



**Institute for
Sustainable
Finance**

The Canadian Sustainable Bond Market Report: Second Edition

2024: A Record Year and a Strong
Comeback for Sustainable Bond Issuance

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EXECUTIVE SUMMARY

This report follows up on our [initial study](#) examining the evolution of Canada's green, social, sustainability, and sustainability-linked (GSS+) bond market¹, also known as the sustainable bond market, from 2014 to 2023. It provides an updated analysis of market developments in 2024.

Canada's sustainable bond market rebounded strongly in 2024, in line with global trends. Total issuance reached US\$25.08 billion, up 68.5% year over year, driven largely by repeat issuers and continued investor appetite for sustainable assets.

Green bonds remained the dominant segment, accounting for 82.5% of total issuance, followed by sustainability bonds (11.3%), sustainability-linked bonds (3.4%), and social bonds (2.7%). Although no transition bonds have yet been issued domestically, both government-led and issuer-driven initiatives are advancing frameworks to support credible transition finance.

The green bond market reached US\$84.1 billion in cumulative issuance, maintaining a 2.4% global share. Activity in 2024 totalled US\$20.7 billion across 39 deals, with a balanced mix of public and private participation. The Government of Canada was the largest issuer in 2024, with a single sovereign transaction accounting for roughly one-fifth of total green bond issuance, followed by private financial institutions, power generation companies, and regional governments.

In 2024, sustainability bonds remained the dominant segment within Canada's social and sustainability bond market, totalling US\$2.83 billion across 10 deals. Social bond issuance, though smaller at US\$0.69 billion from two deals, showed a modest rebound after a quiet 2023.

Use-of-proceeds allocations remained concentrated in clean energy (43%), clean transportation (27%), and green buildings (10%), underscoring the market's ongoing focus on climate-mitigation activities.

The sustainability-linked bond (SLB) market remained nascent, with only two deals in 2024, both tied to environmental performance targets. The still small market suggests that interest in performance-based financing persists, although participation remains limited to a narrow group of issuers.

To accelerate the sustainable bond market's growth and promote credibility in Canada, five key actions are recommended:

1. Advance voluntary Made-in-Canada sustainable investment guidelines (otherwise known as a taxonomy), aligned with international standards to provide policy certainty and support transition finance.
2. Mandate standardized reporting and assurance for proceeds allocation and impact, with phased-in requirements to support issuer readiness.
3. Expand sovereign and sub-sovereign issuance, piloting innovative structures such as transition bonds to set benchmarks and spur private-sector activity.
4. Develop a centralized GSS+ bond database to improve transparency, comparability, and policy evaluation.
5. Build issuer and investor literacy to broaden participation, particularly among smaller municipalities, Indigenous organizations, and small and mid-sized businesses.

Together, these measures can help strengthen Canada's position in sustainable finance, close existing policy and data gaps, and unlock capital for the transition to a low-carbon, competitive economy.

1 Green, social, and sustainability bonds are use-of-proceeds instruments in which the raised capital is earmarked exclusively for environmental projects, social projects, or a combination of both. Sustainability-linked bonds differ in that they do not restrict how proceeds are used; instead, their financial characteristics are tied to the issuer's achievement of predefined sustainability performance targets.

1. INTRODUCTION

Over the past decade, the Green, Social, Sustainability, and Sustainability-Linked (GSS+) bond market, also known as the sustainable bond market, has evolved into a vital channel for financing Canada's transition to a low-carbon and inclusive economy.

Green, social, and sustainability bonds are use-of-proceeds instruments in which the raised capital is earmarked exclusively for environmental projects, social projects, or a combination of both.² Sustainability-linked bonds differ in that they do not restrict how proceeds are used; instead, their financial characteristics are tied to the issuer's achievement of predefined sustainability performance targets.

In 2024, Canadian governments, corporations, and financial institutions continued to tap into this market to advance their net-zero commitments and sustainable development objectives.

Canada's GSS+ bond market remains fast evolving. Understanding current trends is essential for issuers, investors, and policymakers seeking to align capital flows with sustainability goals:

- For Canadian issuers, both public and private, this report provides an overview of market trends and emerging best practices, guiding the development of robust GSS+ bond frameworks, from structuring to reporting.
- For investors, Canadian and international, the report offers a snapshot of the Canadian GSS+ bond market in 2024, including issuance trends, issuer profiles, allocation of proceeds, and emerging opportunities for portfolio diversification and impact alignment.
- For policymakers, a deeper understanding of GSS+ bond dynamics can help inform the design of supportive frameworks, including taxonomy development and disclosure requirements.

This report is structured as follows: Chapter 2 presents an overview of Canada's GSS+ bond market in 2024; Chapters 3 to 6 provide in-depth analyses of each bond type, highlighting market trends and key insights; and Chapter 7 concludes with five policy recommendations to help stimulate GSS+ bond market growth in Canada.

² Transition bonds are also a use-of-proceeds instrument, with funds earmarked for activities that support a credible emissions-reduction or transition pathway. Although this instrument is used in other markets (see Box 1), Canada has not yet seen a clearly labelled transition bond issuance to date.

2. 2024 MARKET SNAPSHOT

2.1 OVERVIEW OF THE 2024 SUSTAINABLE BOND MARKET

TABLE 1.

Overview of the 2024 GSS+ Bond Market Globally and in Canada

(US\$ billion)		Global	Canada
Total Issuance Amount by Label	Green	672 (63.8%)	20.7 (82.5%)
	Social	167.6 (15.9%)	0.69 (2.7%)
	Sustainability	206.3 (19.6%)	2.83 (11.3%)
	SLB	7.9 (0.75%)	0.86 (3.4%)
2024 Total Issuance		1053.8	25.08
YoY change vs. 2023		+11.3%	+68.5%

Note: The Canadian data were sourced from Bloomberg and manually verified, while the global data were obtained from the Climate Bonds Initiative's Sustainable Debt: Global State of the Market 2024 report. Figures may not add up to totals due to rounding.

2.2 2024 VS. THE PAST DECADE

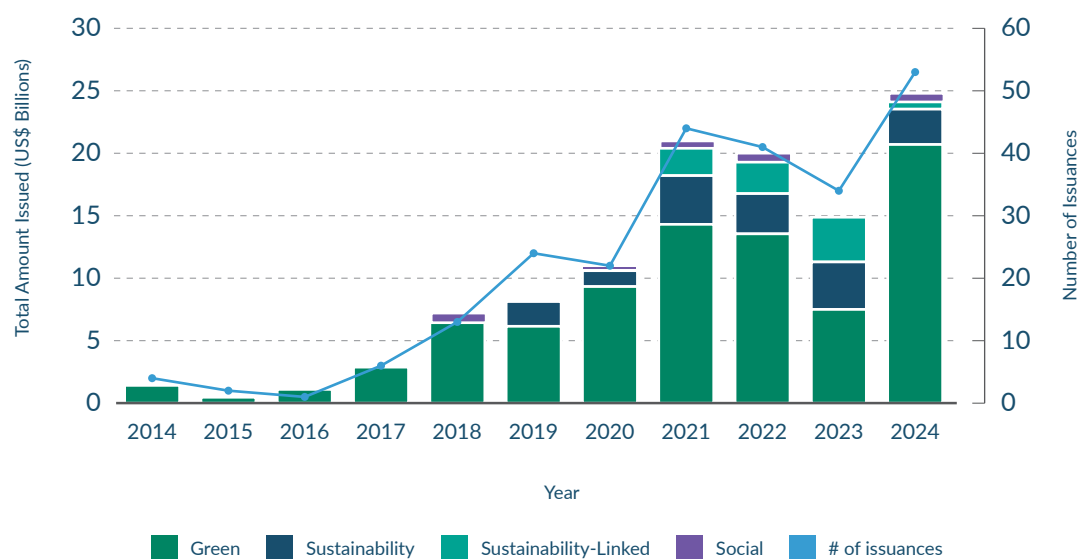
In 2024, Canada's GSS+ bond market rebounded strongly, reaching a record issuance amount of US\$25.08 billion, a 68.5% year-over-year (YoY) increase, and 53 deals, up 56% YoY. This marks a robust recovery following the decline in issuance from the 2021 peak (see [Figure 1](#)).

The rebound in Canada's GSS+ bond market in 2024 aligns with global trends and was likely driven by several key factors. First, the interest rate cuts during 2024 improved financing conditions, encouraging issuers to return to the market. Second, investor appetite for sustainable assets remained strong, underscoring continued interest in sustainability-focused investments. Third, the Government of Canada's re-entry into the market with its second green bond issuance provided a credible policy and market signal. The offering's final order book exceeded CA\$7.4 billion (US\$5.28 billion), approximately 1.8 times the CA\$4 billion (US\$2.85 billion) offered, demonstrating strong interest from both ESG-focused and international investors.¹

FIGURE 1

Annual Growth of GSS+ Bond Issuance by Label (Amount and Deal Count)

2024 marked a sharp turnaround for Canada's GSS+ bond market



Green bonds maintained their dominant position in the Canadian GSS+ market in 2024, representing 82.5% of total issuance, up from their 72% share over the past decade in cumulative amount. Sustainability, sustainability-linked (SLB), and social bonds followed at 11.3%, 3.4%, and 2.7%, respectively (see [Figure 2](#)).

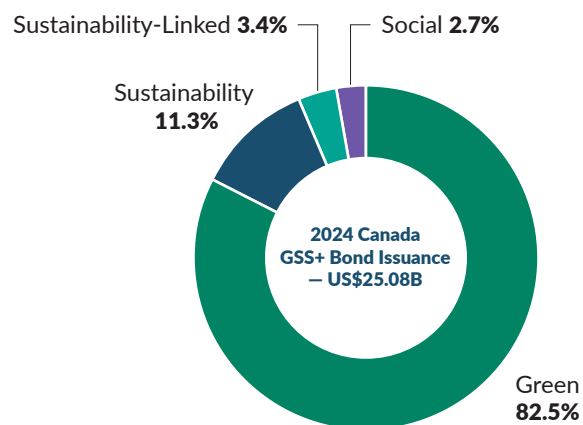
While SLBs accounted for a higher proportion of issuance in Canada than globally, market activity was limited to just two issuers and two issuances.

To date, no transition bonds have been issued in Canada. However, several initiatives are underway, both issuer-driven and government-convened, to develop credible transition finance frameworks and taxonomies, which could lay the groundwork for future issuance. Notably, Budget 2025 confirms the federal government's support for rolling out "Made-in-Canada" sustainable investment guidelines (also known as a taxonomy) by the end of 2026. It also introduces plans for a Sustainable Bond Framework to enable both green and transition bond issuance, with the framework expanding as the taxonomy evolves.ⁱⁱ

FIGURE 2

GSS+ Bond Issuance Amount by Label

Green bonds continued to dominate Canada's GSS+ bond market in 2024



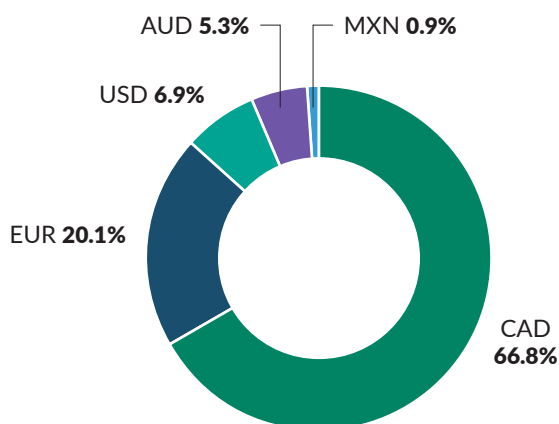
In 2024, Canadian dollar (CAD)-denominated bonds accounted for 66.8% of total issuance, followed by the euro (EUR, 20.1%), the U.S. dollar (USD, 6.9%), the Australian dollar (AUD, 5.3%), and the Mexican peso (MXN, 0.9%) (see [Figure 3](#)).

Compared with 2014–2023ⁱⁱⁱ, when CAD and USD represented 73% and 20%, respectively, the 2024 market shows a reduction in USD issuance and a modest decline in CAD's share, reflecting a shift toward euro-denominated activity and broader currency diversification driven by international participation.

FIGURE 3

Currency Distribution of GSS+ Bond Issuance

CAD dominance persists as USD issuance softens while EUR and AUD reflect broader international participation



2.3 CANADA IN A GLOBAL CONTEXT

At the global level, Canada represented roughly 2.4% of global GSS+ bond issuance in 2024, and around 2% of cumulative issuance to date.^{iv}

Canada's rebound is consistent with the broader North American trend. In 2024, sustainable bond issuance across North America surged by 60%, with green bonds accounting for the majority of the total issuance amount.^v

While Canada's green bond issuance reached record levels in 2024, it remained roughly one-quarter of the U.S. total. The U.S. continued to dominate global issuance despite ongoing ESG backlash in that country, followed by Germany, China, and France.

Box 1. Global Transition Bond Momentum in 2024: Implications for Canada

Canada has yet to record a transition bond, while global issuance rose by more than 500% in 2024 to a record US\$18.8 billion.^{vi}

The Japanese market dominated global transition bond issuance in 2024. The Japanese government's JPY1.6 trillion (US\$11 billion) Climate Transition Bond, issued in February 2024 under the Japan Climate Transition Bond Framework, marked a milestone in sovereign-led transition finance. The Development Bank of Japan (DBJ) also issued its own transition bond in August 2024 to support decarbonization investments. As a public financial institution and key enabler of Japan's transition finance ecosystem, the DBJ plays a pivotal role in catalyzing private-sector participation and reinforcing market credibility. Corporate issuers, including Japan Airlines, Hokkaido Electric Power, and Mazda Motor Corporation, also issued transition bonds in 2024, underscoring the expanding role of the private sector in Japan's transition finance agenda.

The growing uptake of transition bonds in Japan offers a model that could inform the development of Canada's transition finance taxonomy and company-level transition frameworks. At least two Canadian issuers in ISF's database have updated their sustainable bond frameworks to include transition categories. Eligible activities include carbon capture, utilization and storage (CCUS); low-carbon fuels; and improvements in production efficiency. These updates indicate growing readiness among Canadian issuers to integrate transition finance into their capital-raising strategies to align with their net-zero targets.

3. GREEN BONDS

Green bonds are a type of use-of-proceeds instrument, meaning that the funds raised must be dedicated exclusively to projects delivering identifiable environmental benefits. Before issuing, organizations are expected to establish a green bond framework that specifies the eligible uses of proceeds, the criteria and process for project selection, how the proceeds will be managed, and how impact and allocation will be reported.

3.1 GREEN BOND MARKET TRENDS

After two years of decline (2022–2023), Canada's green bond market rebounded sharply in 2024 to a record US\$20.7 billion across 39 deals (see [Figure 4](#)). While total issuance reached new highs, the number of inaugural issuers was below 2022 levels, indicating continued growth primarily led by repeat issuers.

By the end of 2024, Canada's green bond market had expanded to a record US\$84.1 billion (see [Figure 5](#)), maintaining its global market share at around 2.4% of the total global issuance of US\$3.5 trillion^{vii}.

FIGURE 4

Annual Green Bond Issuance by Issuance Amount (US\$ billion), Number of Total and Inaugural Issuances

Issuance rebounded strongly in 2024, reaching record highs after two years of contraction

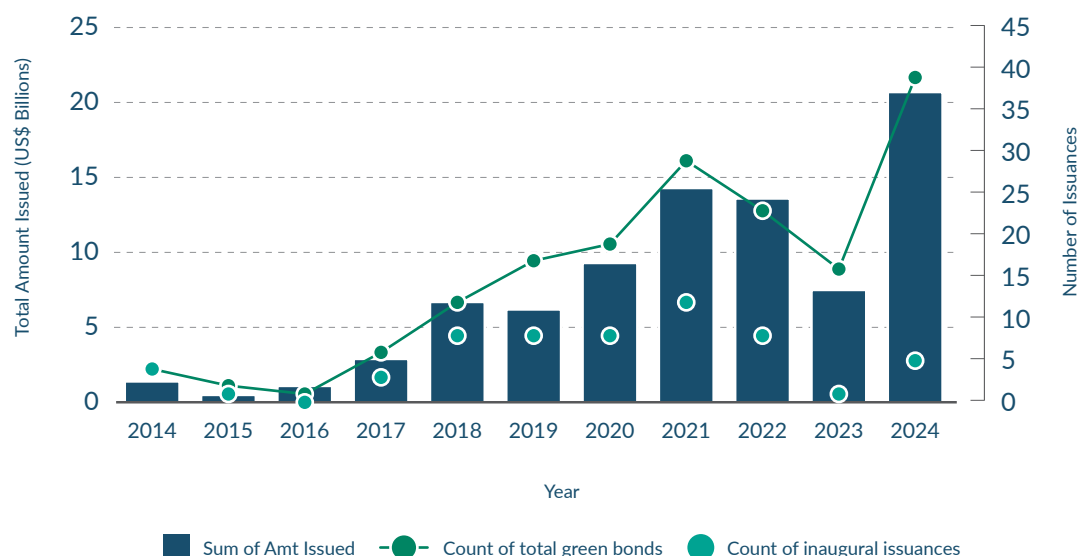
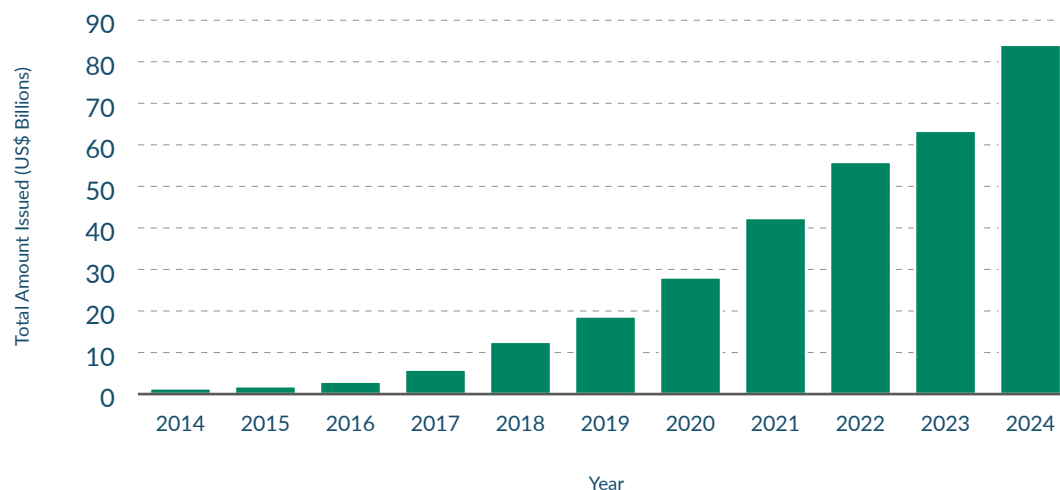


FIGURE 5

Cumulative Green Bond Issuance (US\$ billion)

Cumulative green bond issuance in Canada reached US\$84.1 billion by the end of 2024

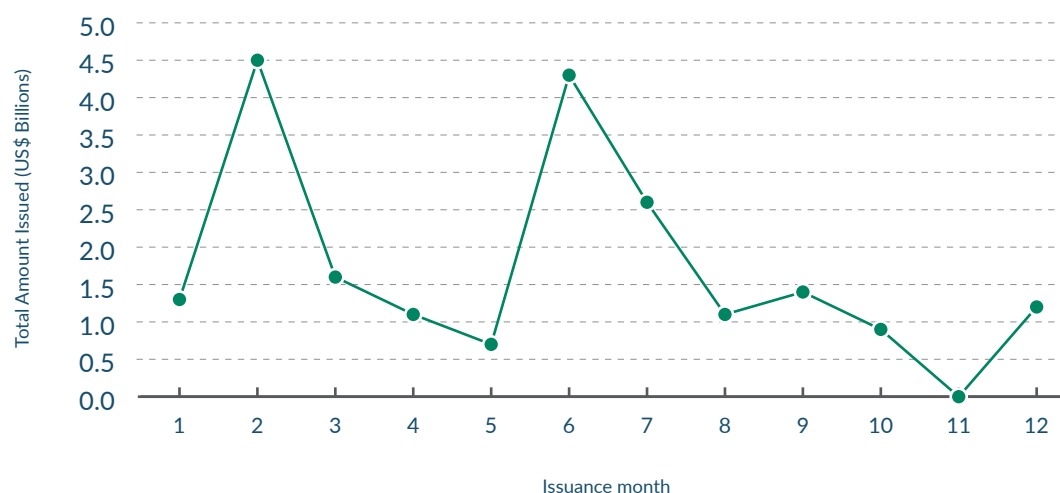


The issuance pattern fluctuated over the year, with peaks in February and June, each exceeding US\$4 billion in total amount. Activity declined steadily after midyear, tapering off through the second half of the year and reaching zero issuance in November, the only month with no new green bond activity, before showing a slight uptick in December (see [Figure 6](#)). This likely reflects seasonal slowdown and policy rate uncertainty, as issuers paused activity amid market volatility following the Bank of Canada's first cut in June 2024.

FIGURE 6

Monthly Green Bond Issuance in 2024 by Issuance Amount (US\$ billion)

Issuance peaked in February and June before tapering off through the second half of the year



3.2 GREEN BOND ISSUERS

The 2024 issuer mix shows active participation from both public and private sectors, signalling a diversified green bond market (see Figure 7).

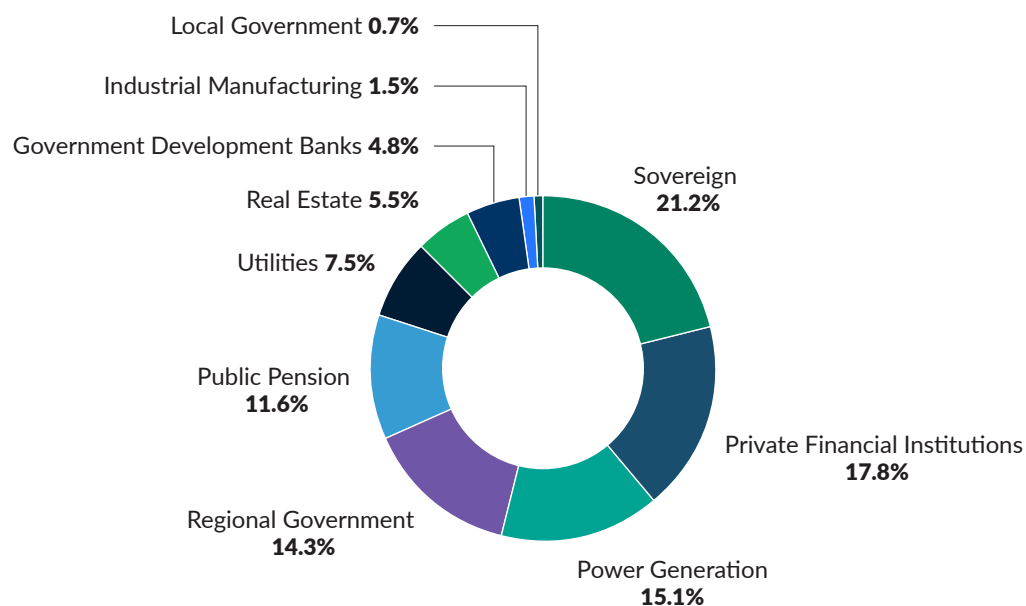
The Government of Canada was the largest issuer in 2024, with a single sovereign transaction³ accounting for 21.2% of the total green bond issuance amount. Private financial institutions (17.8%), power generation (15.1%), and regional governments (14.3%) followed, together representing nearly half of total issuance.

Compared with 2014–2023, when regional governments (29%) and public pension funds (19%) led issuance,^{viii} their respective shares declined to 14.3% and 11.6% in 2024, as sovereign and private financial institution issuers took a more prominent role in the market.

FIGURE 7

Green Bond Issuance Amount by Issuer Type, 2024

The Government of Canada led the 2024 issuance, accounting for one-fifth of the total amount



Note: The sector breakdowns are based on Bloomberg classifications. For simplicity, the diversified banks, life insurance, and other financial services are all combined in the "Private Financial Institutions" sector. Automobile Manufacturing, Electrical Equipment Manufacturing, and Construction Materials Manufacturing are combined as "Industrial Manufacturing". "Public Pension" is added as a standalone category.

³ Including the 10-year CA\$4 billion sovereign green bond and a subsequent CA\$2 billion re-opening that brought the total size to CA\$6 billion

TABLE 2

Green Bond Issuance Amount, Deal Count, and Average Size by Issuer Type, 2024

Issuer Type	Total Amt Issued (US\$ Billion)	Deal Count	Avg bond size (US\$ Billion)
Sovereign	4.38	1	4.38
Private Financial Institutions	3.69	8	0.46
Power Generation	3.13	11	0.28
Regional Government	2.96	4	0.74
Public Pension	2.40	3	0.80
Utilities	1.55	4	0.39
Real Estate	1.13	4	0.28
Government Development Banks	1.00	1	1.00
Industrial Manufacturing	0.31	2	0.16
Local Government	0.15	1	0.15

Consistent with trends over the past decade, corporate issuers continued to lead green bond activity in Canada by deal count (see [Table 2](#)). The power generation (11 deals) and private financial institutions (8 deals) sectors together accounted for nearly half of total issuances, reflecting strong participation from private-sector entities.

In contrast, government issuers accounted for fewer transactions overall, but their bond sizes were substantially larger, a pattern typical of sovereign and sub-sovereign borrowers.

The most common issuance size for Canadian green bonds remains in the US\$100–300 million range, underscoring a market dominated by mid-sized deals.⁴

When looking at average bond size by issuer type, sovereign (US\$4.38 billion) and government development bank (US\$1 billion) issuances appear the largest, though both reflect single deals. Excluding these two, public pensions (US\$0.80 billion) and regional governments (US\$0.74 billion) had the highest averages, while the average bond size among most corporate issuers remained below US\$0.5 billion.

⁴ Issuance size classifications in this report follow the convention of small (<US\$100 million), mid-sized (US\$100–500 million), and large (>US\$500 million) transactions.

3.3 GREEN BOND FRAMEWORKS, SECOND PARTY OPINIONS, AND REPORTING

Nearly all green bond issuers in 2024, up from 85% over the past decade, now have established their own green or sustainable bond framework. These frameworks define the processes for project evaluation and selection, management of proceeds, and reporting, ensuring transparency and consistency. Most issuers align their frameworks with the Green Bond Principles established by the International Capital Market Association (ICMA), the leading voluntary standard for sustainable bond issuance.

Many Canadian green bond issuers updated their frameworks in 2024, reflecting a broader shift toward stronger standards and greater alignment with global practices. The updates generally fall into four key themes:

- **Expanded scope:** In line with the Government of Canada's revised green bond framework, several issuers expanded their frameworks to include nuclear energy, covering deployment, life extension, and refurbishment of reactors as eligible activities.
- **Enhanced alignment:** Frameworks increasingly mapped eligible investments to the EU Taxonomy and the UN Sustainable Development Goals to improve comparability and transparency.
- **Strengthened exclusion criteria:** Many issuers explicitly excluded fossil fuel-related investments from eligible use of proceeds.
- **Improved governance and reporting:** Issuers enhanced management of proceeds, impact reporting and external verification processes.

The 2024 sovereign green bond was the first issued under the Government of Canada's updated Green Bond Framework (November 2023), which expanded eligibility criteria to include certain expenditures related to nuclear energy. Of the CA\$4 billion (US\$2.85 billion) offered in the February 2024 issuance covered in the 2023–24 Allocation Report, about CA\$199.65 million (US\$142.42 million) (5%) was allocated to two nuclear-related projects: the Darlington Small Modular Reactor (SMR) supported by the Canada Infrastructure Bank, and Natural Resources Canada's initiative with the First Nations Power Authority under the SMR Action Plan. This marks the Government of Canada's first allocation of green bond proceeds to nuclear energy projects.^{ix}

All green bond issuers with a framework obtained a second-party opinion (SPO) to confirm alignment with recognized market standards. Sustainalytics and S&P Global remained the most common SPO providers in 2024.

In terms of reporting, over three-quarters of issuers published a use-of-proceeds and impact report, consistent with the share observed during the 2014–2023 period. Notably, nearly 90% of green bond issuers obtained independent assurance for their reports covering 2024 issuances, demonstrating strong adherence to the Green Bond Principles' recommendations on transparency and accountability.

4. SOCIAL AND SUSTAINABILITY BONDS

Social and sustainability bonds are use-of-proceeds instruments dedicated to financing projects that generate social and/or environmental benefits. Issuers are required to establish a framework outlining eligible uses, project selection, proceeds management, and reporting.

Between 2018 and 2024 (see [Figure 8](#)), sustainability bonds clearly led the market, both in total issuance and number of deals. Activity picked up quickly after their debut in 2019, with issuance peaking around US\$3.9 billion in 2021 and US\$3.8 billion in 2023.

In 2024, sustainability bonds remained the dominant segment within Canada's social and sustainability bond market, with US\$2.83 billion issued across 10 deals. While activity held steady from 2023, issuance amount remained below the 2021 peak, indicating a more moderate but sustained level of market engagement in instruments that address both environmental and social goals.

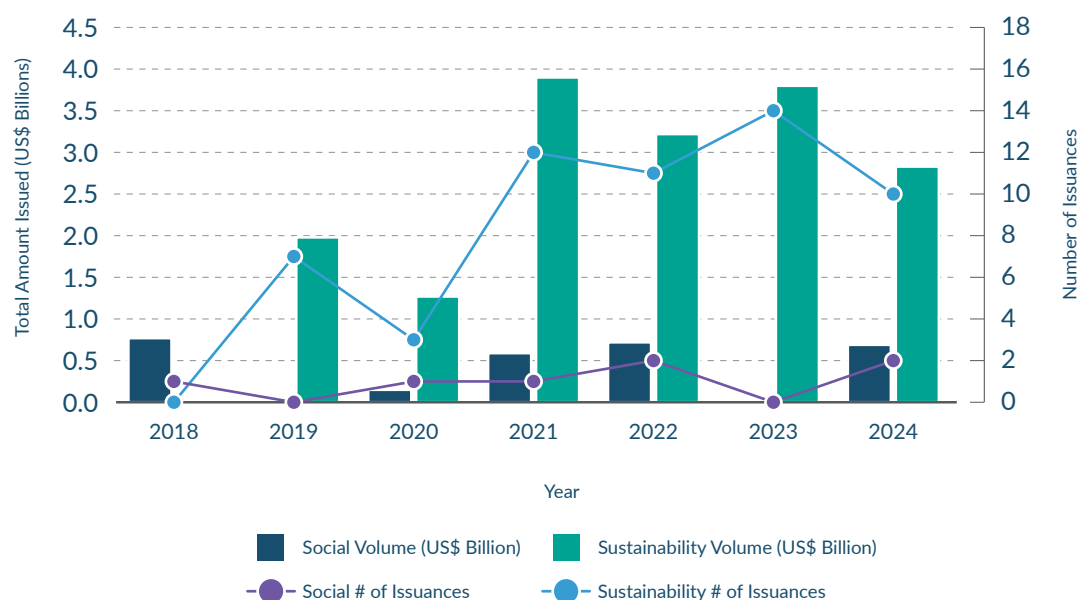
In comparison, social bonds have remained a smaller part of the market. Annual issuance has typically stayed below US\$1 billion, and the number of deals has hovered around one or two each year.

In 2024, social bond issuance, though smaller at US\$0.69 billion from two deals, showed a modest rebound after a quiet 2023. These issuances involved both public and private sector issuers, funding projects that improve access to essential services and affordable housing.

FIGURE 8

Social and Sustainability Bond Issuance Amount and Deal Count in Canada, 2018–2024

Sustainability bonds consistently outpaced social bonds in both issuance amount and deal count

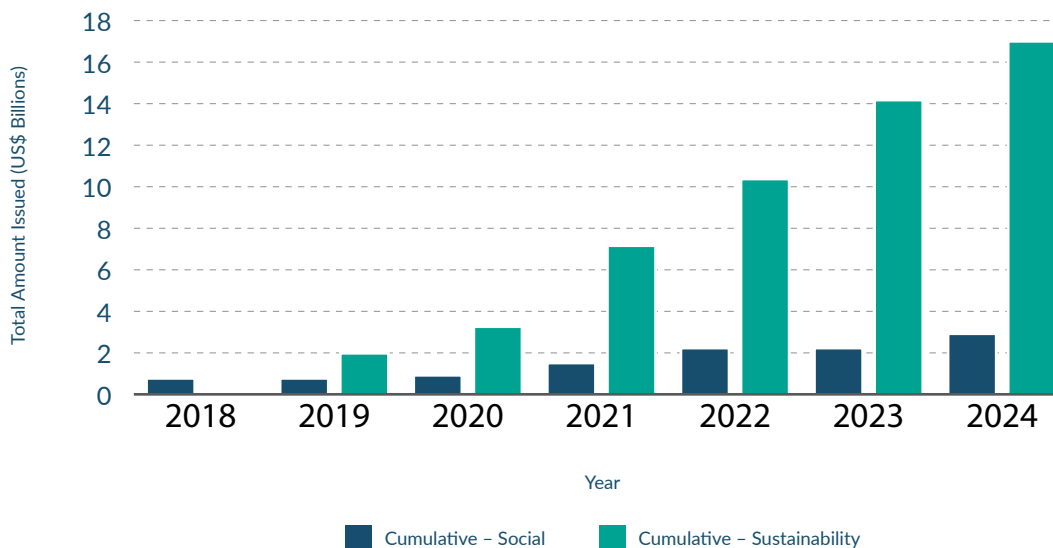


Cumulative issuance of sustainability bonds in Canada has grown rapidly, rising from just over US\$3 billion in 2020 to a record US\$17 billion in 2024 (see [Figure 9](#)). In comparison, cumulative social bond issuance reached US\$2.9 billion over the same period. The stronger momentum behind sustainability bonds may be due to their broader scope, which allows issuers to finance both environmental and social projects through a single instrument.

FIGURE 9

Cumulative Social and Sustainability Bond Issuance (US\$ billion)

Sustainability bonds have grown rapidly over the years, reaching US\$17 billion in 2024, compared with US\$2.9 billion for social bonds



The majority of sustainability and social bond issuers in 2024 were repeat participants, including private sector entities such as private financial institutions and utilities, and public sector issuers such as local and regional governments.⁵ Most issuers have established a dedicated framework to govern the use of proceeds, and all issuers with such frameworks obtained an SPO to ensure alignment with recognized market standards.

5. USE OF PROCEEDS BREAKDOWN

In 2024, clean energy dominated the allocation of proceeds from green, social, and sustainability (GSS+) bonds in Canada,⁶ accounting for 43% of total disclosed proceeds. This was followed by clean transportation (27%) and green buildings (10%), together representing around 80% of all allocations (see Figure 10).

Specifically, the clean energy category includes both renewable and nuclear energy. Approximately US\$1.89 billion was specifically allocated to nuclear projects, reported separately by two power generation companies and one financial institution. However, many issuers reported proceeds under general clean energy investments, with some including nuclear activities and others excluding them.

Smaller allocations went to energy efficiency (4%), water and wastewater management (3%), and multi-category projects (3%), with the remainder directed to essential services, natural resources, social housing, and climate adaptation (each 1–2%).

5 The First Nations Finance Authority's (FNFA) 2024 issuances are classified by Bloomberg as sustainability bonds. Upon further analysis, while this issuance has not been independently verified, the author considers it reasonable to view it as a sustainability bond given FNFA's mandate to provide First Nations with access to capital markets on terms comparable to other levels of government, and the organization's ongoing commitment to financing projects with social and community benefits. Issuances from previous years are not included here for consistency but will be incorporated into future analyses.

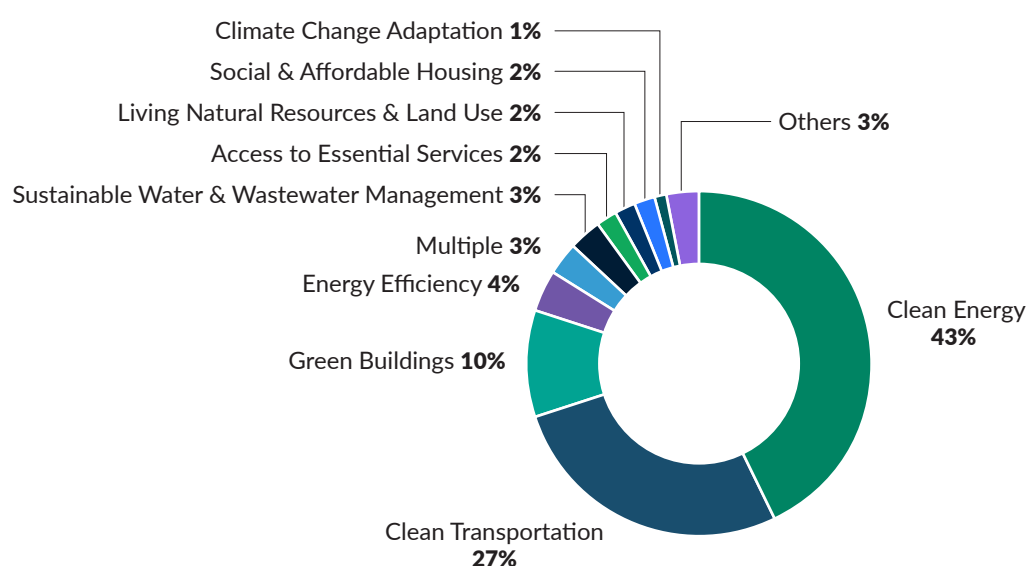
6 This analysis covers only allocations reported by issuers. A few issuers had not yet released allocation reports as of September 2025, when data verification was finalized. In addition, some 2024 issuances will be reflected in next year's reporting cycle.

Notably, there is a stark contrast between the strong focus on climate mitigation, with clean energy, clean transportation, and green buildings collectively accounting for approximately 80% of allocations, and the limited funding for climate adaptation, which represents only 1%. This imbalance matters because investing in adaptation ensures that communities, economies, and ecosystems can withstand and recover from the impacts of climate change, reducing long-term social and economic costs.

FIGURE 10

Use of Proceeds (%) from Green, Social, and Sustainability Bonds, 2024

Clean energy, clean transportation, and green buildings collectively account for about 80% of total allocations



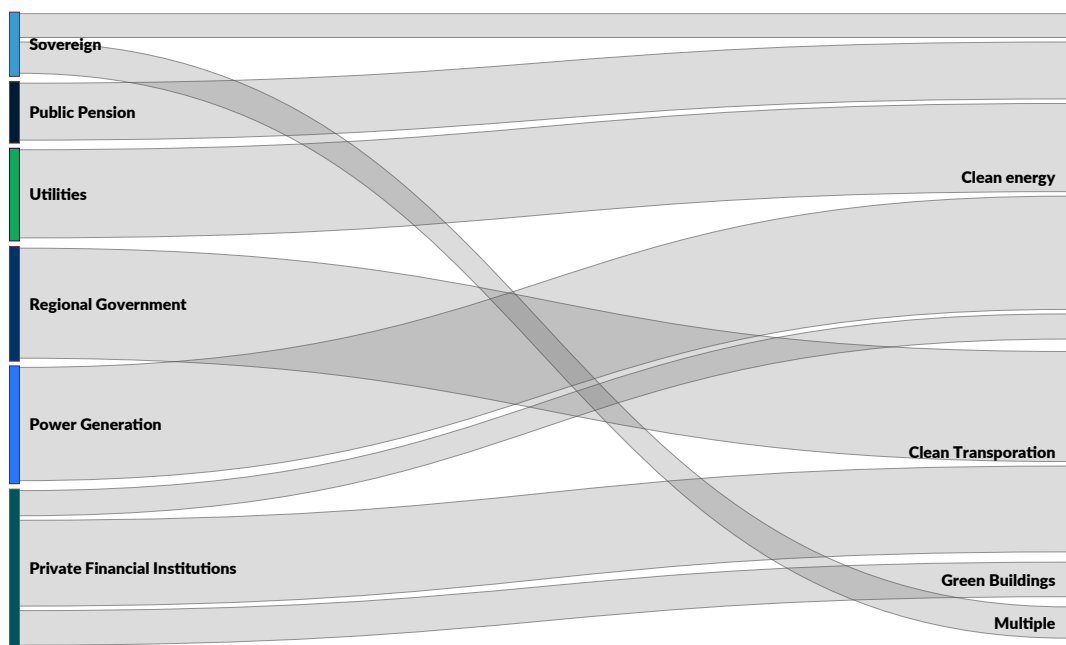
Note: Includes only issuer-reported allocations. Some 2024 allocations are not reflected when issuers report on a fiscal-year basis. The clean energy category includes allocations to both renewable and nuclear energy projects. The "Other" category includes allocations to Terrestrial and Aquatic Biodiversity, Socio-economic Advancement of Indigenous Peoples, Pollution Prevention and Control, Circular Economy, and Biodiversity Conservation, as well as proceeds used to refinance bond maturities.

Clean energy and clean transportation attracted most of the large-scale proceeds, with major contributions from regional governments, power generation firms, private financial institutions, utilities, public pension funds, and the sovereign issuer⁷ (see Figure 11). The private financial sector and the sovereign issuer had more diversified major funding channels, with allocations extending beyond clean energy and transportation to include green buildings and multi-category projects.

⁷ Government of Canada's latest Green Bond Allocation and Impact Report 2023-24 only covers the CA\$4 billion February 2024 issuance. The CA\$2 billion re-opening in October 2024 and 2025 issuances will be detailed in fiscal year 2024-25 report.

FIGURE 11

Use of Proceeds by Issuer Type



Sum of Proceeds by Issuer type and Activity

Note: Includes only issuer-reported allocations. Some 2024 allocations are not reflected when issuers report on a fiscal-year basis. Flows weighted by issuance proceeds; only issuer-activity funding flows exceeding US\$500 million are shown to highlight major funding channels. Clean energy includes renewable and nuclear energy projects.

6. SUSTAINABILITY-LINKED BONDS (SLBS)

The Sustainability-Linked Bond (SLB) is a performance-based instrument that ties financing terms to the issuer's achievement of specific sustainability performance targets (SPTs), measured through key performance indicators (KPIs). Unlike use-of-proceeds bonds, SLBs allow issuers to use funds for general corporate purposes, providing flexibility to finance company-wide transition strategies. Failure to meet targets can trigger coupon step-ups or other cost adjustments.

In 2024, there were only two Sustainability-Linked Bond (SLB) transactions in Canada – one from TELUS, a repeat issuer, and another from St. Marys Cement Inc., a debut issuer and subsidiary of Votorantim Cimentos S.A., a leading global cement producer based in Brazil. Both issuances were linked to environmental performance targets. Overall, the SLB segment in 2024 demonstrates sustained interest yet limited uptake of performance-based sustainability instruments.

The Canadian SLB market remains relatively small. Canadian issuers first entered the market in 2021, when Enbridge and TELUS launched inaugural SLBs totalling US\$1 billion and US\$0.6 billion, respectively. By the end of 2024, only four Canadian companies had issued SLBs, and no government entities had yet tapped the SLB market.

The SLB market has faced controversy and critique, with market participants and observers expressing concern over the limited ambition of GHG emissions targets, the lack of outcome-based social indicators, and the risk that issuers may receive a “free lunch”—benefiting from a sustainability label without demonstrating meaningful impact.^x

7. CONCLUSIONS AND OUTLOOK

Canada's GSS+ bond market rebounded strongly in 2024, in line with global trends.

Green bonds remained dominant, accounting for 82.5% of total issuance in 2024, followed by sustainability (11.3%), sustainability-linked (3.4%), and social bonds (2.7%). While no transition bonds have yet been issued, both government-led and issuer-driven efforts to establish credible transition finance frameworks are underway.

The green bond market reached a record US\$84.1 billion in cumulative issuance amount, maintaining a 2.4% global share. After two years of decline, issuance rose sharply to US\$20.7 billion across 39 deals, driven mainly by repeat issuers.

Participation in 2024 reflected a balanced mix of public and private issuers. The Government of Canada led issuance, accounting for about one-fifth of the total green bond issuance amount, followed by private financial institutions, power generation, and regional governments.

Across social and sustainability categories, sustainability bonds remained dominant, totalling US\$2.83 billion across 10 deals, while social bonds saw a modest recovery with US\$0.69 billion from two issuances.

In terms of use of proceeds, clean energy (43%), clean transportation (27%), and green buildings (10%) together made up roughly 80% of disclosed allocations, underscoring the market's focus on climate mitigation over adaptation.

The SLB market remained small, with only two issuances in 2024. Both were tied to environmental performance targets. The still relatively niche market indicates that interest in performance-based financing remains, although participation is confined to a small group of issuers.

To accelerate the growth of Canada's GSS+ bond market, policymakers can focus on strengthening standards, lowering issuance barriers, and enhancing market confidence:

1. **Advance voluntary Made-in-Canada sustainable investment guidelines (otherwise known as a taxonomy), aligned with international standards to provide policy certainty and support transition finance.** On October 10, 2024, the Government of Canada announced plans to advance "Made-in-Canada" sustainable investment guidelines (also known as a taxonomy). This follows the Sustainable Finance Action Council's (SFAC) release of its Taxonomy Roadmap Report in 2023, which laid the groundwork for developing a Canadian green and transition finance taxonomy. Budget 2025, released in November 2025, reaffirms the federal commitment to completing a Canadian taxonomy by the end of 2026. It also signals the government's intention to develop a Sustainable Bond Framework that would enable the issuance of both green and transition bonds aligned with the taxonomy, with the framework expanding to include additional sectors as the taxonomy evolves.⁸

Moving a national taxonomy forward that is tailored to Canada's unique resource-based economy is crucial. At the same time, Canada needs to ensure that the taxonomy is comparable and interoperable with other global green and sustainable finance taxonomies (e.g., the EU's, Australia's) and leverages existing principles such as the Principles for Taxonomy Interoperability.⁸ These elements will be key to facilitating cross-border capital flows and attracting investment into Canada's priority sectors, strengthening the country's global competitiveness in a net-zero economy.

2. **Mandate standardized reporting and assurance for proceeds allocation and impact, with phased-in requirements to support issuer readiness.** While most Canadian issuers voluntarily align with the ICMA Green, Social, and Sustainability Bond Principles, reporting practices remain inconsistent. To enhance credibility and comparability, federal and provincial regulators, such as the Canadian Securities Administrators (CSA) and the Office of the Superintendent of Financial Institutions (OSFI), could introduce mandatory standardized disclosure requirements covering the use-of-proceeds allocation, impact reporting, and independent assurance or third-party verification of reported data. The disclosure rules can be rolled out in phases, giving issuers, especially smaller or newer ones, time to build their data and reporting capacity.

8 See Taxonomy Roadmap Initiative, "Principles for Taxonomy Interoperability", November 2025.

It should be acknowledged that Canada is currently not moving in a mandatory direction on sustainability disclosures more broadly. For example, the CSA has paused implementing proposed climate disclosure rules for Canadian firms.⁹ It will be important for CSA clarify Canada's sustainability reporting pathway and align with well-advanced international standards to preserve market credibility and investor confidence. Looking ahead, this pathway should also include requiring companies, starting with larger and public-interest entities, to prepare and publish credible transition plans, which could in turn help stimulate growth in the GSS+ bond market.

3. **Expand sovereign and sub-sovereign issuance, piloting innovative structures such as transition bonds to set benchmarks and spur private-sector activity.** Federal, regional, and local governments play a pivotal role as market catalysts through their issuance of GSS+ bonds. Government bonds often create a "halo effect", signalling credibility and encouraging broader market participation. In 2024, the Government of Canada's green bond was the largest issuance of the year, reinforcing its leadership role.

Going forward, public-sector entities can advance their leadership by piloting innovative structures, such as transition, resilience, or indigenous bonds. The Government of Canada, in particular, could play a pivotal role by issuing the country's first transition bond, similar to Japan's sovereign climate transition bond, to further deepen and diversify the sustainable finance market.

4. **Improve data infrastructure and investor tools by creating a centralized GSS+ bond database.** Canada currently lacks a centralized, publicly accessible database for GSS+ bond information, with data instead dispersed across proprietary platforms and individual issuer reports, limiting transparency and comparability across the market.

Establishing a national GSS+ bond database, overseen by a public institution such as the Bank of Canada, Department of Finance, Environment and Climate Change Canada, or Natural Resources Canada, and developed in partnership with private sector participation, would provide consistent, high-quality data on issuance, use of proceeds, and impact outcomes. The platform could also track assurance status and the alignment with international taxonomies to support benchmarking. Such a database could serve as a first step toward building a broader national data infrastructure, supporting policymakers, regulators, issuers, investors, and researchers by improving transparency, enabling sectoral benchmarking, tracking capital flows, identifying financing gaps, and strengthening evidence-based decision-making.

Similar initiatives in other jurisdictions, such as the European Central Bank's Indicators on Sustainable Finance¹⁰ and Japan's Ministry of the Environment Green Finance Portal,¹¹ provide strong reference points for building a centralized and transparent sustainable finance data system in Canada.

5. **Build issuer and investor literacy to broaden participation.** Developing issuer and investor literacy is essential to expand Canada's GSS+ bond market beyond large financial institutions and governments. Many smaller municipalities, Indigenous issuers, and small and medium-sized enterprises (SMEs) face significant capacity and knowledge barriers that limit participation.

Targeted capacity-building programs, co-developed with Indigenous and other local stakeholders, and delivered in collaboration with organizations such as the Institute for Sustainable Finance (ISF) and the Climate Bonds Initiative (CBI), can help bridge these gaps and foster a more inclusive sustainable finance market. Enhancing investor literacy is equally important. For example, many investors lack familiarity with Indigenous governance structures, community priorities, and the distinct value proposition of Indigenous-led sustainable finance. However, it is important to keep in mind that many smaller municipalities, Indigenous organizations, and SMEs are simply unable to issue bonds due to limited credit ratings, high issuance costs and insufficient scale, so alternative forms of financing, including market-rate or concessional loans and government grants, will continue to be necessary.

Strengthening Canada's GSS+ bond market is key to mobilizing private capital at the scale needed to meet national climate and sustainability goals. Advancing these measures will help position Canada for a competitive, low-carbon and inclusive economy.

⁹ See the Canadian Securities Administrators (CSA), "CSA updates market on approach to climate-related and diversity-related disclosure projects", April 2025.

¹⁰ European Central Bank's "Indicators on Sustainable Finance"

¹¹ Japan's Ministry of the Environment's "Green Finance Portal"

ENDNOTES

- i Department of Finance Canada, "[Canada Issues Second Green Bond](#)", February 28, 2024.
- ii Government of Canada, "[Canada Strong Budget 2025](#)", November 2025.
- iii Yingzhi Tang and Apoorva Hegde, "[The Canadian Sustainable Bond Market Report](#)", Institute for Sustainable Finance, October 2024.
- iv Climate Bonds Initiative, "[Sustainable Debt: Global State of the Market 2024](#)", May 2025.
- v Intercontinental Exchange, "[Sustainable Bond Analysis, Full Year 2024](#)", February 2025.
- vi Intercontinental Exchange, "[Sustainable Bond Analysis, Full Year 2024](#)", February 2025.
- vii Climate Bonds Initiative, "[Sustainable Debt: Global State of the Market 2024](#)", May 2025.
- viii Yingzhi Tang and Apoorva Hegde, "[The Canadian Sustainable Bond Market Report](#)", Institute for Sustainable Finance, October 2024.
- ix Government of Canada, "[Green Bond Allocation and Impact Report 2023-24](#)", 2025.
- x Kölbel, Julian, and Adrien-Paul Lambillon. "[Who Pays for Sustainability? An Analysis of Sustainability-Linked Bonds](#)." Swiss Finance Institute Research Paper, February 08, 2023.
- xi Government of Canada, "[Canada Strong Budget 2025](#)", November 2025.