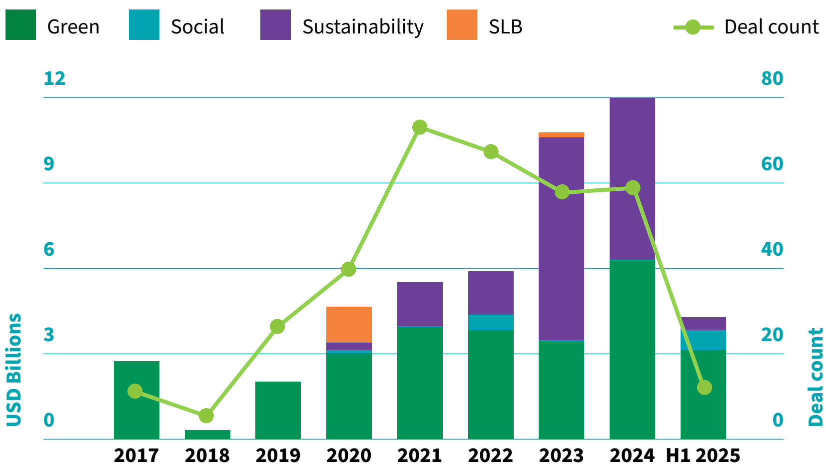
The Brazilian GSS+ market represents 19% of the cumulative volume originating from the LAC region and ranks third in LAC's cumulative aligned GSS+ market, behind Chile (USD68.6bn) and Mexico (USD60.1bn). In 2024, Brazil was the second largest issuer in the region, surpassing Chile in its issuance of GSS+ aligned debt (USD9.1bn), and has been consistently increasing its GSS+ debt volume since 2018. From 2020–2024, the GSS+ market in Brazil accounted for 9.7% of the overall debt issued in the country.[46]

Following a very strong year in 2023 (USD10.7bn aligned volume), Brazil's 2024 aligned volume was USD12bn (+12%). Notably, Brazil recorded its largest volume of aligned green bonds, USD6.3bn, which was an increase of 85% versus 2023.

Table 1: Aligned GSS+ scorecard (USD)

Year	Green	SLB	Social	Sustainability	GSS+ total
2015-2019	**6.5bn**				6.5bn
2020	**3.0bn**	1.3bn	109m	248m	4.6bn
2021	**3.9bn**		30m	1.5bn	5.5bn
2022	**3.8bn**		559m	1.5bn	5.9bn
2023	**3.4bn**	139m	21m	7.1bn	10.7bn
2024	**6.3bn**		13m	5.7bn	12.0bn
H1 2025	**3.1bn**		700m	434m	4.3bn
Cumulative	**30.0bn**	**1.4bn**	**1.4bn**	**16.5bn**	**49.3bn**

Chart 1. Consistent growth in Brazilian aligned GSS+ volume since 2018



Source: Climate Bonds Initiative

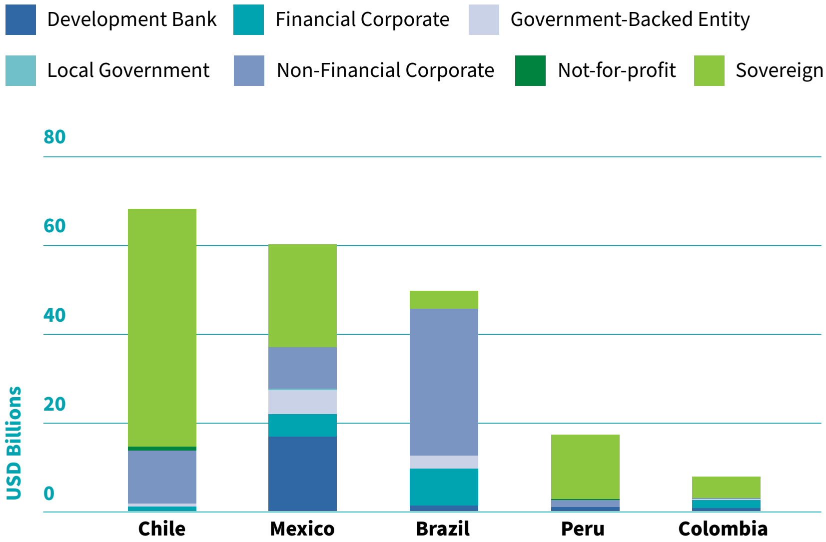
Cumulatively, 67% of aligned GSS+ volume from Brazil has been issued by non-financial corporations. Within this group, nearly 40% operate in the energy sector, primarily focused on renewable energy, including solar, wind, and storage technologies. Other significant contributors include the utilities sector (USD7bn), covering energy transmission and distribution (T&D) as well as water and basic sanitation; and the basic materials sector (USD4.7bn), mainly issuers from the paper and pulp industry.

In 2024, 64% of the aligned GSS+ volume was issued by non-financial corporates and 2024 marked the highest volume for GSS+ aligned issuance by non-financial corporates (USD7.6bn). During the first half of 2025, non-financial corporates collectively issued USD3.1bn (41% of the 2024 volume), indicating strong growth again in 2025. Sovereign issues accounted for 8% of the total volume issued by the end of H1 2025.

Following an impressive year in 2024, green bonds are set to perform well in 2025 with USD3.1bn issued already in the first half of the year. The green bond market in Brazil, with USD30bn issued cumulatively, tops other LAC countries, such as Chile (USD15.6bn) and Mexico (USD6.5bn). Brazil's growth in the green bond market could increase further following the publication of the Brazil sustainable taxonomy (BST) framework, which is due in the second half of 2025 and offers clearer guidelines to support the issuance of GSS+ debt.

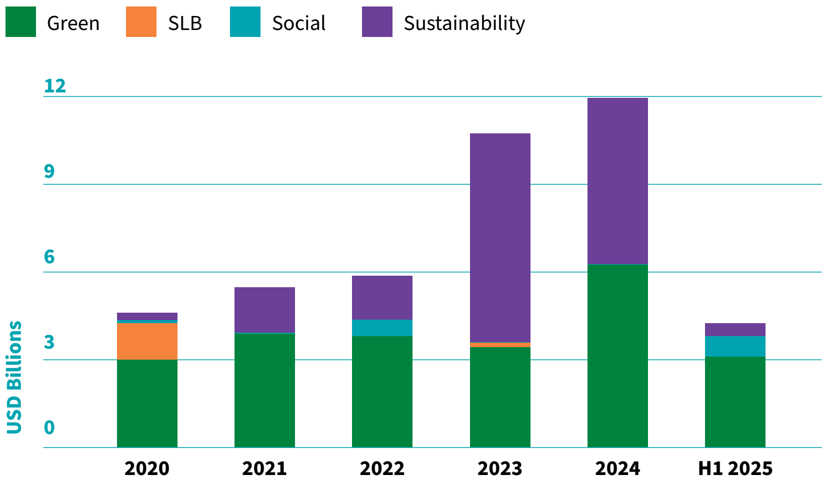
While the SLB market has remained inactive since 2023, social bonds have made a comeback in 2025 with USD700m issued in the first half of 2025, beating previous years. The rise in social bond volume is driven by the inaugural issue from the government-backed bank Caixa Econômica Federal. Under its sustainable finance framework, the bank has allocated proceeds to eligible projects aimed at expanding access to financial services and supporting the sustainable development of Brazilian society. Notably, Caixa accounts for the entirety of social bond issuance in H1 2025, totalling USD700m.

Chart 2. Brazil leads cumulative corporate GSS+ issuance in LAC region



Source: Climate Bonds Initiative

Chart 3. Green bond volume reached a new high in 2024



Source: Climate Bonds Initiative

Table 2: Currency distribution of Brazillian GSS+ bonds by type

Currency	Green	Sustainability	Social	SLB	Cumulative volume (USD)	Cumulative volume (%)
BRL	**16.0bn**	8.6bn	233m	139m	24.9bn	50.5%
USD	**12.9bn**	8.0bn	1.2bn	1.3bn	23.3bn	47.3%
EUR	**901m**				901m	1.8%
CNY	**166m**				166m	0.3%
Total	**30.0bn**	**16.5bn**	**1.4bn**	**1.4bn**	**49.3bn**	**100%**

Currency

BRL accounts for 51% of the total aligned Brazil GSS+ market, underscoring market preference for issuing in local currency. The cumulative volume of USD24.9bn in BRL was predominantly issued by non-financial corporates (74%) followed by financial corporates (16%).

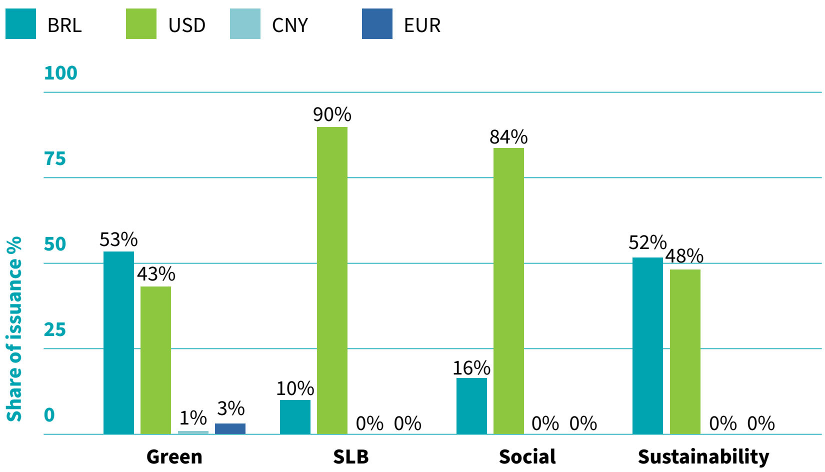
Since 2015, Brazilian GSS+ bonds have been issued in only four currencies led by BRL (USD24.9bn) and USD (USD23.3bn), with EUR (USD901m) and CNY (USD166m) playing a marginal role (see Table 2). Green and sustainability bonds are almost evenly split between BRL and USD, while social and sustainability-linked bond issuers demonstrate a strong preference for USD, accounting for 84% and 90% of volumes respectively (see Chart 4).

In 2024, dynamics shifted with USD once again overtaking BRL as the dominant issuance currency for the first time since 2021.

This was largely driven by the USD2.5bn issue from Brazilian energy company Raizen Fuels Finance which recently entered the international market to invest in renewable energy and energy efficiency. Instruments with UoP directed towards renewable energy are encouraged following the launch of Brazil's Fuel of the Future law which seeks to reduce GHG emissions through the use and production of biofuels.[47]

In recent years, Brazil has worked hard to improve and diversify its electricity sources, targeting investment in wind solar and biomass which has led to the country having the cleanest energy mix amongst the G20.[48]

Chart 4. Currency distribution of Brazillian GSS+ bonds by type (2015–2025)



Source: Climate Bonds Initiative

External review

GSS+ debt issuers can engage external reviewers to assess a bond's alignment with market principles. This is regarded as best practice and is adopted by 90% of thematic debt volumes in Brazil where the preferred type of review is a second-party opinion (SPO). For cumulative issuance, ERM (initially operating as Sitawi, then as NINT following the 2022 spin-off of its sustainable finance activities, and finally as ERM after its acquisition in 2023) and Sustainalytics are the two leading SPO providers in Brazil, jointly accounting for 69% of the total review volume.

Maturity and deal size

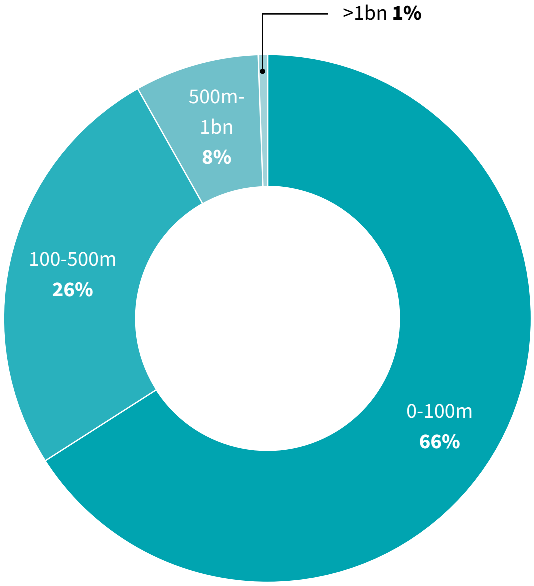
Bonds maturing within 5–10 years comprise the majority of those originating from Brazil, with only 5% exceeding 20 years. Whilst Brazil's cumulative GSS+ volume lags Chile and Mexico, Brazil has the highest number of deals issued in the LAC region (367 deals). In comparison to Mexico, Brazil has 88 more deals issued with a 5–10-year maturity.

The average deal size in the country is USD134m, with 8% of deals exceeding USD500m. For comparison, the average deal size in the LAC region is USD231m, behind Europe with USD396m. Over two-thirds of Brazil's deals range between USD0.2-100m. Brazil's SLBs have the highest average size at USD463m, due to fewer deals issued, while social bonds have the lowest average size (USD96m).

Brazil sustainable finance market

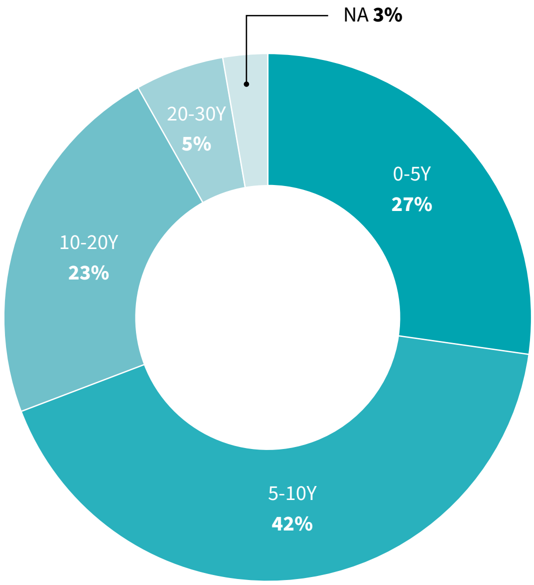
Brazil is the most dynamic GSS+ bond market in LAC, ranking in the top three by cumulative volume (USD49.3bn, 19% of LAC total) and number of issuers (154 versus 37 in Mexico and 25 in Chile). Unlike Chile or Mexico where sovereign issues dominate, Brazil's market is broader and more diverse, with the largest number of deals, strong corporate participation, and a preference for local currency (51%). Hosting both sovereign and some of the region's largest corporate issuers, Brazil combines scale with depth, making it the leading driver of sustainable finance in the region.

Chart 5. Over two-thirds of the deals in Brazil have an issue size of up to USD100m



Source: Climate Bonds Initiative

Chart 6. Shorter maturity periods preference for deals



Source: Climate Bonds Initiative

Green

Green is the largest label in the country's cumulative GSS+ market, accounting for 61% (USD30bn) of the volume. This ranks the country as the largest source of green bonds in the region, followed by Chile (USD15.6bn) and Mexico (USD6.5bn). Non-financial corporate issuers make the largest contribution to the Brazilian cumulative GSS+ market, representing 82% of the aligned volume, followed by financial corporates with 13%. Similar to many other countries including Mexico and Peru, sovereigns have not entered Brazil's green bond market, which may be a result of the government preference for addressing both environmental and social priorities in the same debt instrument.

Brazil green bonds scorecard

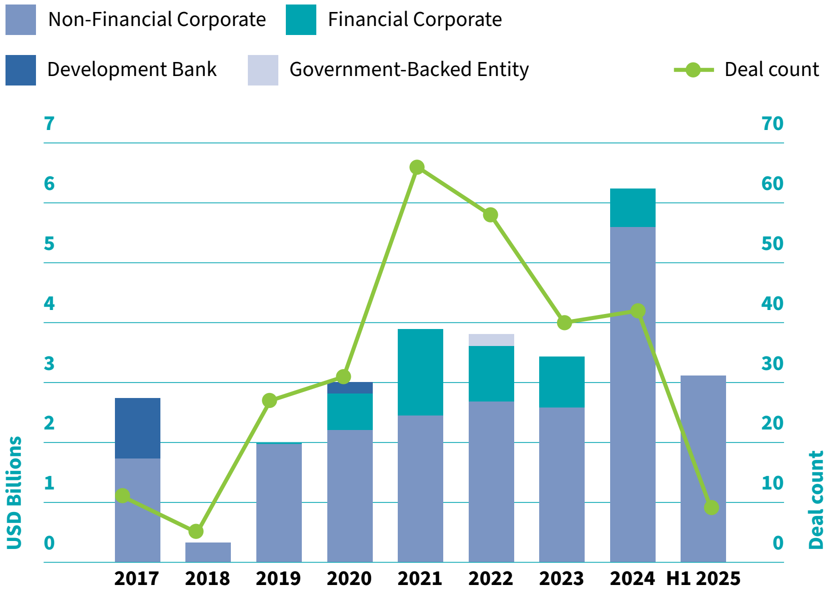
LAC ranking	1st largest issuer
Cumulative volume	USD30bn
Number of deals	293 deals
Average deal size	USD102m
Number of issuers	126
Largest issuer	Raízen Fuels Finance SA (USD3.3bn)

In 2023, the Brazilian government launched its sovereign sustainable bond framework to guide green, social, and sustainability bond issues to finance budget programmes and projects that generate positive environmental and social impacts while fostering a transition to a more inclusive, greener economy. This appears to have generated a positive impact as 2024 marked the country's highest volume of green bonds issued (USD6.3bn).[49]

As of the end of H1 2025, Raizen Fuels Finance was the largest issuer with four deals totalling USD3.3bn, followed by FS Luxembourg Sarl with seven deals worth USD1.9bn. While green bond volume in H1 2025 is slightly lower than H1 2024, the issuance of green debt in 2025 (USD3.1bn) already meets 50% of the total green volume raised in 2024.

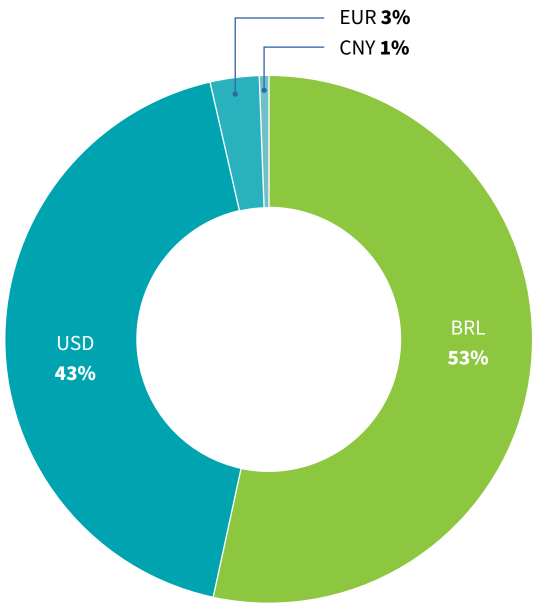
In Brazil, 96% of green bonds issued are closely split between BRL and USD, indicating that there is an equal balance of an active local and international investor base.

Chart 7. Corporates are the largest source of Brazilian green bonds



Source: Climate Bonds Initiative

Chart 8. BRL dominates in green bond issues



Source: Climate Bonds Initiative

As of the end of H1 2025, more than 80% of green volume received an SPO review. Sustainalytics remains the main external review provider for green bonds, followed by ERM. Climate Bonds Certification was obtained by 10% of green bonds.

As of the end of H1 2025, renewable energy was the most common UoP category, in line with the global imperative to increase renewable energy. This also reflects Brazil's transition to a net-zero future which is estimated by Bloomberg to cost USD6tn.[50] Land, another capital intensive UoP category that requires large decarbonisation investments, ranked second.

Artificial intelligence (AI) versus fire: Umgrauemeio issues to protect Brazilian biomes

Umgrauemeio, founded in 2016 as Sintecys, is a Brazilian leader in AI-driven fire detection for agriculture and native forests, including sugarcane, pulp production, and conservation areas. Using AI, machine learning, and satellite data, its system detects fires in as little as three minutes; cutting the response time from over 48 hours.

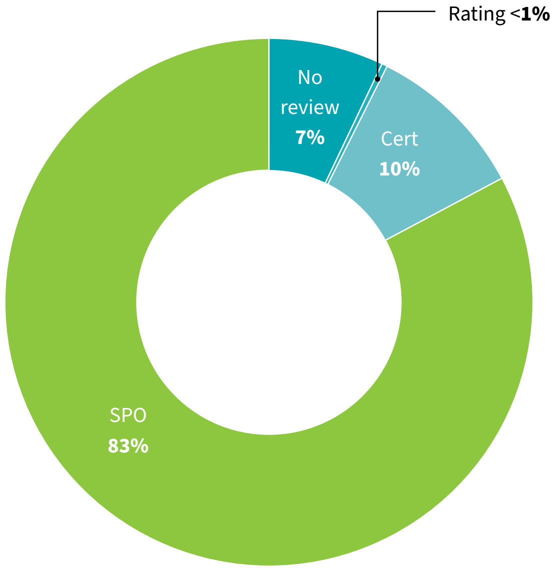
Forest fires are one of Brazil's largest sources of GHG emissions, exceeding those from deforestation and agriculture. By rapidly identifying and containing outbreaks, Umgrauemeio helps reduce burned areas, protects biodiversity, and supports national GHG reduction goals. The company monitors more than three million hectares of planted areas and 1.2 million hectares of native land across ten Brazilian states.

Its work is supported by a Climate Bonds Certified CRA worth BRL8m (USD1.5m), with almost 70% of the funds earmarked to new initiatives, including a large-scale project in the Pantanal biome.

In response to the devastating 2020 fires, which destroyed four million hectares and killed an estimated 65 million vertebrate animals and four billion invertebrates, the company is installing 11 detection towers in high-risk zones and expanding satellite monitoring to ensure faster response times and stronger ecosystem protection.

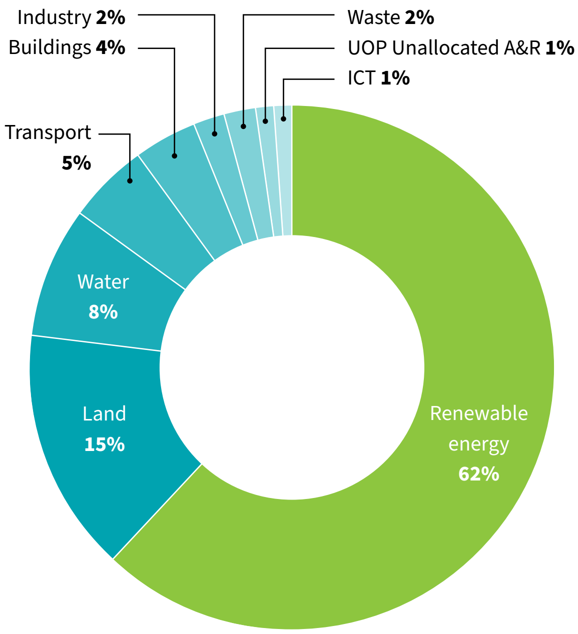
By combining innovation, finance, and environmental stewardship, Umgrauemeio demonstrates how technology-driven solutions, when supported by CRAs and a Climate Bonds Certification, can deliver tangible climate benefits, safeguard critical ecosystems, and set a benchmark for scalable, resilient, conservation initiatives.

Chart 9. Over 80% of green volume had an SPO review and 10% obtained Climate Bonds Certification



Source: Climate Bonds Initiative

Chart 10. Renewable energy is the main beneficiary of green bond UoP



Source: Climate Bonds Initiative

Water works: Aegea's landmark blue issues

Aegea is a leading private sanitation company in Brazil. The company currently serves over 38 million people across more than 800 municipalities in 15 states, covering all regions of the country. It operates under diverse contractual models, including full and partial concessions, sub-concessions, and public private partnerships (PPPs), managing the complete water cycle, from supply to sewage collection and treatment, with solutions tailored to local needs.

Aegea is an active participant in capital markets, having issued GSS+ deals through special purpose vehicles (SPVs) and various subsidiaries, including Aegea Finance Sarl, Águas do Rio and Prolagos S.A. (Rio de Janeiro), and CORSAN (Rio Grande do Sul).

Under its sustainable financing Framework, Aegea and its subsidiaries issue green and sustainable deals covering areas such as water and wastewater management, pollution prevention and control, biodiversity conservation, and socioeconomic development.

In the first half of 2025, Aegea executed two landmarks blue deals (classified as green due to the nature of their proceeds): a USD-denominated deal worth USD480m and a BRL-denominated deal worth BRL685m (USD118m). Both transactions were exclusively allocated to sustainable water and wastewater infrastructure projects. These deals, totalling USD598m, solidified Aegea's position as the largest blue issuer in LAC, with cumulative volume reaching USD3.3bn by mid-2025.

Aegea's consistent leadership in sustainable finance and its focus on impactful water and wastewater projects across Brazil demonstrate how private companies can drive environmental and social progress at scale, reinforcing the critical role of the sanitation sector in the country's sustainability agenda.

Decades of difference: Raízen's 30-year green issues

Raízen is an integrated Brazilian energy company and a global reference in bioenergy, with over a decade of experience. Evolving from a producer of sugar, ethanol, and bioelectricity into a fully integrated energy platform, the company now delivers an increasingly clean and competitive energy mix.

In March 2024, Raízen entered the GSS+ market with two green deals totalling USD1.5bn. A third issue followed in September, raising an additional USD1bn. In its debut year, the company raised USD2.5bn across three transactions. This momentum continued into 2025, with a further USD750m green issues in the first half of the year.

In total, Raízen has issued four green deals, raising USD3.25bn, making it the largest green issuer in Brazil and the second largest in the country's GSS+ segment.

Notably, two of the deals feature a 30-year maturity, the longest tenors in Brazil's GSS+ market, where average maturities are approximately 7.5 years for green deals and 9 years for all GSS+. This long-term structure underscores Raízen's strategy of securing stable, long-term financing for transformational projects and demonstrating confidence in its financial strength and growth trajectory.

By pairing bioenergy innovation with strategic sustainable finance, Raízen sets a benchmark for long-term, impactful investment in Brazil's energy transition, reinforcing its leadership in both the domestic and global market.

Green panda power: Suzano's historic issuance in China

In November 2024, **Suzano**, a Brazilian-headquartered company and the world's leading market pulp producer, achieved a major milestone by becoming the first corporation from the Americas to issue panda bonds in China. The three-year deal raised CNY1.2bn (USD165m) in the Chinese market.

This issue qualifies as a green panda bond, with the proceeds specifically allocated to financing certified eucalyptus plantations in Brazil, which aid the transition to net-zero by providing renewable raw materials to substitute petroleum derivatives.

The event that clinched Suzano's entry into the Chinese bond market was Board approval of the programme in August 2024, after the progamme was given the green light by the National Association of Financial Market Institutional Investors (NAFMII) to raise up to CNY20bn (USD2.7bn) over the next two years.

Suzano's operation received an SPO from Lianhe Equator, one of the third-party evaluation and certification organisations for sustainable finance in China, for local Chinese requirements to be certified green; and Sustainalytics for alignment with global green bond principles (GBP).

Suzano's successful panda bond issue demonstrates how Brazilian companies can access international capital markets to finance projects, setting a benchmark for innovation, sustainable finance, and the global recognition of Brazilian corporate sustainability agendas.

Social

Commercial bank, Banco ABC Brasil, priced Brazil's first aligned social bond in 2020, a BRL525m (USD99m) five-year deal. Since then, the social bond market has grown at a slower rate in comparison to the country's green and sustainability volume, reaching USD1.4bn in cumulative volume by the first half of 2025. Aligned social bonds constitute less than 3% of Brazil's thematic debt with 15 deals and 10 issuers.

Brazil social bonds scorecard

LAC ranking	6th largest issuer
Cumulative volume	USD1.4bn
Number of deals	15
Average deal size	USD96m
Number of issuers	10
Largest issuer	Caixa Econômica Federal (USD700m)

After three consecutive years of global decline, social bonds resumed their growth trajectory in 2024, reaching USD174.9bn aligned social bonds recorded, a 12% YoY increase. Similarly, social bond volume in the LAC region stabilised following 130% growth in 2023, maintaining the amount of aligned social bonds at USD10.5bn in 2024 (1% YoY). Following the USD700m record bond issue from Caixa, 2025 has already marked the highest volume for Brazilian social bonds.

While Brazil is not a particularly large originator of social debt in comparison to neighbouring countries in the region such as Chile (USD31.7bn), Mexico (USD6.1bn), and Colombia (USD5bn), Brazil is attracting the support of organisations such as the World Bank to support the creation of a socially inclusive economy. In 2025, the World Bank announced a USD1bn development policy finance initiative to enhance productivity, sustainability, and inclusion in Brazil to support social assistance programmes which aim to benefit at least 55,000 families by December 2026.[51]

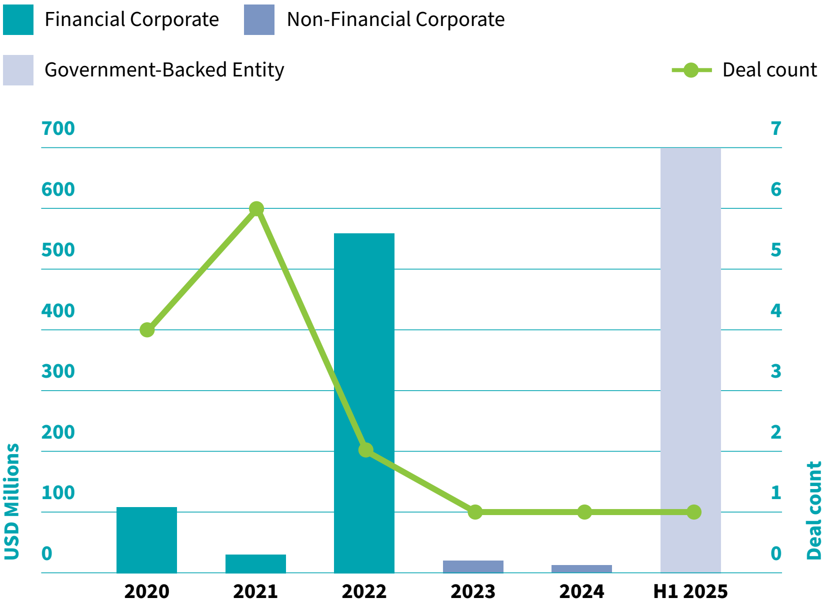
In the LAC region, social bonds are mostly issued in USD, and this is also the case in Brazil with 84% of the aligned social volume being USD denominated.

To date, almost all social bonds in Brazil have undergone an SPO review, with ERM being the leading SPO provider in the country. ERM has conducted the reviews for 11 out of 15 social deals.

Table 3: Social bonds scorecard - aligned social bonds in Brazil

Issuer type	Amount issued (USD)	Deal count
Financial corporate		
Banco ABC Brasil	99.5m	1
Banco do Brasil	500.0m	1
Gaia Securitizadora	2.8m	1
True Securitizadora (Direcional Engenharia SA)	59.4m	1
Vert Companhia Securitizadora (Alume)	4.5m	2
Vert Companhia Securitizadora (Gyra, Gyra+, GyraMais)	28.7m	5
Vert Companhia Securitizadora (PraValer)	4.0m	1
Government-backed entity		
Caixa Econômica Federal	700.0m	1
Non-financial corporate		
Cogna Educação	21.0m	1
Grano Alimentos	12.8m	1
Total	**1.4bn**	**15**

Chart 11. Brazilian social bonds display growth in 2025



Source: Climate Bonds Initiative

In Brazil, there is a diverse social agenda to reduce inequality among the workforce, which translates into multiple UoP categories being imbedded within social bond deals. Employment is the most frequently named category in the cumulative total of Brazil's social deals; however, this sits closely with other categories such as microfinance, equality, healthcare, and affordable housing. Social financing is expected to proliferate in coming years, led by Brazil's NDC to reduce social and regional inequalities together with initiatives to bolster climate policies that contribute to the fight against hunger, poverty, and poor healthcare.[52]

Great comeback: Caixa's USD700m social bond

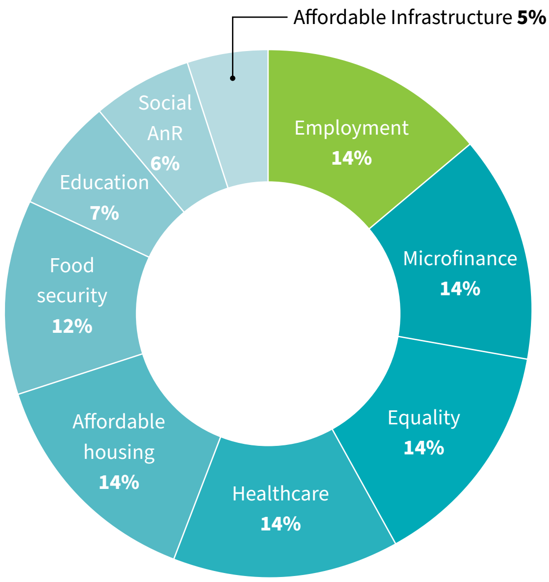
Caixa Econômica Federal's 2025 social deal marks a significant moment, both for the institution and for Brazil's sustainable finance landscape. Not only was it Caixa's first ever social deal, but also its first return to international markets in over a decade.

The issue amounted to USD700m and has become the largest aligned social deal ever issued by a Brazilian entity. It was structured under Caixa's sustainable finance framework, developed in partnership with the IDB.

The proceeds from the social deal will be directed toward five eligible categories, including financial inclusion, affordable basic infrastructure (such as sanitation and sustainable urbanisation), and affordable housing. Finance for education and health facilities are also part of the pool of projects under the framework's umbrella, as well as technology for people with disabilities.

This represents a big step for Caixa, better known for its contribution to affordable housing in underserved communities, as it consolidates its presence in various social investments. Caixa is reinforcing its position as a key agent in Brazil's social infrastructure while also signalling to the international investment community that Brazilian public financial institutions are ready to engage meaningfully with global GSS+ markets.

Chart 12. Employment category tops issue volume for social bonds



Source: Climate Bonds Initiative

Sustainability

Brazil is the third largest contributor to the LAC region's cumulative sustainability aligned debt, behind Mexico and supranational entities. Sustainability bonds are the second largest thematic label for Brazilian issuers, accounting for 34% (USD16.5bn) of the country's cumulative GSS+ aligned volume.

Brazil sustainability bonds scorecard

LAC ranking	3rd largest issuer
Cumulative volume	USD16.5bn
Number of deals	56
Average deal size	USD295m
Number of issuers	27
Largest issuer	Brazilian Government International Bond (USD4bn)

The flexibility to incorporate a wider range of green and social UoP into the sustainability framework attracts more issuers and has supported the growth of the label. This commitment is evidenced by the Brazil Sovereign Sustainable Bond Framework which enables the federal government to issue green, social and sustainability bonds.

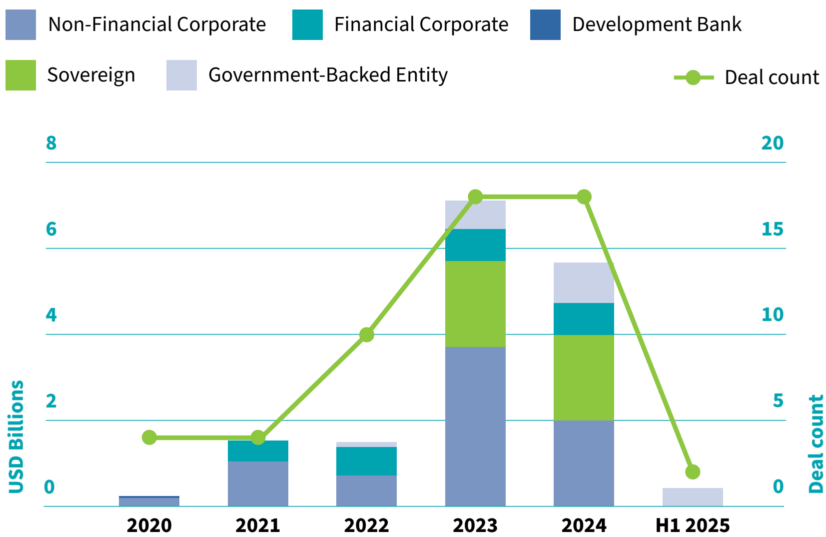
Non-financial corporates are the largest contributors to sustainability debt issuance in the country, accounting for 46% of the country's total, followed by sovereign issues which constitute 24%. Sovereign deals were first introduced in 2023 with the Brazilian Government International Bond via sustainability bonds. In 2023, shortly after the introduction of the country's sustainability bond framework, Brazil achieved a significant milestone with its USD2bn inaugural sovereign sustainable bond allowing it to broaden its investor base and stimulate further sustainable debt instruments.

Despite recent growth in the theme, only two sustainability aligned issues have been reported in H1 2025, which contrasts the 13 deals issued in H1 2024.

Non-financial corporates lead sustainability issuance

Non-financial corporates are an important issuer type for sustainability bonds as they contribute to almost half of Brazil's aligned sustainability volume. The country has attracted deals from 16 issuers, but Águas dos Rio (Aegea's subsidiary) stands out with the largest cumulative issuance of sustainability volume through the issuance of eight deals, totalling USD1.8bn.

Chart 13. Brazilian sovereign issues have supported sustainability volumes since 2023



Source: Climate Bonds Initiative

Aegea is the largest private sanitation company in Brazil, focusing its operations on water treatment and distribution, and sewage collection and treatment. In accordance with the company's ESG strategy, the proceeds of Aegea's investments are directed towards water networks, water treatment plants, and supply systems. Aegea will report annually on the volume of water treated and the population of people served until the maturity of its bonds.[53]

Cumulatively, the Brazilian bond market is dominated by the private sector, with non-financial corporates and financial corporates together accounting for 62% of total volume. The presence of corporates signals that private capital is already engaged in the sustainable finance market, a positive sign for scaling investment without having to rely solely on public budgets.

Table 4: All aligned issues made by Aegea and its subsidiaries

Aegea	2021	2022	2023	2024	2025	Total
Sustainability						**2.7bn**
Águas do Rio	-	-	1.2bn	685m	-	1.8bn
Aegea Finance Sarl	-	-	500m	-	-	500m
Companhia Riograndense de Saneamento (CORSAN)	-	-	-	270m	-	270m
Prolagos S.A.	-	-	79m	-	-	79m
Green						**681m**
Aegea Saneamento e Participações	83m	-	-	-	-	83m
Companhia Riograndense de Saneamento (CORSAN)	-	-	-	-	598m	598m

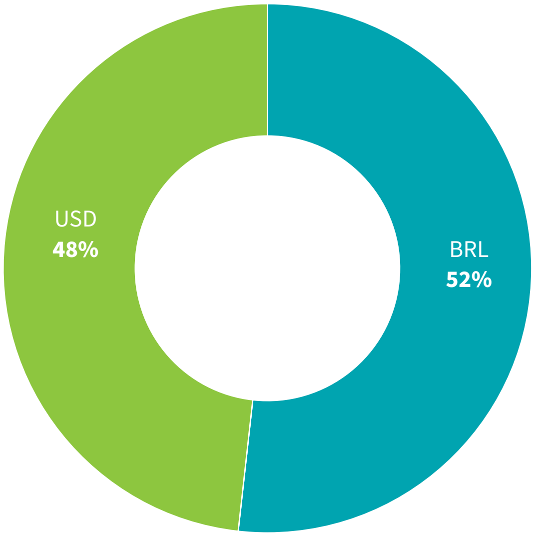
BRL was the preferred currency for sustainability deals originating in Brazil, supported by non-financial corporates, which differs from LAC in general, where the USD dominates the sustainability market. However, the presence of a large domestic currency sovereign issuer such as the Brazilian Government can act as a GSS+ anchor for local market engagement and unlock capital to support the transition to net zero.

Almost all sustainability bonds (95%) originating from Brazil obtained an SPO, which contributes to the market credibility of the instruments. Sustainalytics, Bureau Veritas, and ERM were the leading SPO providers, conducting reviews for 42 out of 56 deals.

Table 5. Sovereign sustainability deals in Brazil

Brazilian Government International Bond	Amount issued (USD)	Deal count
2023	2.0bn	1
2024	2.0bn	1
Grand Total	**4.0bn**	**2**

Chart 14. The domestic currency prevails in sustainability cumulative volume



Source: Climate Bonds Initiative

Banking on sustainability: Banco do Brasil's leadership in GSS+

Banco do Brasil is one of the largest financial institutions in the country and has gained increasing prominence in the sustainable finance market. In January 2025, it was recognised for the sixth time as the world's most sustainable bank in the Global 100 ranking by Corporate Knights. This recognition highlights its strong financial performance, sustainable credit portfolio, clean energy use, governance, and diversity.

Since 2022, the bank has stood out as the country's leading issuer of GSS+ deals among financial institutions. By the end of H1 2025, Banco do Brasil had issued three GSS+ deals totalling USD2bn: the bank made its debut in 2022 with a USD500m social deal, followed by two USD750m sustainability deals issued in 2023 and 2024, respectively.

All issues have seven-year maturities and follow the bank's sustainable finance framework, which sets clear eligibility criteria for green and social projects. Green projects include no-till farming systems, soil recovery, and sustainable irrigation, while social projects focus on microfinance, micro, small, and medium enterprise (MSME) support, socioeconomic inclusion, and access to essential services such as healthcare.

Banco do Brasil is also Brazil's largest agricultural lender and the main operator of Plano Safra, with a strong presence in rural credit for medium and large producers. Through Plano Safra, the bank supports agricultural financing, rural infrastructure, and innovation, promoting sustainable practices and fostering inclusive rural development in the country.

Banco do Brasil's sustained leadership in sustainable finance demonstrates how traditional financial institutions can drive both environmental and social impact at scale, reinforcing the critical role of banks in supporting a country's sustainable development and inclusive growth agenda.

All eyes on Brazil: award-winning sovereign issues

Brazil has made significant strides with two sovereign sustainable deals. In November 2023, Brazil announced its first issue, the GLOBAL 2031 ESG, with a tenor of seven years, which raised USD2bn.

With the success of the first issue, the National Treasury of Brazil was awarded the Latin American ESG Deal of the Year by Global Capital, and the Sustainability Bond of the Year in the sovereign category from Environmental Finance in April 2024.

Following this success, in June 2024, Brazil issued its second sustainable deal: GLOBAL 2032 which raised another USD2bn.

The final deal allocation attracted significant participation from foreign investors, particularly from Europe and North America, evidencing the global appeal of Brazil's sustainable finance initiatives.

Both sovereign issues adhere to the country's Sovereign Sustainable Bond Framework and received an SPO from Sustainalytics. The funds from the first deal were predominantly allocated to social projects combating poverty and food security, as well as environmental initiatives including biodiversity conservation, renewable energy, and sustainable land use. The funds for the second deal were allocated to social expenditure, specifically to projects combating poverty and promoting access to basic infrastructure.

Sustainability-linked

In 2024, aligned SLBs contributed under 1% to global GSS+ volume and Climate Bonds recorded a 51% drop in aligned SLBs globally, from USD22.8bn in 2023 to USD11.2bn in 2024. Despite this, aligned SLBs in H1 2025 have already totalled USD9.7bn globally, demonstrating a revival in appetite for these instruments.

Brazil SLB scorecard (aligned numbers)

LAC ranking	3rd largest issuer
Cumulative volume	USD1.4bn
Number of deals	3
Average deal size	USD463m
Number of issuers	2
Largest issuer	Suzano Austria GmbH (USD1.3bn)

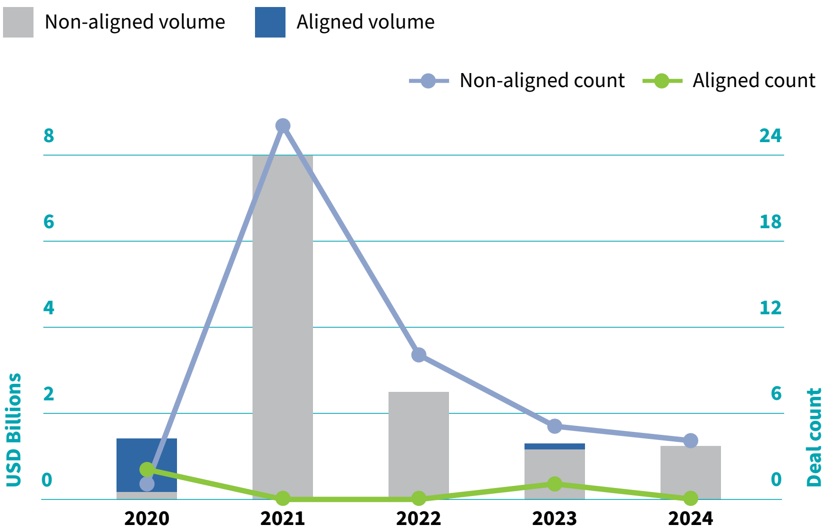
Nearly half of Brazilian SLB issues (49%) have been directed to targets unrelated to GHG emissions, such as diversity and inclusion, workplace wellbeing, and environmental resource management. Whilst relevant, there is great potential for non-financial corporates, financial institutions, and governmental entities to explore GHG targets in their SLB instruments, as shown by trends elsewhere over recent years.

The LAC region has three participating countries in the SLB market, and Brazil is the smallest contributor behind Mexico and Chile, adding USD1.4bn to the USD14.6bn cumulative aligned SLB market in the region.

A total of 49 SLBs have originated from Brazil, however only three are aligned to Climate Bonds SLB methodology, due to the omission of GHG targets by issuers when setting key performance indicators (KPIs). Brazil's cumulative SLB volume is largely generated by non-financial corporates, alongside financial corporates that account for 13% of the volume.

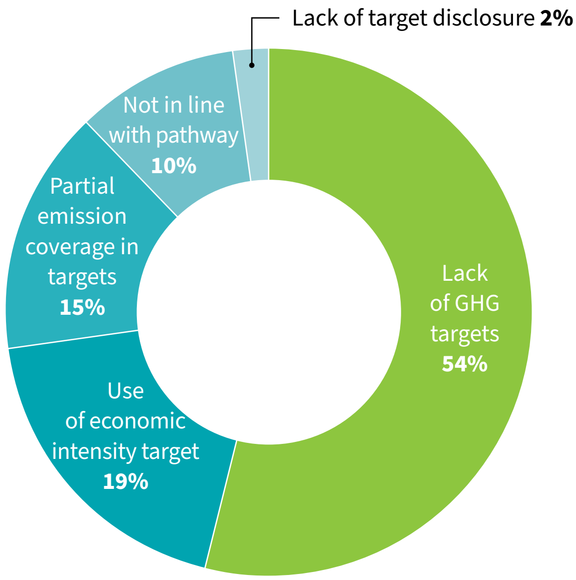
The largest issuer of SLB's in Brazil is Suzano Austria, which is one of the largest pulp producers in LAC and the leader in the toilet paper segment in Brazil. Of the USD2.3bn it has issued, 55% of the cumulative volume (USD1.3bn) is aligned.

Chart 15. In Brazil, the alignment rate of SLBs is still very low: only 10% of the issued volume is aligned



Source: Climate Bonds Initiative

Chart 16. Lack of GHG targets is the main reason for non-alignment of Brazilian SLBs



Source: Climate Bonds Initiative

SLB green signal: Algar Telecom's BRL700m (USD139m) issue

Founded in 1954 in Uberlandia (Minas Gerais), **Algar Telecom** operates in 372 municipalities across 16 Brazilian states and the Federal District. The company offers high-speed internet via fibre optics, mobile services with 5G coverage, and a broad range of ICT solutions, including cloud storage and corporate data management.

In November 2023, Algar Telecom issued its first SLB, raising BRL700m (USD139m) with a ten-year maturity. This was the company's first issue with ESG targets, and the most recent SLB in Brazil aligned with the Climate Bonds methodology.

As part of the transaction, Algar defined two material sustainability performance targets (SPTs), aligned with its core business and sector, focusing on reducing GHG emissions and increasing the share of renewable energy in its energy consumption.

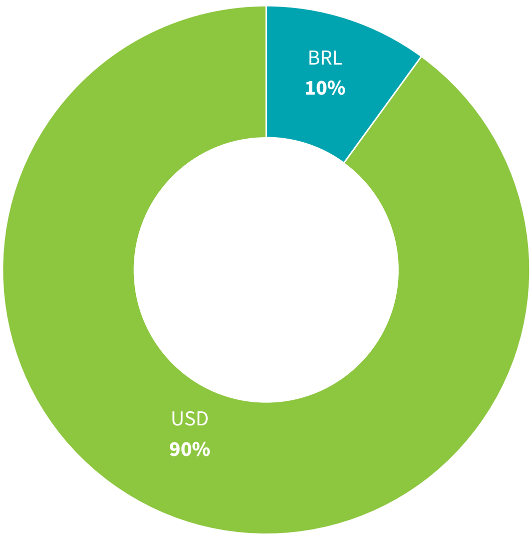
SLB-linked targets
KPI 1 – Absolute GHG emissions reduction (scopes 1 and 2)
SPT 1.1: 39.6% by 2027
SPT 1.2: 43.6% by 2029
SPT 1.3: 53.0% by 2030
KPI 2 – Share of renewable energy in total consumption (excluding I-RECs)
SPT 2.1: 73% by 2023
SPT 2.2: 81% by 2024
SPT 2.3: 86% by 2025
SPT 2.4: 91% by 2026

Scopes 1 and 2 account for 89% of the company's total emissions. To address this, Algar Telecom plans to replace high-emission refrigerant gases and electrify its vehicle fleet (scope 1), as well as generate clean energy from its own solar power plants (scope 2). As part of this strategy, 18 solar plants are currently under construction and are expected to become operational from 2024–2026.

Algar Telecom's commitment to a reduction of 53% in GHG emissions by 2030 reinforces its decarbonisation strategy and aligns with a critical milestone in the global sustainability agenda. By also pledging to increase its share of renewable energy, the company demonstrates a strong, forward-looking approach to achieving its sustainability goals and advancing a more sustainable future in the telecommunications sector in Brazil.

Two-thirds of the aligned SLB issues were reviewed by an SPO, demonstrating that assurance best practices are being followed. Bureau Veritas and ISS ESG are both active SPO providers in the country. While Brazil's local economy and most corporate revenues are denominated in BRL, 90% of aligned SLB volume is issued in USD, which suggests that companies prefer to tap international capital markets rather than rely on domestic investors.

Chart 17. USD dominates aligned SLB issues



Source: Climate Bonds Initiative

Blending beauty and biodiversity: Natura's Amazonian SLB

Natura is a Brazilian cosmetics company founded in 1969, with operations in seven LAC countries and strategic markets including France, the United States, and Malaysia. The company has transitioned from a direct sales model into a global retail brand, expanding its international presence and product reach.

For over two decades, Natura has partnered with local communities across the Amazon region, which is a strategic area for the company due to its unparalleled biodiversity and critical role in global climate regulation, promoting an economic model grounded in innovation, fair trade, and positive socio-environmental impact.

In June 2024, Natura issued an SLB totalling BRL1.3bn (USD236m), with a five-year maturity. The deal is linked to one material environmental KPI:

KPI - development of Amazonian bioingredients
SPT 1.1: 47 new bioingredients by 2026
SPT 1.2: 49 new bioingredients by 2027

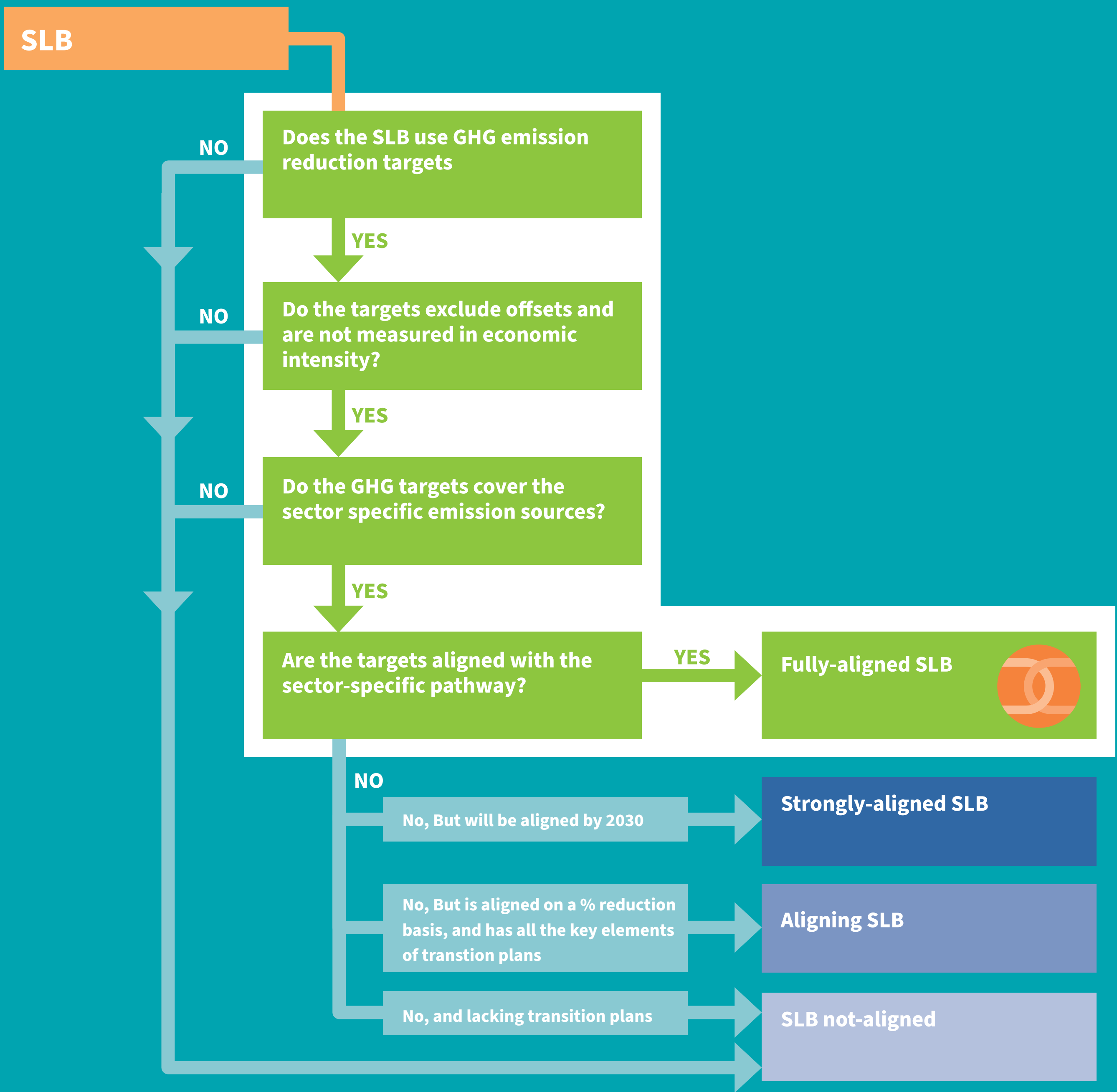
The 2023 baseline was set at 44 Amazonian bioingredients developed and made available, including examples such as Ucuuba, Andiroba, Patauá, and Brazil nut.

Although the Climate Bonds methodology currently only recognises SLBs with GHG reduction targets, Natura's SLB illustrates how sustainability-linked instruments can be structured around other material environmental outcomes. This transaction serves as a benchmark for innovation in sustainable finance by broadening the scope of credible environmental KPIs beyond decarbonisation.

Climate Bonds sustainability-linked bond dataset

Climate Bonds screens self-labelled SLBs from all jurisdictions against the Climate Bonds SLB dataset (SLBD) methodology to inform the size, credibility, and ambition of deals in the SLB market globally. Aligned deals showcase issuers which tie their cost of capital to credible and ambitious decarbonisation targets, in line with a 1.5°C transition. A summary of the assessment process is illustrated below, with the full methodology available on the Climate Bonds website.[54]

The best way to improve the climate credentials of new SLBs is to use at least one KPI related to mitigation, including absolute GHG emissions and GHG emissions production intensity where relevant, and include scope 3 emissions if material. The omission of GHG targets is the main reason for non-alignment by bond and issuer count, which is in line with the global market. Partial emissions coverage ranks second and is also one of the main reasons for non-alignment worldwide. An in-depth analysis of structural SLB features and transition plans can be found in Climate Bonds' dedicated SLB report released in March 2024.[55]



4. Evolution of sustainable finance in Brazil

Key milestones

Enabling policies and regulations for the sustainable finance market in Brazil. Since the mid-1990s, Brazil has progressively advanced its sustainable finance agenda through a combination of voluntary commitments, capacity building, regulatory innovations, and institutional engagement. The following section provides a brief history of the major milestones in the Brazilian sustainable finance landscape.

National and local commitment | Regulation | National taxonomy | Guidelines | Market milestones | Sustainable finance platforms | Self-regulation

1995

Green Protocol. A voluntary commitment established in 1995 by Brazilian banks, aimed at promoting sustainable development and socio-environmental responsibility. The principles include considering socio-environmental impacts in asset management and incorporating socio-environmental criteria into credit analysis. Initially adopted by state-owned banks, the commitment was later embraced by private banks and Febraban (Brazilian Federation of Banks).[56]

2004

CFC Resolution No. 1.003/2004. Approves the NBC T 15, a norm that established accounting standards for voluntary disclosure on social and environmental information.[57]

2009

CVM Instruction No. 480/2009. Required securities issuers to disclose socio-environmental risks relevant to investment decision-making, along with information on their environmental policies, including implementation and reporting. The regulation was amended by the current CVM Resolution No. 87/2022, which incorporates an approach to ESG disclosures.[58,59]

2011

Banco Central do Brasil (BCB) Circular No. 3.547/2011. Required banks to demonstrate their assessment of the adequacy of the capital maintained by the institution, considering its strategic objectives and associated risks, including those arising from exposure to socio-environmental damage caused by its activities.[60] This regulation was replaced by Circular No. 3.846/2017 to comply with CMN Resolution No. 4.557/2017 regarding risk and capital management.[61]

2014

CMN Resolution 4.327/2014. Financial and other institutions authorised to operate by the BCB were required to implement and monitor socio-environmental responsibility actions related to their activities, establishing an action plan, in addition to formalising and publishing an environmental and social (E&S) responsibility policy (PRSA, by its acronym in Portuguese).[62]

SARB Framework 14. Self-regulatory norm launched by Febraban to establish principles for environmental and social risk governance, in alignment with CMN Resolution No. 4.327.[63]

Febraban Green Taxonomy. Voluntary guidelines for banks to categorise economic activities based on their potential contribution to green economy and relevant environmental and social impacts. The methodology has since been updated in 2021, including an assessment of potential exposure to climate change.[64]

2016

Guidelines for Issuing Green Bonds in Brazil. Published by Febraban and the Brazilian Business Council for Sustainable Development (CEBDS), it provides guidelines regarding the process of issuing green bonds, based on international references such as Climate Bonds and the International Capital Markets Association (ICMA).[65]

2017

The Financial Innovation Laboratory (LAB). Founded by the Brazilian Development Association (ABDE, by its acronym in Portuguese), the Inter-American Development Bank (IDB), and the CVM. It is a forum for multi-sectoral interaction and public-private dialogue to promote innovation and sustainable finance in Brazil.[66]

2018

B3 green bond tagging. B3 has started to identify green bonds in its systems and it is possible to identify companies that have certified titles as green.[67]

2020

Federal Decree No. 10.387/2020. Integrated environmental and social criteria into the prioritisation of infrastructure projects, allowing those with relevant environmental and social contributions to become eligible for tax incentives through incentivised debentures.[68] This regulation was repealed by Decree No. 11,964/2024, which updated the projects included in the priority sectors and incorporated complementary actions and interventions aimed at reducing or mitigating GHG within the scope of the infrastructure project.[69]

2021

BC# Sustainability Agenda. The Brazilian central bank launched a strategic innovation roadmap aimed at modernising the Brazilian financial system, which included various resolutions, aimed at refining environmental, social, and climate risk management, stress testing, and reporting, determining socio-environmental responsibility actions for financial institutions through regulatory actions.[70]

- **CMN Resolutions No. 4.943/2021.** Improves the risk management structure and the information disclosure policy towards socio-environmental and climate risks.[71]
- **CMN Resolution No.4.944/2021.** Provides requirements for ongoing risk management through a simplified framework, amending previously existing requirements.[72]
- **CMN Resolution No. 4.945/2021.** Requires that banks establish and implement a social, environmental and climate responsibility policy (PRSAC, by its acronym in Portuguese) to manage social, environmental, and climate risks in their operations.[73]

2022

Guide on sustainable bond offerings. Published by Anbima, the Brazilian Financial and Capital Markets Association, the guide highlights best practice recommendations for public offerings of fixed-income securities seeking a sustainable label (UoP and sustainability-linked), based on ICMA's Principles.[74]

SUSEP Circular 666/2022. Established guidelines for the integration of environmental, social, and climate factors into the risk management frameworks of insurance and capitalisation companies, aligned with the Task Force on Climate-related Disclosures (TCFD) recommendations.[75]

2023

Anbima's rules and procedures for investments in sustainable assets establishes disclosure criteria for funds committed to sustainable investment.[76]

CVM Resolution No. 175/2023. Establishes requirements for funds that include references to ESG factors in their denomination (such as ESG, environmental, green, social, sustainable, among others).[77]

CVM Resolution No. 193/2023. Provides that publicly held companies, investment funds, and securitisation companies disclose sustainability-related financial information reports based on the International Financial Reporting Standard (IFRS) issued by the International Sustainability Standards Board (ISSB). In this way, Brazil became a pioneer in adopting the measures issued by the ISSB.[78]

Guide to Sustainable Debt in Brazil, published by Febraban to accelerate capital mobilisation for sustainable activities and promote the adoption of best practices, updating its Guidelines for Issuing Green Bonds in Brazil from 2016.[79]

Sustainable sovereign issues. Launch of the Brazilian Sovereign Sustainable Finance Framework and establishment of the Sovereign Sustainable Finance Committee (CFSS, by its acronym in Portuguese), an inter-ministerial body responsible for designing, implementing, and monitoring the labelled public debt strategy. The framework already supported two **of** Brazil's first sovereign sustainable bond issues, in 2023 and 2024, each worth USD2bn.[80,81,82]

2024

Plan for Ecological Transformation (PTE, by its acronym in Portuguese). Led by the Ministry of Finance (MF), in collaboration with other ministries and partners, PTE is a national strategy structured around six pillars: sustainable finance, energy transition, bioeconomy, circular economy, technological innovation, and climate-resilient infrastructure, with the goal of accelerating the shift to a low-carbon, inclusive, and competitive economy by aligning public policy, investment, and regulation with long-term sustainability objectives.[83]

Eco Invest Programme. Launch of the government-led initiative designed to attract foreign private capital for long-term sustainable projects by offering public concessional capital through blended finance or currency hedging operations.[84]

2025 •

Ambima's update on the public offerings code. To include requirements for structuring sustainable fixed-income securities, as the mandatory requirement of an SPO and periodic reporting to investors.[85]

Brazilian Sustainable Taxonomy (BST). Currently being developed by the MF, the BST aims to coordinate investments towards a resilient and GHG emission-neutral economy. It establishes (i) climate and environmental objectives and (ii) socioeconomic objectives, in addition to an action plan in favour of environmentally sustainable and socially inclusive development.[86,87] It is intended to serve as the principal national categorisation of sectors and activities with regard to their sustainability credentials, building upon existing methodologies (such as Febraban's taxonomy).

Brazil has a comprehensive set of national sustainable finance frameworks covering all parts of the financial sector, whose implementation is monitored by robust disclosure practices.[88] The current stage of development has been reached after decades of voluntary environmental commitments and guidelines, aimed at promoting improvements in ESG risk management and increased disclosure practices. These progressed to sustainability regulations and self-regulation, gradually paving the way for formal frameworks such as disclosure standards, supervisory requirements, and taxonomies which provide a solid foundation for the development of the Brazilian sustainable finance market.

At the sovereign level, the PTE is the new government strategy launched by the federal government to guide Brazil's transition toward a low-carbon, inclusive, and innovation-driven economy. The launch of the Brazilian Sovereign Sustainable Finance Framework in 2023 and the two international issues that followed, mark the government's debut in the sustainability-labelled debt market, based on UoP principles, directing funds toward expenditures that generate environmental and/or social benefits.[89,90,91]

Amidst the international trend of mandatory regional and domestic taxonomies to provide standardised definitions for green/sustainable investments and following various voluntary local initiatives proposing sectorial and thematic categorisations, the national government is currently developing the BST, which is expected to launch in the second half of 2025 (covered in more detail in the next section).[92]

Brazilian regulators and market associations are strong drivers of this movement towards a sustainable and low-carbon economy. Throughout the past two decades, BCB has made efforts through legal provisions to promote environmental compliance and transparency aligned with international standards such as the TCFD, and create a more favourable environment for the development of financial instruments aligned with the sustainable agenda, to address climate change. These measures have positioned the BCB as a regional leader in sustainable finance regulation, reinforcing Brazil's financial system resilience and aligning it with global sustainability goals.

CVM has also recently been active in the sustainable finance agenda. In 2023, it established rules for labelling investment funds as green, sustainable, social or ESG to avoid greenwashing, and leading Brazil to become the first country in the world to adopt IFRS S1 and S2 as mandatory reporting standards among listed companies and regulated entities.[93]

Self-regulatory organisations have advanced Brazil's sustainability agenda by fostering regulatory ambition, aligning market participants, and building technical capacity through collaborative working groups and capacity building initiatives. This lays the groundwork for effective ESG frameworks and market standards.

Anbima, the Brazilian Financial and Capital Markets Association, also plays an important role in both knowledge dissemination and self-regulation. It updated the public offerings code in early 2025 to align sustainability-labelled debt issuance with ICMA Principles and developed CVM 175 by providing mandatory requirements for terminology use and disclosure for financial institutions which choose to identify their funds as sustainability-aligned or that incorporate ESG, harmonising such criteria in the market.[94,95]

Febraban has been a leading driver of sustainable finance among banks, by developing voluntary guidelines, such as its industry-focused Green Taxonomy and Guide to Sustainable Debt in Brazil; providing technical guidance to promote the adoption of voluntary best practices, and in some cases, developing self-regulation, such as SARB 14 (2014), to help banks adhere to regulatory innovation.

B3 has enabled the identification of issuers with bonds certified under recognised green standards within its systems since 2018.[96] As of the end of 2024, 273 instruments had been registered on B3, amounting to BRL128.75bn (USD24bn).[97]

Sustainable finance initiatives in Brazil

Throughout the growth of the sustainable finance market in Brazil, certain initiatives have stood out in promoting action and preparing the market.

Brazilian Sustainable Taxonomy (BST)

In recent years, green taxonomies, or more broadly, sustainable taxonomies, have become established as core instruments within sustainable finance policy. It is a technical and normative tool that aims to classify economic activities, assets, projects or practices as sustainable based on scientific, objective, and verifiable criteria. By establishing clear parameters, taxonomies help to increase legal certainty, promote transparency in the markets, and mitigate the risks of greenwashing, thereby strengthening the credibility and integrity of sustainable finance.

It is essential to distinguish between the terms green and sustainable, which are often used interchangeably in this context. Green activities are those that generate significant climate or environmental benefits, notably in terms of mitigating and adapting to climate change. The term sustainable, has a broader scope, which also includes positive social impacts, such as promoting decent employment, reducing inequalities, and improving quality of life.

Climate Bonds was one of the pioneers in applying this concept to the financial sector and introducing the term taxonomy in this context. Climate Bonds developed a global taxonomy based on scientific evidence, aligned with the Paris Agreement, which has served as the technical basis for various national and regional initiatives around the world.[98]

The MF of Brazil is leading the development of the BST, which began with the publication of its action plan in December 2023.[99] Activity selection and technical criteria were both issued for public consultation from late 2024 to early 2025. The document is now in the final stages of discussion, with publication expected in the second half of 2025.

The BST introduces a notable innovation with the incorporation of economic and social objectives, which underpin the use of the term sustainable. To date, only Mexico's Sustainable Taxonomy adopts this approach globally, and even then, with a more limited scope than that proposed by the BST.

The environmental, climate, and economic/social objectives of the BST are listed below, with those prioritised for the first phase of development highlighted in bold.

Environmental and climate objectives:

- **Climate change mitigation**
- **Adaptation to climate change**
- Protection and restoration of biodiversity and ecosystems
- **Sustainable land use and conservation, management, and sustainable use of forests**
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control

The economic and social objectives include:

- Generation of decent work and income growth
- **Reduction of socioeconomic inequalities, considering racial and gender aspects**
- **Reduction of regional and territorial inequalities in the country**
- Promotion of quality of life, ensuring rights, and expanding access to basic social services

Once regulated and implemented, the BST is expected to guide capital flows toward activities aligned with Brazil's transition to a sustainable, low-carbon, and inclusive economy. By providing clear, science-based criteria, it will enhance transparency, reduce investor due diligence requirements, and support alignment with national climate and development goals. The BST will also help investors mitigate reputational and regulatory risks, identify credible opportunities, and strengthen confidence in the sustainable finance market. In turn, this increased credibility can attract a wider and more diverse pool of investors, expanding market participation beyond traditional actors. At the same time, it offers companies and project developers a reference framework to structure projects, secure financing, and develop robust pipelines. Over time, it may further contribute to standardising sustainability claims, improving market efficiency, and mobilising long-term capital at scale.

The BST can also serve as a cornerstone for greening the wider policy mix, ensuring that fiscal and financial measures consistently support the economic low-carbon transition. By guiding subsidy allocation, green budgeting, and public procurement, it can help phase out perverse incentives and redirect resources to low-carbon activities. It can also underpin the design of green guarantees, concessional finance, and blended mechanisms that de-risk investments and crowd in private capital, as highlighted in recent findings on sustainable finance policies. Moreover, taxonomies provide credibility for sovereign issues and budget tagging, creating clear signals for investors while enhancing policy coherence. In this way, they not only support capital market development but also strengthen the ability of governments to align economic, fiscal, and development strategies with a 1.5°C pathway.[100]

Sustainable Brazilian Finance (FiBraS)

In 2018, the Ministry of Economy (ME), in partnership with the BCB, the German Federal Ministry for Economic Cooperation and Development (BMZ), and other stakeholders, launched the FiBraS project. The goal was to strengthen the conditions for developing the sustainable finance market in Brazil by promoting green finance on the political agenda, enhancing the conditions for implementing regulations on social and environmental risk management within the national financial system, and expanding the availability of financial services and instruments aimed at sustainable development.[101]

FiBraS initiatives include technical assistance and publications, as well as collaboration with institutions such as the LAB. In 2019, for instance, a technical assistance facility (TAF) was created in partnership with the LAB to provide tailored technical support for the development and launch of green finance products (GFPs), including the launch of a project call open to the market.[102]

The Finance Innovation Laboratory (LAB)

Since 2017, the LAB has served as a multi-sectoral forum for public-private dialogue, bringing together government and civil society representatives to promote innovation and sustainable finance in Brazil. Founded by the Brazilian Development Association (ABDE), the IDB, and the CVM, with the participation of GIZ, the LAB aims to mobilise private resources for projects with social and environmental additionality and to accelerate the transition to a fairer, low-carbon economy.[103]

With numerous publications and active participation in discussions on the country's sustainable finance ecosystem, the LAB was recognised as one of the best financial innovation labs in the world by Global Finance Magazine (in the economic development labs category) for four consecutive years. In 2020, it was accepted as a member of the Financial Centres for Sustainability (FC4S), becoming the first Brazilian and South American organisation to join the group, which is a partnership with the United Nations Environment Programme (UNEP).[104]

Brazil Green Finance Initiative (BGFI)

Established in 2017, the BGFI is a platform composed of institutional investors committed to aligning with robust and forward-looking frameworks that facilitate the identification and scaling of sustainable investment opportunities, particularly within fixed income. Climate Bonds functions as the secretariat of the group, supporting its coordination and strategic direction.

The primary objective of the BGFI is to stimulate demand for sustainable financial assets, with a particular emphasis on debt instruments, while simultaneously presenting a pipeline of credible and impactful investment opportunities to market participants.

5. Economic sector opportunities and strategies

i. Agriculture, forestry and other land uses (AFOLU)

Brazil has tremendous potential for sustainable investment in AFOLU, owing to its global leadership in agricultural production, vast forest resources, and critical role of these resources in regulating the global climate. Approximately 1.6 million domestic investors are responsible for over USD73bn in direct investments in the sector.[105] In addition, government-subsidised credit lines (Plano Safra), mainly composed of loans managed by the country's leading financial institutions, account for over USD92bn.[106] Agribusiness as a whole accounts for more than 23% of the country's GDP, underscoring its centrality to Brazil's economy.[107]

The country has already demonstrated leadership in low-carbon agricultural technologies, forest restoration, and integrated land-use practices. A growing pipeline of opportunities in sustainable intensification, regenerative agriculture, forest recovery, agroforestry, and bioeconomy value chains can deliver substantial emissions reductions while boosting resilience and livelihoods in rural areas.

With robust domestic institutions such as EMBRAPA (Brazilian Agricultural Research Corporation), an increasingly supportive policy landscape, and rising interest from both public and private investors, Brazil is uniquely positioned to scale up sustainable finance in the AFOLU sector and drive meaningful global outcomes for climate and biodiversity. The 2020 Climate Bonds report *Unlocking Brazil's Green Investment Potential for Agriculture*, identified an estimated USD163bn of investment opportunities in the sector by 2030.[108]

Most agricultural credit in Brazil is loan-based, however, the CRA, the country's innovative securitisation instrument, has played a key role in enabling farmers and cooperatives to secure financing for the production, sale, processing, and industrialisation of agricultural products. CRA transactions have proved successful due to their competitive loan pricing, strong asset–liability matching, and tax exemptions benefiting both investors and issuers. It is important to note that the success of CRAs in Brazil extends across companies and agricultural production units of different sizes. For instance, the instrument has been widely adopted by agricultural cooperatives to raise capital and channel credit primarily to medium-sized holders, resulting in a highly dispersed security.[109]

The National Programme for the Conversion of Degraded Pastures (PNCPD by its acronym in Portuguese), overseen by the Brazilian Ministry of Agriculture and Livestock (MAPA), aims to promote the sustainable transformation of degraded pasturelands into productive systems with higher environmental and economic value.[110] The Programme encourages the adoption of integrated systems such as crop-livestock-forestry (ILPF), agroforestry, and other sustainable land use models that enhance carbon sequestration, restore soil health, and improve productivity. By targeting areas already under pressure from degradation, the PNCPD aims to reduce deforestation pressures, increase resilience to climate change, and support Brazil's climate commitments, while also creating opportunities for green investments in the agriculture and land use sectors. The results of the programme's implementation are yet to be published.

Nature-based solutions (NbS) offer cost-effective and sustainable approaches to disaster risk reduction, climate change adaptation, and biodiversity conservation.[111] Given their multidimensional approach, NbS represent a powerful mechanism for addressing interconnected socio-environmental challenges, particularly those linked to ecosystem degradation, inefficient water and waste management, high energy demand and reliance on non-renewable sources, and inflexible urban infrastructure systems. Annual global investment in NbS must nearly triple from USD200bn to USD542bn by 2030, alongside growth of overall climate investment, in order to ensure a stable climate and the healthy ecosystems needed for people, businesses, and economies to thrive.[112,113,114]

Brazil offers significant potential for large-scale implementation of ecosystem restoration projects in strategic biomes, as well as the development of bioeconomy initiatives in high-impact regions such as the Legal Amazon and the Cerrado. Agroforestry practices also present opportunities to support national climate objectives.[115] However, scaling up NbS requires enhanced public–private capital flows. Issuing thematic financial instruments and the consolidation of blended finance frameworks could accelerate NbS investment. Additionally, strengthened inter-institutional collaboration and policy alignment is essential to enable long-term, systemic adoption.

ii. Energy

Brazil's vast potential for renewable energy development, due to its abundant natural resources and favourable climatic conditions, means it already has one of the cleanest electricity grids in the world, with 88% electricity supply obtained from renewable sources (641 TWh), mainly hydropower. Renewables account for around 50% of the energy supply, while oil and fossil gas represent 44%, followed by coal (4.6%) and nuclear (1.4%).[116]

Brazil is a net exporter of crude oil but remains a net importer of gasoline, diesel, and fossil gas.[117] The country's huge territory offers high solar irradiation and strong, consistent wind patterns, especially in the north-east and southern regions. Expanding these sources not only diversifies the energy matrix and enhances energy security but also supports Brazil's climate goals by reducing GHG emissions. With appropriate policy support and both private and public investment, Brazil can position itself as a global leader in the energy transition, while promoting innovation, job creation, and sustainable economic growth.

Additionally, Brazil's agricultural sector generates vast amounts of biomass residues, such as sugarcane bagasse and animal waste, which can be converted into biogas or other renewable fuels. However, regulation is essential to ensure biogas production does not incentivise expansion of cropland or divert food crops. Moreover, it needs to be recognised as a carbon-intensive fuel, producing significant carbon emissions, with understanding of full lifecycle carbon sequestration and emissions. More guidance is provided by the Climate Bonds Bioenergy Criteria.[118] Issuers such as Raízen, highlighted in Section 3 of this report, are rapidly gaining ground in this market and show great potential for building a robust pipeline in the future.

Although the energy sector in Brazil is still dominated by large utilities and concession-based projects, a dynamic mid-market ecosystem is rapidly expanding, led by distributed generation, small-scale solar and wind developers, community batteries, and energy-efficiency service providers.[119,120,121] These actors are far more dispersed than centralised generators, as regional project developers, technology vendors, and service companies compete at municipal and state levels, tailoring solutions to local demand and grid conditions. However, mid-market firms face persistent financing frictions, such as limited access to long-term debt, high transaction costs for small ticket sizes, onerous collateral requirements, and weak guarantee mechanisms, which raise the cost of capital and slow project aggregation. Tackling those gaps through tailored debt facilities, guarantee instruments, and transaction-cost reduction (e.g., aggregation platforms) would unlock a sizeable pipeline of bankable middle-market projects aligned with Brazil's decarbonisation agenda.[122]

iii. Water and sewage

Brazil is entering a pivotal phase in its water infrastructure development, driven by a new legal framework and a growing pipeline of public and private initiatives. The 2020 Sanitation Legal Framework mandates universal access by 2033, targeting 99% of the population with drinking water and 90% with sewage coverage. This is expected to mobilise investment of up to BRL700bn (USD132bn).[123] To date, eight rounds of concessions have attracted approximately BRL45bn (USD8.5bn), and more than 48 new projects are currently being prepared, representing over BRL64bn (USD12bn) in potential investment.[124] The National Bank for Economic and Social Development (BNDES) expects major new tenders in 2025 in the states of Pará, Rondônia, and Pernambuco, with projected capital expenditure of over BRL50bn (USD9.4bn). International financial institutions, such as the International Finance Corporation (IFC), are also contributing, including a BRL1bn (USD189m) loan to Sabesp for the Tietê River clean-up programme, in the city of São Paulo. State utilities are increasingly adopting sustainability-linked financing to improve service delivery, such as CORSAN's BRL300m (USD57m) investment to reduce water losses.[125, 126]

While large concessionaires predominantly manage the water and waste sectors in Brazil, the implementation and innovation of services are mainly driven by small and medium-sized enterprises (SMEs). These include technology firms specialising in decentralised water treatment solutions and companies focused on leakage detection. The market remains highly fragmented, with diverse actors operating at municipal and regional levels.[127,128,129]

iv. Low-carbon transport and related infrastructure

Brazil is rapidly expanding its pipeline for investment in low-carbon transport and infrastructure. The National Green Mobility Programme, known as Mover, is set to mobilise over BRL20bn (USD3.8bn) through tax incentives until 2028 to support innovation in logistics and the research, use, and production of low-carbon and renewable fuels.[130]

Under the federal growth acceleration plan, more than BRL90bn (USD17bn) of public funds are earmarked for railway projects by 2026, alongside major investments in clean urban mobility, such as Salvador's light rail system. At the same time, green hydrogen corridors, sustainable aviation fuel plants, and new logistics hubs are being created through platforms such as the Brazil Climate and Ecological Transformation Investment Platform (BIP).[131] These investments will create opportunities for numerous public-private partnerships (PPPs) and drive demand for supporting materials, inputs, and related industries.

While Brazil's investment pipeline in transport is still dominated by large-scale infrastructure projects, such as metros, highways, and port concessions, a significant share of decarbonisation potential lies within the mid-market segment of fleet operators. This includes logistics companies, urban bus concessions, and emerging electric mobility start-ups. These actors are highly fragmented, with many SMEs competing in bus transport, freight logistics, and last-mile delivery.[132,133,134] Tailored financial instruments for fleet renewal, leasing models, and blended-finance credit lines could mobilise more private capital towards these players, accelerating Brazil's transition toward low-carbon transport. [135]

Together, these initiatives reflect a growing and diversified pipeline for low-carbon infrastructure with strong potential for long-term investment and climate impact.

Brazil Climate and Ecological Transformation Investment Platform (BIP)

The Brazilian government established the BIP to enhance investor visibility of projects that support the country's ecological transformation. The initiative aims to decarbonise the economy, encourage sustainable resource use, and enhance the population's quality of life. The MF leads the BIP in collaboration with the Ministry of Environment and Climate Change (MMA), Ministry of Development, Industry, Commerce and Services (MDIC), and Ministry of Mines and Energy (MME). The platform supports the government's Ecological Transformation Plan and other climate transition and adaptation strategies for key sectors. BNDES handles day-to-day management as the platform's secretariat.

The HUB is the result of the cooperation agreement between Brazil and the United Kingdom signed at COP28. It serves as a platform to mobilise partnerships for the decarbonisation of the industrial sector. It facilitates engagement between national and international stakeholders, including bilateral partners, multilateral funds, technical assistance programmes, private sector initiatives, coalitions, and the Government of Brazil, to mobilise support for mitigation, transition, and decarbonisation efforts across industrial sectors. Evidence on the impact of the programme is expected to be published in 2025.[142]

v. Buildings

The buildings sector in Brazil offers significant opportunities for sustainable investment, driven by ongoing urbanisation and housing demand. This growth can be met through sustainable construction practices such as low-carbon materials, energy-efficient design, circular economy principles, and NbS, which can drastically reduce the sector's environmental footprint while enhancing resilience and quality of life in cities. Brazil's uptake of green building certifications, such as LEED, AQUA, and EDGE, as well as national schemes such as GBC Brasil Casa & Condomínio and PROCEL, reflects a growing market for sustainable real estate.

vi. Industry

Brazil stands out in LAC for its robust and diversified industrial base, with sectors such as automotive, aviation, steel, cement, mining, basic chemicals, clothing, and food and beverage making up 25% of the country's GDP. The sector is also a significant source of employment, providing jobs for 11.5 million formal workers, which accounted for 21% of all formal employment in Brazil in 2024.[136] Hard-to-abate industries such as steel and cement have recently been the focus of a proposed transformation, driven by public policies and initiatives such as the Nova Indústria Brasil (NIB), the Industrial Decarbonisation Policy (PDI), and the Industrial Decarbonisation Hub (HUB), currently under development by the MDIC.[137,138,139] This policy agenda seeks to promote technological modernisation and the decarbonisation of industrial processes, with great potential to generate a robust pipeline of projects from companies in the sector which could translate into bond issues and sustainable investment opportunities in the future.

Hard-to-abate industries such as cement, steel, and aluminium are dominated by large corporates, but a wide range of mid-sized companies in chemicals, biofuels, pulp and paper, and industrial efficiency solutions form a highly diverse ecosystem. Many of these firms provide enabling technologies and inputs that support broader decarbonisation efforts. The sector is atomised in terms of technology providers and regional suppliers, particularly in areas such as bioenergy, biomass residues, and recycling of industrial byproducts.[140] This agenda has been supported by the federal government through the Brasil Mais Produtivo (B+P) programme, a federal initiative that assists micro, small, and medium-sized Brazilian industrial enterprises in boosting productivity, energy efficiency, and competitiveness through technical assistance, with a focus on digital transformation and the adoption of innovative domestic technologies.[141]

Potential sources of projects and issuance

i. Sovereign issues

The investment required to achieve Brazil's national transition targets by 2030 is estimated at approximately USD200bn.[143]

Brazil's Sovereign Sustainable Bond Framework and has completed one successful issue per year since its launch, in 2023 and 2024, totalling USD4bn. To help meet its climate investment gap, existing government expenditure will need to be tilted to green. Practices such as green public financial management and green budgeting against the BST can be implemented to embed climate expenditure across government departments.[144] Rolling over vanilla debt as it comes to maturity as sustainable debt or ensuring any new debt is issued under the sustainable bond framework can ensure that the country's debt issuance is financing the transition, without increasing overall indebtedness. Linking this to a national transition plan can send a clear policy signal to investors and potentially help the government secure more favourable terms on its debt.

As a larger share of adaptation investments is expected to be financed through public funds compared to mitigation, future sovereign issuance could expand the focus beyond mitigation to include adaptation and resilience (A&R) and conservation, particularly in the Amazon region, which is increasingly vulnerable to climate change. A 2.5°C global temperature rise with 20-25% of the Amazon deforested, would create a tipping point threatening the stability of one of the world's most vital ecosystems.[145] This would require an update to the Sovereign Sustainable Bond Framework, which is anticipated following the launch of the BST.

ii. Government-backed entities

Government-backed entities in Brazil are increasingly deploying capital in sustainable finance, with a total of USD3bn in labelled bonds priced by the end of H1 2025, which to date have been primarily focused on electricity and water. Main issuers include Companhia Energética de Minas Gerais (CEMIG), Companhia de Saneamento do Paraná (Sanepar), and Companhia Catarinense de Águas e Saneamento (CASAN).

These issuers highlight the growing potential for thematic bonds to finance critical infrastructure in the country with upgrades in water, sewage, and energy systems. As demand for resilient and inclusive public services rises, there is an enabling opportunity for more government-affiliated institutions to leverage sustainable debt markets to scale impact and attract long-term investment. These opportunities could be unlocked through the creation of policy incentives, capacity-building efforts for public institutions, and the development of a robust pipeline of sustainable infrastructure projects. Such measures would help expand access to essential services for communities across Brazil, while also attracting long-term investment.

iii. Financial corporates

By the end of H1 2025, Brazil's financial corporates had issued around USD7.2bn in sustainable debt, positioning the country as a regional leader in labelled instruments from the financial sector. The proceeds have financed diverse climate and biodiversity initiatives, underscoring the growing role of sustainable finance among domestic institutions. Despite this, the volume of labelled debt remains modest compared to the sector's potential, leaving significant room for expansion.

Leading players such as Banco do Brasil, Banco Bradesco, Banco BTG Pactual, and Itaú Unibanco have pioneered green and thematic bonds, mobilising resources for renewable energy, biodiversity, and regenerative agriculture. At the same time, a growing number of financial corporates are adopting transition plans and net-zero targets, signalling a stronger commitment to climate action and the future growth of net-zero aligned portfolios. These strategies create clear opportunities for financing through new thematic issues.

Recent initiatives, such as Eco Invest's successful past and upcoming auctions, further illustrate the momentum in mobilising capital. With concessional finance now available, Brazilian financial institutions have the opportunity and responsibility to leverage substantial volumes of private capital, both domestic and international, to match these resources. This dynamic is likely to accelerate the thematic bond issuance, particularly in underfinanced areas such as climate A&R and biodiversity conservation. Instruments aligned with Brazil's Amazon Framework could be particularly effective in channelling this capital toward conservation and climate priorities.

iv. Non-financial corporates

Non-financial corporates in Brazil have emerged as major market issuers of thematic debt, reaching USD338bn by the end of H1 2025. These bonds are primarily green, targeting sectors such as energy and AFOLU, while also supporting social and sustainable initiatives in education, infrastructure, employment, and climate A&R. Leading issuers include pulp and paper companies Suzano and Klabin, biofuel company Raízen Energia, and wastewater company AEGEA.

The pulp and paper sector plays a strategic role in Brazil's green finance landscape, with USD4.2bn of cumulative issuance volume recorded. As one of the world's top pulp and paper producers, Brazil's industry is well positioned to contribute to sustainable land management and biodiversity conservation while supporting rural development and economic growth. However, unlocking its full potential requires increased investment in automation and process optimisation to enable more efficient use of raw materials, energy, chemicals, and water; as well as the integration of bioeconomy and circular economy principles; and stronger organisational commitments to incorporating sustainability criteria into financing frameworks and innovation ecosystems.[146]

Among non-financial corporates, entities in the biofuels sector stand out due to their leading role in Brazil's energy transition and climate finance landscape. A prominent example is Raízen, a Brazil-based company specialising in the production of ethanol from sugarcane. In 2024, Raízen entered the sustainable finance market and quickly emerged as one of the country's leading issuers of labelled debt. By mid-2025, the company had already issued over USD3.8bn in green bonds and SLBs, underscoring the strong market appetite for climate-aligned investments in Brazil's bioenergy sector.

6. Outlook

Investment needs

The investment required to achieve Brazil's national transition targets by 2030 is estimated at approximately USD200bn.[147] Mobilising private capital through labelled debt instruments will be pivotal to closing this gap and accelerating the transition to low-carbon and inclusive infrastructure systems.

Conservation remains underfinanced, despite Brazil's rich biodiversity and global relevance and potential. There is increasing investor appetite for NbS, biodiversity credits, and outcome-based instruments that support forest conservation, sustainable tourism, and community-based natural resource management. Brazil is estimated to hold a USD141bn investment opportunity over the next 30 years for companies and investors in the forest restoration economy. With up to 60 million hectares of degraded pastureland, an area roughly equivalent to the size of France, available for restoration, the country is uniquely positioned to lead a global surge in nature-based investment.[148]

Brazil faces persistent challenges in ensuring universal access to clean water and adequate sewage services, particularly in low-income and rural areas. Despite recent regulatory advances, large disparities remain in infrastructure coverage and service quality across regions. Substantial investment is urgently needed to expand water supply networks, modernise sewage treatment systems, reduce water loss, and improve resilience to climate-related risks such as droughts and flooding. The country will require at least USD35.4bn in additional investment by 2033 to meet universalisation targets.[149] The country's new legal framework for sanitation has opened the door to greater private sector participation, such as PPPs, creating new opportunities for GSS+ bonds to accelerate the delivery of essential services while advancing public health and environmental goals.[150]

Brazil requires significant investment to strengthen its capacity to adapt to climate change and build resilience across core sectors such as agriculture and urban infrastructure. In 2024, Brazil experienced ten extreme weather events, three of which were classified as unprecedented: the floods in Rio Grande do Sul, the drought in the Amazon, and the heatwave in the central region of the country.[151] Thus, expanding early warning systems and upgrading infrastructure are urgent priorities. Attracting private capital alongside public resources will be essential to meeting these needs and protecting communities and ecosystems. In this regard, the BST serves as a useful tool for investors and policymakers to identify priority measures based on the main climate risks specific to each region. In addition, the Climate Bonds Resilience Taxonomy (CBRT) can serve as a common language to facilitate access to international investors.[152]

Supply of bonds and projects

A key challenge for the opportunities outlined in the previous section remains the bankability of projects. In the AFOLU sector, for example, limited evidence of good governance and robust monitoring frameworks, together with volatile commodity markets, can lead to higher investment risks, ultimately resulting in less favourable pricing and limited access to finance for project developers.[153] Moreover, given the granular and highly fragmented nature of sectors such as agriculture and industry, there is a pressing need for more tailored financial structures. These should include microfinance mechanisms and targeted approaches to improve access to credit for micro, small and medium-sized enterprises (MSMEs), which account for 99% of companies in the country, and often face significant barriers to participation in sustainable investment flows including project size, dependence on bank lending, and unfavourable interest rates.[154] Such mechanisms can build on initiatives like the IDB and BNDES Access to Credit Programme for MSMEs, which aims to stimulate sustainable and income-generating activities among small businesses in the Amazon region.

The IDB and BNDES have launched the Access to Credit Programme for MSMEs in the Brazilian Amazon, backed by a USD750m loan from the IDB and a USD150m contribution from BNDES in H1 2025. The programme aims to stimulate sustainable and income-generating activities among MSMEs. It targets inclusive and climate-aligned development, with earmarked funding for women-led business, low-carbon agriculture, and municipalities with low Human Development Index scores. It also includes environmental safeguards, such as a zero-deforestation policy and geo-referenced land-use monitoring. With the support of BNDES's established indirect credit model and its close ties to local MSMEs, the programme is expected to benefit over 16,000 MSMEs, enhance production capacity, and drive sustainable economic growth in the Brazil's Amazon region. The IDB loan has a 25-year term, 5.5-year grace period and is based on the secured overnight financing rate (SOFR) and so is provided at a lower rate compared to most commercial lending.[157]

That said, Brazil's sustainable project pipeline has been gaining momentum. Investor demand is rising, policy frameworks are becoming clearer, and development banks are playing a more active role in supporting project preparation. The advancement of the BST and related regulatory efforts are bringing consistency and confidence to project structuring. As a result, a growing number of projects are reaching the market with stronger fundamentals and clearer sustainability credentials, laying the groundwork for greater scale and replication in the labelled debt space. It is important to highlight that following the launch and regulation of the BST, the alignment of potential projects is essential to ensure market credibility and attract investor interest. Therefore, the proper implementation of the criteria by users is crucial for the quality and availability of eligible projects.

Trends

In light of the need to de-risk investments and make opportunities more accessible and attractive to both domestic and international private investors, the Brazilian government has been acting proactively through a set of de-risking and market-boosting policies focused on strategic priority sectors, such as the energy transition, the bioeconomy, the circular economy, and green infrastructure for climate adaptation.

Within this broader effort, Eco Invest Brasil plays a central role. It is a federal government initiative designed to attract sustainable private investment and foreign capital into long-term projects aligned with the country's development and climate goals. The programme uses blended-finance structures to mitigate critical risks, particularly those related to foreign-exchange volatility, which has historically been a major barrier for international capital in Brazil. To date, the programme has focused heavily on land-use-related projects, such as the restoration of degraded pastureland.

Eco Invest also acts as a coordination platform that brings together government agencies, development banks, and private stakeholders to identify pipelines of eligible projects, structure financial instruments, and strengthen the enabling environment for sustainable finance. By doing so, the initiative not only improves the financial viability of strategic investments but also helps build investor confidence and reduce the cost of capital for high-impact sectors.[155]

In addition, the rapid growth of sustainable finance is catalysing a broader digital transformation. Innovative fintech solutions are emerging to bridge information and funding gaps, particularly for small-scale and decentralised projects. These technologies are enabling more efficient environmental and social data collection, facilitating real time monitoring, and supporting decentralised verification processes. Most sustainability-focused fintechs operate primarily in the areas of lending, credit and financing, payment solutions, and crowdfunding platforms.[156]

Final remarks

Brazil's sustainable investment landscape is rapidly maturing, driven by urgent infrastructure and climate adaptation needs, growing private capital interest, and enabling policies. Important trends include the expansion of labelled debt and blended finance for low-carbon infrastructure, NbS, and forest restoration, alongside targeted support for MSMEs and decentralised projects. Tools such as the BST and Eco Invest Brasil are improving project bankability and investor confidence, while fintech innovations enable improved data, monitoring, and verification.

Looking ahead, Brazil is poised to scale sustainable finance, integrate climate resilience, and become a leading hub for impact-driven investment in LAC. The country must maintain this positive momentum and ensure that emerging tools and initiatives translate into real, on-the-ground impact. Continued collaboration between public institutions and the private sector will be essential, not only to scale up investment, but to make sure it reaches the areas where it can deliver the greatest long-term value for Brazil's economy, people, and environment.

Appendix

Methodology and scope

Methodology overview

This report draws on three Climate Bonds datasets:

1. Green Bond Dataset (GBD)
2. Social and Sustainability Bond Dataset (SSBD)
3. SLB Dataset (SLBD)

Bonds meeting the requirements outlined in Climate Bonds' screening methodology qualify for inclusion in the dataset and are classified as aligned. Labelled bonds for which there is not enough information to determine eligibility for dataset inclusion are classified as pending until sufficient disclosure is available to decide. Bonds failing to meet the requirements of Climate Bonds' screening methodology are classified as non-aligned and are excluded from the datasets.

Green, social, and sustainability bonds captured by Climate Bonds meeting the requirements outlined in its screening methodology qualify for inclusion in the datasets and are classified as **aligned**. Labelled bonds for which there is not enough information to determine eligibility for dataset inclusion are classified as **pending** until sufficient disclosure is available to decide. Bonds failing to meet the requirements of Climate Bonds' screening methodology are classified as non-aligned and are **excluded** from the datasets.

SLBs are assessed according to Climate Bonds Sustainability-Linked Bond Dataset Methodology (SLBD Methodology) and classified according to four levels of alignment.

Fully aligned: SLB targets cover all material sources of emissions and are aligned with the relevant pathway.

Strongly aligned: SLB targets cover all material sources of emissions and will be aligned with the relevant pathway by 2030.

Aligning: SLB targets cover all material sources of emissions, are aligned with the pathway on a % reduction basis, and the issuer has the basic tenets of a transition plan.

Not aligned: SLB targets fail to meet any of the above criteria, or do not meet the other requirements detailed in the SLBD Methodology.

As Criteria are developed, Climate Bonds will update its Green Bond Dataset (GBD) methodology and then begin screening bonds from issuers in those sectors for inclusion, whether labelled as transition or as green. The Climate Bonds Taxonomy defines the assets and activities that are aligned with a 1.5-degree pathway, accepting financing with either label.

Green, social, and sustainability bonds	Aligned	Pending	Excluded
Cumulative USD volume as of 30 June 2025	6.2tn	44.7bn	1.02bn
01 January - 30 June 2025 USD volume	546.1	21.9	65.1

SLBs	Fully aligned	Strongly aligned	Aligning	Not aligned
Cumulative USD volume as of 30 June 2025	58.5bn	2.5bn	8.4bn	275.3bn
01 January - 30 June 2025 USD volume	6.0	-	3.6	11.1

Scope of analysis and label definitions

This report includes four sustainable debt themes based on the projects, activities, and expenditures financed: green, social, sustainability, and SLB. The GSS+ themes can be described as follows:

Green: dedicated environmental benefits (captured since 2012).

Social: dedicated social benefits (captured since 2020).

Sustainability: green and social benefits combined into one instrument (captured since 2020).

SLB: changes in coupon (almost always step-ups) linked the fulfilment of key performance indicators (KPIs) against entity level sustainability performance targets (SPTs) (captured since 2021).

Transition bonds

Historically, Climate Bonds recorded but did not screen bonds bearing the transition label. As of January 2024, Climate Bonds stopped reporting transition bonds as a separate category but regards them as a sub-set of the green label. Climate Bonds now adds such bonds to the Climate Bonds Green Bond Dataset, and screens them against its Green Bond Dataset Methodology.[158]

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