



Update no.1

GLOBAL PSSL IN WASHINGTON, DC: ADVANCING DIALOGUE ON GROWTH, STABILITY, AND POST-ISSUANCE TRANSPARENCY

FOLLOW-UP ON THE GREEN BOND PAPER AND NEXT STEPS FOR BEYOND ISSUANCE

Background and Commissioning

Nest Pensions on behalf of the Asset Owners Council, asked Global PSSL to look into what happens to green bonds after they are lent out. The request stems from pension funds' long-standing interest in stewardship and its concern that parts of the lending process are still not very transparent. The resulting paper, [Green Bonds Under Opaque Loans](#), was reviewed by several asset owners and market practitioners who contributed evidence on emerging practices and potential systemic weaknesses. Their feedback helped shape a set of recommendations ranging from soft governance enhancements to more stringent measures.

Key Findings and Workshop Reflections

During the Washington, DC workshop (16 October 2025), Nest Pensions confirmed that many recommendations from the paper have already been implemented or are under active discussion with their custodian, including stronger expectations around borrower scrutiny, collateral oversight, and clearer reporting on green bond loans.

While the paper proposed a temporary pause on green bond lending as the most stringent option, Nest Pensions and the Asset Owners Council decided not to adopt this step at this stage. They emphasised instead the need to build targeted governance protections and monitoring requirements—an approach that reflects the impartiality and independence with which Global PSSL developed the recommendations.

Several reviewers highlighted the role of liquidity in maintaining the functioning of the green bond market. We agree with that point. At the same time, efficiency and liquidity do not remove the need for proper safeguards. If the market wants to maintain credibility and support long-term resilience, transparency and better post-issuance oversight have to be part of the discussion.



Transition to the Next Phase: Beyond Issuance

The green bond paper naturally leads into the wider *Beyond Issuance* work. The workshop made clear that green bond post-issuance risks intersect with wider ecosystem challenges such as derivatives overlays, collateral reuse, borrower incentives, and conflicts of interest affecting long-term asset owners. These themes will be addressed in the incoming *Strategic Themes for Beyond Issuance* paper planned for late December, followed by several targeted papers that will unpack these themes further over 2026.

Connection to ABC Score™

The metrics developed in the green bond report form a solid basis for early ABC Score™ testing exercises, to which participating asset owners have committed. Testing is now scheduled for early 2026. This will allow us to use the paper's findings in a practical review of how these markets actually operate.

Looking Ahead

As the Beyond Issuance work expands, the green bond paper will continue informing draft metrics, cross-asset comparisons, and the broader goal of raising system-wide standards. The strong and constructive feedback from asset owners, financial advisors, and other participants and reviewers on our work following the Washington, DC workshop ensures that the next phase builds on practical stewardship needs, market realities, and a shared drive for transparent and credible post-issuance governance.

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With great appreciation to Kenneth Gutwillig and Kevin Chen, whose support in organising the workshop and commitment to ensuring all voices were heard strengthened this work.

Reviewed and informed by: the Asset Owners Council, the Investment Advisors Council, participants in the Washington, DC session, and additional reviewers now joining the process.

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