

EMEA asset owners turn to nature-linked bonds for positive outcomes and returns

A new survey* reveals that many asset owners in EMEA are integrating nature and biodiversity into their investment strategies. Labeled bonds are one possible avenue, offering the potential to advance sustainability goals alongside financial returns.

Our survey indicates that respondents are showing an interest in nature- and biodiversity-linked financial instruments. Among those already integrating nature and biodiversity, 40 percent are prioritizing or planning to prioritize such investments in the coming year.

The interest from investors comes alongside a funding gap in the biodiversity space, a topic that is expected to be a key focus at the upcoming COP 30 in Brazil. A major 2024 report by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) highlights an annual “biodiversity financing gap” of up to US \$1 trillion.¹

Thoughts from the field: AP2

“The science tells us that there is huge financial risk going forward, if biodiversity loss is not halted,” says Asa Mossberg, Head of Communication and Sustainability at AP2, the Swedish pension fund. “The global economy is hugely dependent on biodiversity and ecosystem services.” The World Economic Forum estimates that over half of global GDP could be potentially at risk from biodiversity loss.¹

Recognizing deforestation as a key risk, AP2 developed a comprehensive investment strategy,

Mossberg explains. This multi-pronged approach involved engaging with companies to understand their exposure and strategies related to deforestation, and increasing investments in funds that deliver positive outcomes for forests.

“ Previously, there was much more focus on the climate space. But biodiversity-focused investable options are starting to emerge now”

– Asa Mossberg, Head of Communication and Sustainability at AP2.

Industry data showed a surge in biodiversity-related bond issuance in 2024, accounting for almost one-third of total sustainability-labeled debt, up from just 3 percent in 2015.²

Investing in nature and biodiversity

In the survey, 38 percent of respondents who currently integrate nature and biodiversity indicate that the limited availability of investable nature or biodiversity-focused options remains a barrier to incorporating biodiversity objectives in their investment process. Investment in labeled bonds, such as green and sustainability bonds that earmark proceeds for use in projects that support biodiversity or other initiatives, have been particularly important in providing investors with options. Moody's estimates that 23 percent of the global \$1 trillion sustainable bond market is now linked to adaptation and nature-related projects.³

More on nature-linked debt

Sustainability-labeled bonds focused on nature and biodiversity are still one of the more nascent categories of the space, but some trends have emerged:

- **Sovereigns and institutions such as the EU and the World Bank account for about two-thirds of all biodiversity-related debt issuance, according to the Institute of International Finance (IIF).**⁴ In August 2024, the World Bank launched its nine-year, US \$225 million Amazon Reforestation-Linked Outcome Bond, the largest biodiversity-focused outcome bond issued to date. It will mobilize US \$36 million of capital from investors to support reforestation.⁵ The Rhino Bond, launched by the World Bank in 2022, is a US \$150 million instrument linking investor returns to verified black rhinoceros population growth in South Africa.⁶
- **Blue bonds are a fast-growing category of the Green Bond Principles.** Blue bonds raise funds for projects that support ocean health and marine ecosystems.⁷ Following ratification of the Biodiversity Beyond National Jurisdiction (BBNJ) Agreement—also known as the High Seas Treaty—in 2023, investor interest has sharpened. The World Bank reported in June 2025 that the global blue bond market had grown to a total value of US \$15.25 billion, up from US \$6.7 billion in 2023.⁸
- **Market demand for blue bonds looks set to continue.** The survey finds that as many as 39 percent of survey respondents who currently incorporate nature and biodiversity objectives indicate that they are prioritizing or will prioritize investments in sustainable aquaculture and marine ecosystems over the coming 12 months.

Metrics and transparency

Our survey finds that only 21 percent of surveyed investors who are integrating nature and biodiversity regard a lack of clear definitions around biodiversity-related investing as one of the three biggest barriers to increased activity. This compares to 42 percent who cited lack of reliable and/or scalable data, and 39 percent citing lengthy timelines related to environmental or financial benefits as more significant barriers. One reason may be the recent development of a range of standards and definitions, such as the EU taxonomy for sustainable activities, that may bring

further clarity to the market. But some research has raised concerns about whether funds raised by labeled bonds are going to broader climate-related initiatives, rather than dedicated biodiversity projects.⁹

Recent months have seen key institutions taking steps to address such issues. The International Finance Corporation (IFC), the World Bank's private-sector arm, in October 2024 launched its Biodiversity Finance Metrics for Impact Reporting to supplement its core Reference Guide, to improve guidance on the eligible activities that constitute biodiversity finance.¹⁰

New bond issuance programs have also emphasized transparency. In July 2025, for example, the Inter-American Development Bank (IDB) launched its US \$1 billion Amazonia Bonds program, targeting projects in the Amazon that curb deforestation, protect biodiversity and support local communities.¹¹ Building on issuance guidelines developed with the World Bank, the IDB promises to deliver transparency around use of proceeds, which should, as noted by IDB President, Ilan Goldfajn, give investors “the confidence that their financing will drive real impact.”¹²

The bottom line

Our survey shows that a substantial minority of EMEA investors are prioritizing nature- and biodiversity-labeled bonds, likely driven by the potential to generate nature-positive outcomes alongside financial returns, and the emergence of innovative instruments such as outcome bonds and blue bonds, amongst other reasons. New frameworks and transparency initiatives, led by institutions including the World Bank and IDB, will likely help to expand the market.

About the survey

* In May 2025, State Street Investment Management, in partnership with FT Longitude, surveyed 330 senior investment decision-makers working at asset owners (including pension funds, insurance firms, endowments and sovereign wealth funds) across the EMEA region (Belgium, Denmark, Finland, Germany, Ireland, Italy, Kuwait, Luxembourg, the Netherlands, Norway, Qatar, Saudi Arabia, Sweden, Switzerland, the UAE, and the UK). The survey explored how these investors are approaching the challenges and opportunities of integrating nature and biodiversity objectives into their investment portfolios. We also include findings from an in-depth interview with Åsa Mossberg, Head of Communication and Sustainability at AP2.

Endnotes

- 1 https://www.weforum.org/docs/WEF_The_Future_Of_Nature_And_Business_2020.pdf
- 2 <https://www.pictet.com/cn/en/insights/am/biodiversity-bonds>
- 3 <https://www.esgtoday.com/moodys-predicts-1-trillion-sustainable-bond-market-in-2025-despite-political-headwinds/>
- 4 <https://www.pictet.com/cn/en/insights/am/biodiversity-bonds>
- 5 <https://www.worldbank.org/en/news/press-release/2024/08/20/world-bank-s-usd-225-million-amazon-reforestation-linked-outcome-bond-signals-growing-investor-base-eager-to-link-finance>
- 6 <https://hive.greenfinanceinstitute.com/gfihive/revenues-for-nature/case-studies/the-wildlife-conservation-bond-the-rhino-bond/>
- 7 <https://www.icmagroup.org/assets/documents/Sustainable-finance/Bonds-to-Finance-the-Sustainable-Blue-Economy-a-Practitioners-Guide-September-2023.pdf>
- 8 <https://thedocs.worldbank.org/en/doc/cbaf1cefc5164a7f340716ef0af6fd7e-0340012025/original/Case-Study-Blue-Bond-Seychelles.pdf>
- 9 <https://www.responsible-investor.com/biodiversity-in-use-of-proceeds-bonds-skewed-towards-carbon-focus/>
- 10 <https://www.ifc.org/content/dam/ifc/doc/2024/ifc-biodiversity-finance-metrics-for-impact-reporting.pdf>
- 11 <https://www.iadb.org/en/news/idb-and-world-bank-launch-new-amazonia-bond-issuance-program>
- 12 <https://www.iadb.org/en/news/idb-and-world-bank-launch-new-amazonia-bond-issuance-program>

statestreet.com/investment-management

Information Classification: General Access

Marketing communication.

For professional client use only.

State Street Global Advisors (SSGA) is now State Street Investment Management. Please go to statestreet.com/investment-management for more information.

Important Information

In May 2025, State Street Investment Management, in partnership with FT Longitude, surveyed 330 senior investment decision-makers working at asset owners (including pension funds, insurance firms, endowments and sovereign wealth funds) across the EMEA region (Belgium, Denmark, Finland, Germany, Ireland, Italy, Kuwait, Luxembourg, the Netherlands, Norway, Qatar, Saudi Arabia, Sweden, Switzerland, the UAE, and the UK). The survey explored how these investors are approaching the challenges and opportunities of integrating nature and biodiversity objectives into their investment portfolios.

Investing involves risk including the risk of loss of principal.

The information provided does not constitute investment advice and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell a security. It does not take into account any investor's particular investment objectives, strategies, tax status or investment horizon. You should consult your tax and financial advisor.

All information is from State Street Investment Management unless otherwise noted and has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. There is no representation or warranty as to the current accuracy, reliability or completeness of, nor liability for, decisions based on such information and it should not be relied on as such.

The information contained in this communication is not a research recommendation or 'investment research' and is classified as a 'Marketing Communication' in accordance with the applicable regional regulation. This means that this marketing communication (a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research (b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This communication is directed at professional clients (this includes eligible counterparties as defined by the appropriate EU regulator) who are deemed both knowledgeable and experienced in matters relating to investments. The products and services to which this communication relates are only available to such persons and persons of any other description (including retail clients) should not rely on this communication.

The views expressed are the views of the State Street Investment Management Sustainable Investing Strategy Team through September 15, 2025, and are subject to change based on market and other conditions. This document contains certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance, and actual results or developments may differ materially from those projected.

The returns on a portfolio of securities which exclude companies that do not meet the portfolio's sustainable strategy criteria may trail the returns on a portfolio of securities which include such companies. A portfolio's sustainable strategy criteria may result in the portfolio investing in industry sectors or securities which underperform the market as a whole.

The whole or any part of this work may not be reproduced, copied or transmitted or any of its contents disclosed to third parties without State Street Investment Management's express written consent.

The above targets are estimates based on certain assumptions and analysis made by State Street Investment Management. There is no guarantee that the estimates will be achieved.

The trademarks and service marks referenced herein are the property of their respective owners. Third party data providers make no warranties or representations of any kind relating to the accuracy, completeness or timeliness of the data and have no liability for damages of any kind relating to the use of such data.

© 2025 State Street Corporation. All Rights Reserved.
ID3125452-8314642.3.1.GBL.INST 0825 Exp. Date: 30/09/2026