

# Sustainable Finance Newsletter

April 2022

S&P Global Ratings



*This report does not constitute a rating action*

## Key Takeaways

- As of April 10, 2022, we've completed more than 125 ESG evaluations, 105 second party opinions, and 115 green transaction evaluations.
- We published five new and republished one ESG evaluation and published nine second party opinions since March 11, 2022.
- We published several thought leadership pieces during the past few months, including one summarizing our experiences analyzing sustainable debt frameworks.

**125+** 

ESG evaluations

**115+** 

Green transaction evaluations

**105+** 

Second party opinions

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For a deeper dive into sustainable finance developments, see our **ESG In Credit Ratings Newsletter**, April 21, 2022.

Credit Ratings Newsletter



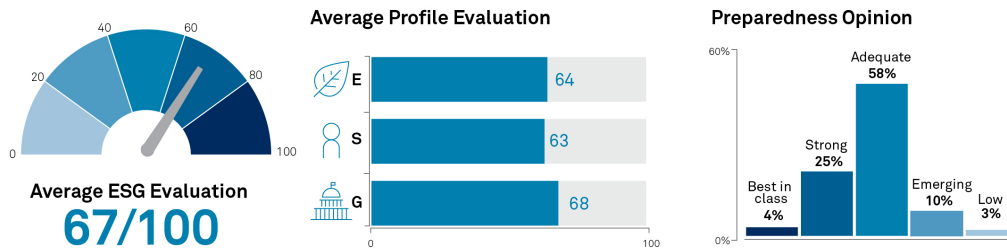
## Is Disruption The New Normal?

Recently, the Intergovernmental Panel on Climate Change (IPCC) released the third part of its sixth assessment report with a clear and sobering message: without significant immediate emissions reductions starting before 2025, limiting global warming to 1.5° Celsius will be beyond reach. The IPCC report highlights a large gap between the current global business as usual +15% greenhouse gas emissions trajectory and the -43% trajectory needed by 2030 under the 1.5° scenario. The persistent difficulty reconciling immediate social and economic priorities with climate transition needs is creating and exacerbating disruptive risks. While this is of course a challenge for policymakers globally, we are also seeing this balancing act at a corporate level. Our interactions with board members and senior executives show the same calculus: while pressure from stakeholders to take decisive action to mitigate exposure to climate risk is growing, business leaders also cannot ignore the importance of their other priorities. For instance, the nature of work is transforming and upending certain sectors, while the conflict in Ukraine has compounded inflationary concerns that are alarming to employees and customers alike. The most resourceful executives that we speak to try to understand these themes not in isolation, but as part of a broader pattern of disruption as the new normal.

# ESG Evaluation Summary

S&P Global Ratings' ESG evaluation is a cross-sector, relative analysis of an entity's capacity to operate successfully in the future. It is grounded in how environmental, social, and governance (ESG) factors could affect stakeholders, potentially leading to a material direct or indirect financial effect on the entity.

Our definition of stakeholders for a particular entity goes beyond shareholders to include employees, the local community, government, regulators, customers, lenders, borrowers, policyholders, voters, members, and suppliers. A high ESG evaluation score indicates an entity is relatively less prone to experiencing material ESG-related events and that it is relatively better-positioned to capitalize on ESG-related growth opportunities than entities with lower ESG evaluation scores.



First, we establish an ESG profile for a given entity, which assesses the exposure of the entity's operations to observable ESG risks and opportunities, as well as how the entity is mitigating these risks and capitalizing on these opportunities.

Second, we assess the entity's long-term preparedness, namely its capacity to anticipate and adapt to a variety of long-term plausible disruptions.

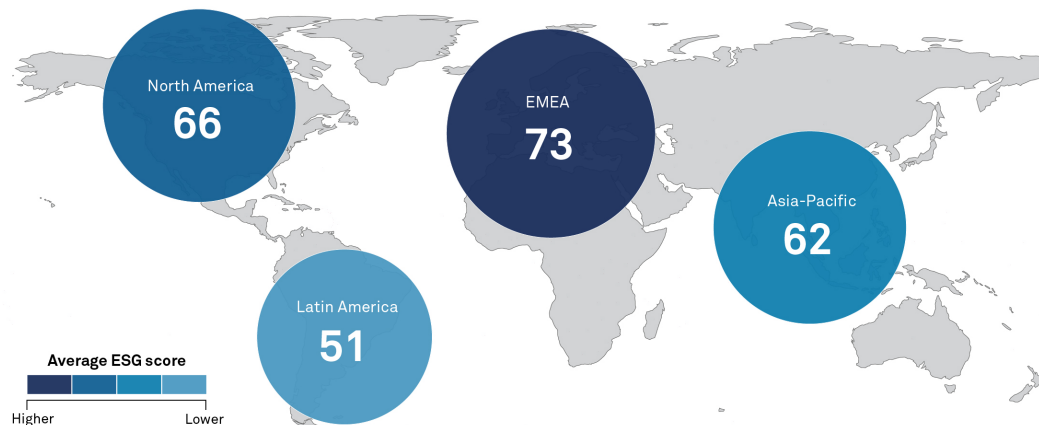
The ESG evaluation is not a credit rating, a measure of credit risk, or a component of our credit rating methodology.

**S&P Global Ratings evaluates more than 125 entities across the globe, with an average of 67.**

Since the first ESG evaluation, published in June 2019, we have finalized ESG evaluations across 23 sectors globally. **By region, the highest average score is 73, for companies headquartered in Europe, the Middle East, and Africa (EMEA).**

Chart 1

## Average ESG Evaluation By Region



Source: S&P Global Ratings.

## PUBLIC ASSESSMENTS

- Twist Bioscience Corp., April 2022
- Adani Transmission Ltd. March 2022
- Edenred, March 2022
- Ecopetrol S.A., March 2022
- Banca Popolare dell'Alto Adige SpA (Volksbank), March 2022
- UBS Group AG, March 2022
- Sanofi, March 2022
- Moody's Corp., February 2022
- Arcelik A.S., January 2022
- Southwire Co. LLC, January 2022
- Tideway, January 2022
- Fortescue Metals Group Ltd., January 2022
- HSBC Holdings PLC, January 2022
- Link REIT, January 2022
- UGI Corp., January 2022
- WEC Energy Group, December 2021
- L'Oreal S.A., December 2021
- American Water Works Co. Inc., December 2021
- Sber, November 2021
- Covivio, November 2021
- Adidas AG, November 2021
- IPB Insurance, October 2021
- Air France-KLM, October 2021
- EP Infrastructure, September 2021
- Danone S.A., July 2021
- Gruppo Hera SpA, July 2021
- Darling Ingredients Inc., July 2021
- Unilever PLC, July 2021
- TenneT Holding B.V., July 2021
- Acciona Energia, June 2021
- Siemens Gamesa Renewable Energy S.A., June 2021
- Swedbank AB, May 2021
- Renewi PLC, May 2021
- Trane Technologies PLC, May 2021
- National Grid PLC, May 2021
- Philip Morris International, May 2021
- Worldline, May 2021
- Freeport LNG, April 2021
- NextEra Energy Inc., April 2021
- Koninklijke (Royal) Philips N.V., March 2021
- Enagas S.A., March 2021
- Grifols S.A., March 2021

## Published Evaluations (March 11-April 10)

Fifty-one companies had a public ESG evaluation as of April 10, 2022. Detailed analysis for each is available on our website [www.spglobal.com](http://www.spglobal.com) or in the public assessments panel on the right-hand side of the previous page.



### Twist Bioscience Corp.



Twist Bioscience Corp.  
**73/100**

Twist Biosciences' ESG evaluation score of 73 reflects a profile score of 70 and adequate preparedness (+3). As a synthetic biology and genomics company in the highly competitive and regulated life science and biotechnology sectors, Twist is primarily exposed to social risks spanning the biosecurity and safety of its DNA-based products and the attraction and retainment of customers and top talent. Our social score reflects the company's competent management of its human capital and the value customers receive through its significantly lower-cost technology at scale. From an environmental perspective, the score is supported by the sectors' relatively low exposure to most environmental factors, as well as the fewer chemical reagents used in the company's DNA synthesis compared to legacy methods. Any measurement of material environmental indicators across its value chain are fairly new, however. On governance, Twist's board and codes of business conduct are fit-for-purpose, yet we view its leadership to be in the early stages of ESG oversight, in part because the company is still young and growing.



### Adani Transmission Ltd.



Adani Transmission Ltd.  
**63/100**

ATL's ESG evaluation of 63 reflects its effective management of environmental risks, developing understanding of social risks, adequate governance, and continued efforts to maintain its capacity to navigate potential disruptions. ATL is actively increasing its renewable energy procurement and plans to retire its 500-megawatt coal plant by 2030, but is constrained by regulation around Mumbai's energy security. The company has focused on safety management given its rapid expansion, and invests to increase its service reliability. While its governance structure has some independence, it may not protect the company from the controlling sponsor's influence. Finally, ATL demonstrates good awareness of environmental and regulatory disruptors to its operations. It has been embedding ESG considerations in its strategy, while expanding its electrical grid within India.

### PUBLIC ASSESSMENTS CONTINUED

Telefonica S.A., March 2021  
Algonquin Power and Utilities Corp., March 2021  
Sika AG, February 2021  
Fluidra S.A., February 2021  
Chorus Ltd., February 2021  
Link REIT, January 2021  
ING Groep NV, January 2021  
SUEK, January 2021  
Repsol S.A., January 2021  
Enbridge Inc., December 2020  
Southwire Co. LLC, August 2020  
Masmovil Ibercom S.A., July 2020  
American Water Works Co. Inc., April 2020  
Thames Tideway Tunnel Ltd., April 2020

 **Edenred**

Edenred's ESG evaluation of 79 reflects its unique role improving working conditions for its clients' employees and facilitating government policies to communities through its focus on benefits and wellbeing. It also reflects the company's actions to mitigate its already-limited exposure to environmental risk, particularly regarding waste. Although the company has some exposure to governance risk from operations in countries with relatively lower standards, predominantly Brazil, its governance practices are generally in line with those of France. Finally, Edenred's effective strategic planning and decision-making processes anchor its strong preparedness to address long-term risks and opportunities in its industry, and support its goal of becoming "the everyday companion for people at work."

 **Ecopetrol S.A**

Ecopetrol's ESG evaluation score of 58, our first public ESG evaluation in Latin America, reflects the company's good management of its environmental and social risks compared to oil and gas peers. In our view, the company's governance structure and transparency on nonfinancial reporting are stronger than Colombian and regional peers. We view Ecopetrol as adequately prepared to address the long-term risks that the oil and gas industry faces, including the energy transition.

 **Banca Popolare dell'Alto Adige SpA (Volksbank)**
























Banca Popolare dell'Alto Adige SpA (Volksbank)'s ESG evaluation of 66 reflects its status as a regional bank. Its governance structure includes community leaders on its board, and it has strong and long-lasting relationships with the communities in which it operates and lower exposure to environmental and social risks relative to the wider banking industry given the local nature of its loan and investment book. Our assessment factors in the early stage of the bank's integration of ESG into its lending and investment activities. Volksbank has recently started factoring ESG into its lending practices and across its supply chain, including several environmental factors, such as waste and water usage, as well as social and governance aspects like equal pay, safety management, and ESG reporting. Although there is a clear plan and quantified objectives, it has yet to be implemented. This demonstrates Volksbank's board and management's adequate preparedness to identify and adapt to the long-term risks and opportunities the banking industry is facing.

# ESG Evaluation Breakdown

Chart 2

## Average ESG Evaluation By Region And Sector

We evaluate utility networks, insurance, nonbanking financial institutions, oil and gas, and metals and mining companies in all four regions. The highest average score by global sector is for power companies at 77.

Sector	Asia-Pacific	EMEA	North America	Latin America	Global sector average
 Power		77			77
 Services		81	71		75
 Consumer goods		77	59		75
 Real estate	71	78			73
 Health care		73	73		73
 Banks	64	75	69		73
 Utility networks	60	75	75	53	72
 Capital goods		73	72	41	69
 Telecommunications	66	68			67
 Auto	67				67
 Transportation infrastructure	67				67
 Retail		67			67
 Technology	60	71	64		67
 Leisure			66		66
 Insurance	61	73	61	70	65
 Chemicals	56	74	59		63
 Oil and gas infrastructure			69	42	62
 Materials		63		60	61
 Transportation	63	64	48		57
 Nonbank financial institution	40	69	63	44	56
 Metals and mining	51		62	49	52
 Oil and gas	55	57	56	47	53
 Agribusiness and agricommodities				51	51

Source: S&P Global Ratings.

### KEY SUSTAINABILITY FACTORS

- Health care
- Agribusiness
- Real estate
- Transportation
- Chemicals
- Technology
- Capital goods
- Telecommunications
- Paper and forest products
- Oil and gas
- Power
- Consumer goods
- Utility networks
- Financial services
- Metals and mining
- Retail and restaurants
- Leisure and sports
- Materials

### ESG Evaluation Analytical Approach

**Theoretical and actual score range distribution:** For each sector, there is a wide range of scoring outcomes, including transformative companies with effective ESG performance and substantial disclosure at the top end, as well as companies that are marked with controversy or have very limited ESG disclosure at the low end.

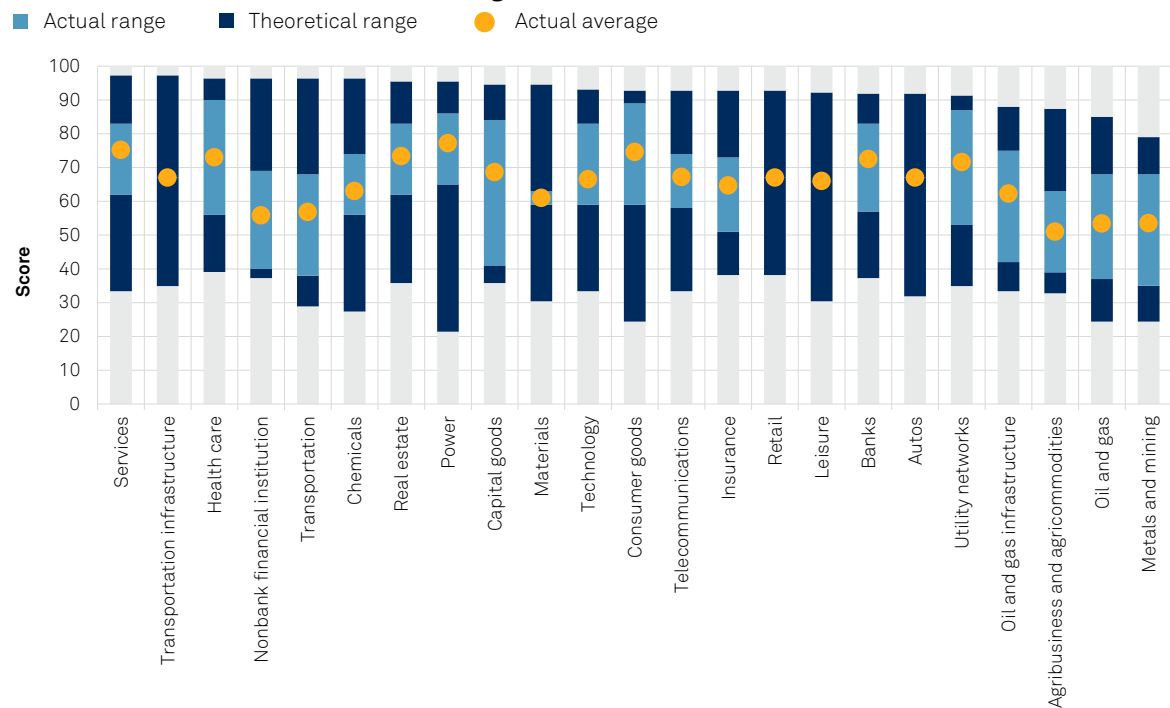
Riskier sectors, such as metals and mining or oil and gas, are likely to have lower scores, such that even the highest-performing companies may end up having scores that are lower than average companies in other sectors.

Individual company ESG scores can also be influenced by the country where the company is headquartered; a country with high exposure to physical risk, low social standards, or weak governance is more likely to score at the lower end of the spectrum, unless the company is substantially outperforming its peers.

These ranges are based on the more than 125 ESG evaluations we have completed. However, we anticipate these observed ranges will expand over time.

Chart 3

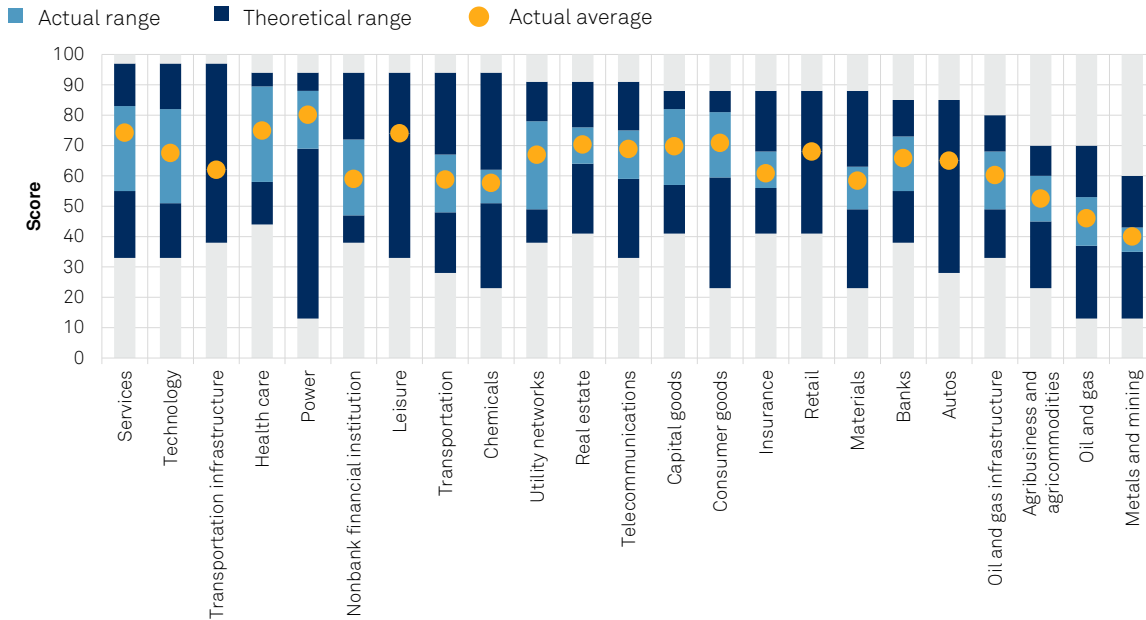
**ESG Profile Theoretical And Actual Range Distribution**



Sectors without an actual range include only one company, so the actual range and actual average are the same. Source: S&P Global Ratings.

Chart 4

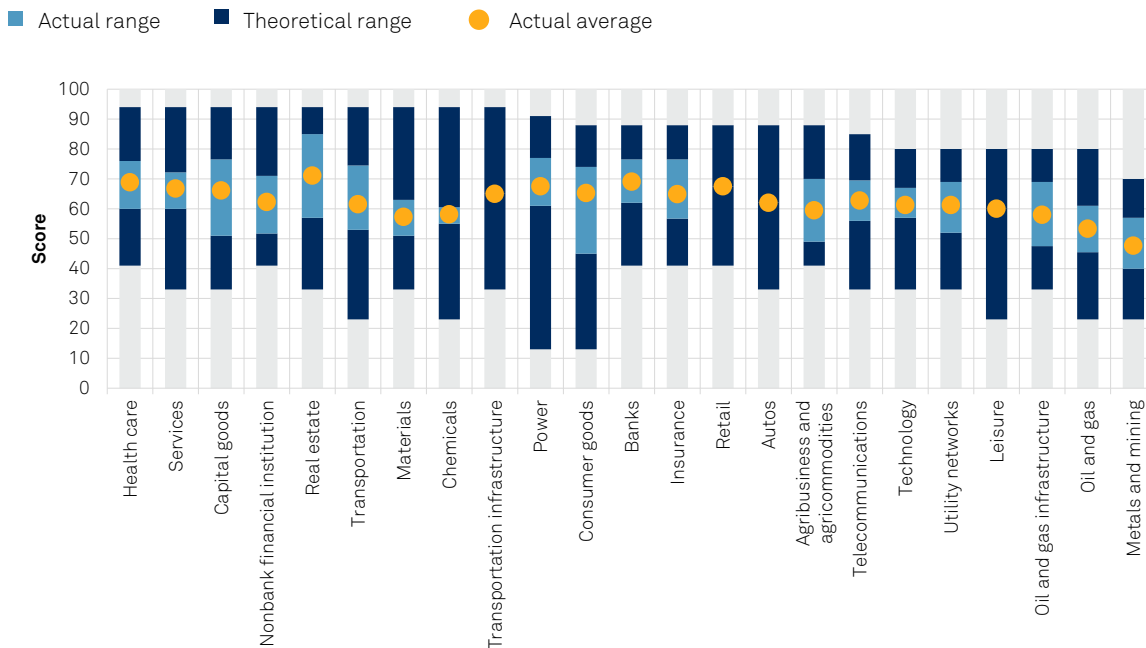
### E-Profile Score Theoretical and Actual Range Distribution



Sectors without an actual range include only one company, so the actual range and actual average are the same. Source: S&P Global Ratings.

Chart 5

### S-Profile Score Theoretical And Actual Range Distribution

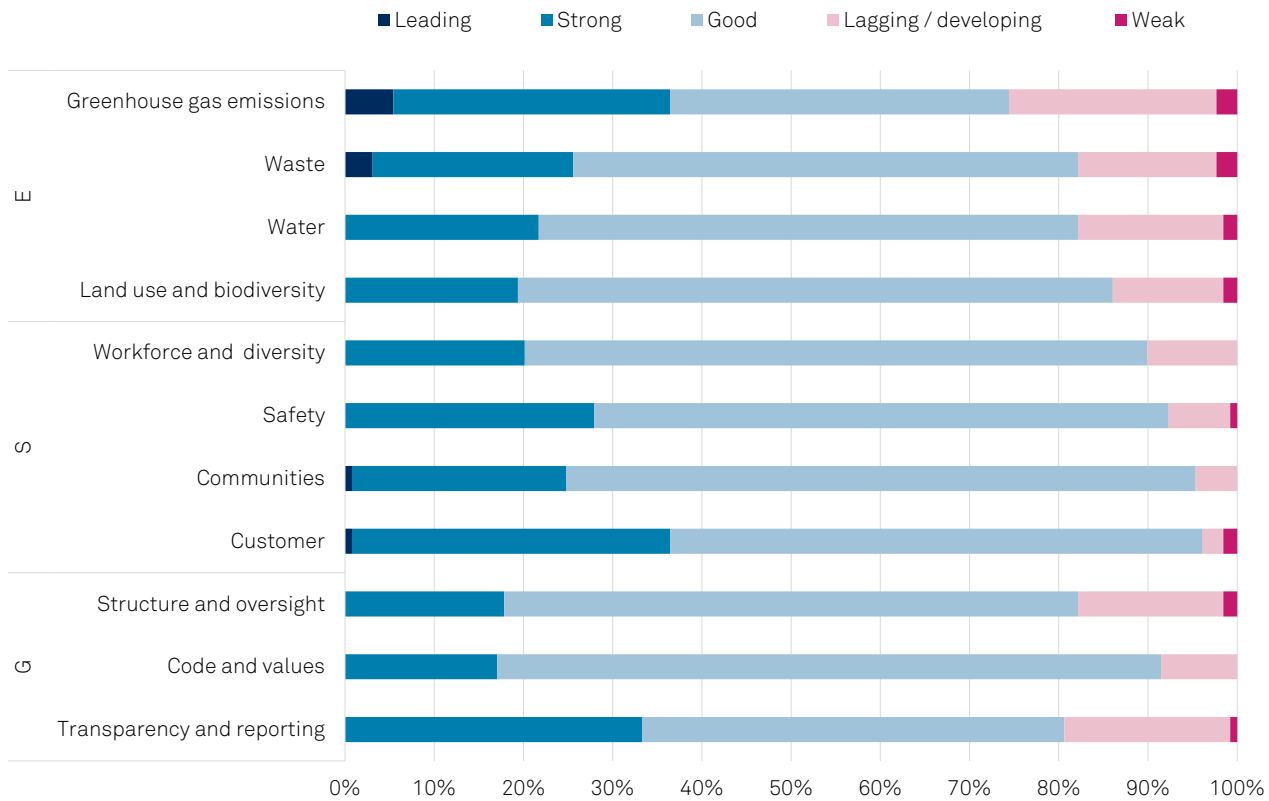


Sectors without an actual range include only one company, so the actual range and actual average are the same. Source: S&P Global Ratings.

**Nine percent of companies have at least one leading indicator within the ESG profile,** and 5% include at least one weak indicator. We consider only 2% of companies as good across all factors, whereas 50% of the companies have a factor score of good or better. Within the E-profile, we consider 2% of companies as weak across all factors, 21% as good across all factors, and 2% as above average in all factors. Within the S-profile, we consider 1% of companies as strong across all factors, and 22% are good. And within the G-profile, we consider 5% of companies as strong across all factors; no companies are leading in any of the governance factors.

Chart 6

### ESG Factor Distribution



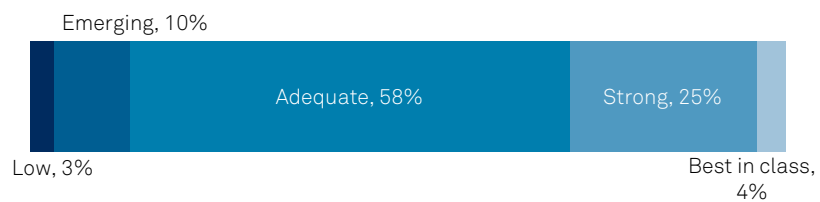
Source: S&P Global Ratings.

**Most companies have a preparedness opinion of adequate or higher.** 58% of the companies have received an adequate preparedness opinion, while we consider only 4% best in class.

Charts 7 and 8

### Preparedness Opinion

	ESG Evaluation Score		
	Min.	Average	Max.
<b>Best in class</b>	85	87	90
<b>Strong</b>	66	78	86
<b>Adequate</b>	44	65	78
<b>Emerging</b>	39	50	59
<b>Low</b>	35	38	40



Source: S&P Global Ratings.

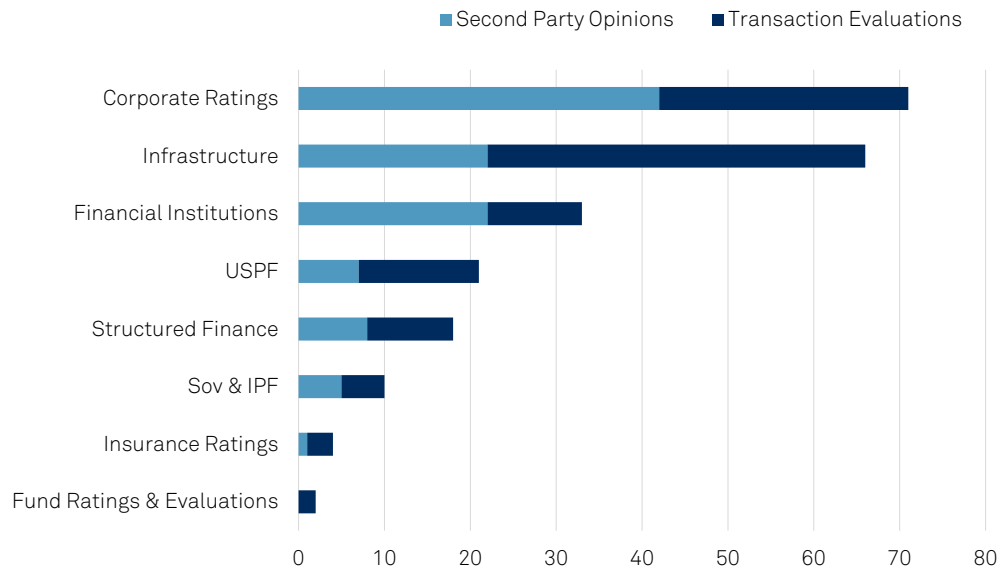


# Sustainable Financing Opinions

We have been offering sustainable financing opinions since 2017. The market for sustainable debt has grown dramatically during that time. The opinions and transaction evaluations we've completed have primarily been related to corporates and infrastructure, but we've also seen significant growth the past two years in sustainable debt related to U.S. public finance and structured finance entities and transactions.

Charts 9

## Distribution of Sustainable Financing Opinions By Rating Groups



Source: S&P Global Ratings.

## Second Party Opinion

We offer second party opinions (SPOs) on green, social, sustainability, and sustainability-linked financial instruments. An S&P Global Ratings SPO is an alignment opinion that assess whether a framework or transaction documentation aligns with certain third-party published sustainable finance principles and guidelines (Principles) identified by the issuer. SPOs on frameworks do not automatically apply to individual transactions issued under the framework because we need to review the transaction documentation.

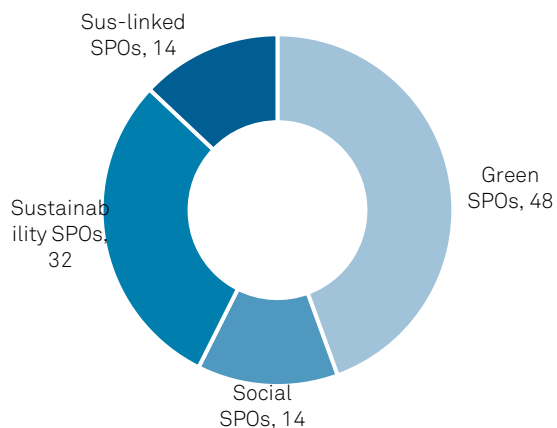
S&P Global Ratings has published over 105 SPOs since late 2020, nine of which we've published since March 10. In total, we have released 48 green SPOs and 32 sustainability SPOs across all four regions globally: 14 sustainability-linked SPOs in EMEA, LATAM, and North America, and 14 social SPOs in North America and EMEA.

### RECENT SECOND PARTY OPINIONS

- John Deere Sustainability-Linked Bond Framework, Apr 8, 2022
- Raza Development Fund Social Impact Financing Framework, Apr 7, 2022
- Zhenro Properties Group Ltd.'s US\$620 Million Green Bonds And RMB130 Million Green Loan, Apr 1, 2022
- Zhenro Properties Group Ltd.'s RMB1,600 Million Green Bond, Apr 1, 2022
- Zhenro Properties Group Ltd.'s US\$250 Million Green Bond, Apr 1, 2022
- Bayport Management Ltd.'s Social Financing Framework, Mar 28, 2022
- Montana Renewables Green Financing Framework, Mar 28, 2022
- Novolex Holdings LLC Sustainability-Linked Financing Framework, Mar 28, 2022
- Preservation Of Affordable Housing Inc.'s \$75 Million Taxable Bonds Series 2022, Mar 25, 2022
- National Bank Of Kuwait's Sustainable Financing Framework, Mar 25, 2022
- Caritas Affordable Housing Inc.'s \$89.7 Million Senior Revenue Bonds Series 2022A, Mar 21, 2022
- 1867-GS21 LLC's \$8.65 Million Solar Tax Equity Fund, Mar 21, 2022
- 1867-KEAR21 LLC's \$11.06 Million Solar Tax Equity Fund, Mar 21, 2022
- 1867-NELKS121 LLC's \$11.82 Million Solar Tax Equity Fund, Mar 21, 2022
- 1867-NELSUN21 LLC's \$6.13 Million Solar Tax Equity Fund, Mar 21, 2022
- Agricultural Bank of China New York Branch Green Financing Framework, Mar 09, 2022
- Madinah 3, Buraydah 2, And Tabuk 2 Independent Sewage Treatment Plants, Mar 08, 2022
- Grupo Aeroportuario del Centro Norte S.A.B. de C.V.'s Sustainability-Linked Financing Framework, Mar 07, 2022
- Public Service Enterprise Group Inc.'s Sustainable Financing Framework, Mar 04, 2022
- Archer Daniels Midland Co. Sustainable Financing Framework, Feb 22, 2022
- Connecticut Housing Finance Authority's Sustainability Framework, Feb 18, 2022
- Amgen Inc. Green Financing Framework, Feb 16, 2022
- Bazalgette Finance PLC's £10 Billion Multicurrency Bond Program, Feb 16, 2022
- NOS' Sustainability-Linked Financing Framework, Feb 02, 2022
- Tamarack Valley Energy Sustainability-Linked Bond Framework, Jan 31, 2022

Chart 15

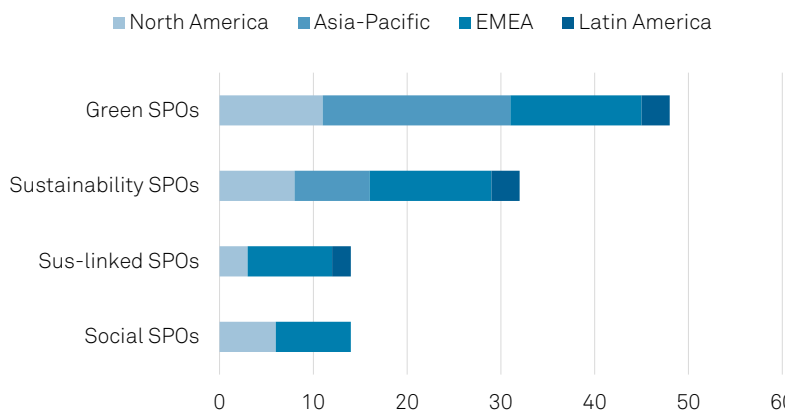
### Distribution Of SPO Types (No. of SPOs)



Other includes Facilities - Energy Efficiency, Transport - Green Transport, Utilities - Energy: Fossil Fuels.  
 Note: Based on transactions S&P Global Ratings has evaluated. Source: S&P Global Ratings.

Chart 16

### Geographic Distribution Of SPOs (No. of SPOs)



## Second Party Opinions - Green Framework

### Montana Renewables Green Financing Framework

Montana Renewables (MRL) is a renewable fuel business located in Great Falls, Mont. MRL’s primary sustainability objective is to lead the energy transition for the transportation and aviation sectors by reducing the greenhouse gas (GHG) emissions footprint of North American transportation fuels without sacrificing performance. MRL has developed its green financing framework to further align its funding strategy with its environmental commitments. Additionally, MRL commits to using an amount equal to the net proceeds of debt instruments issued under the framework exclusively to finance or refinance eligible clean transportation and sustainable water and wastewater projects. In our view, MRL’s Green Financing Framework is aligned with the Green Bond Principles, ICMA, 2021 and Green Loan Principles, LMA/LSTA/APLMA, 2021.



## Second Party Opinions - Sustainability-Linked Framework

### John Deere Sustainability-Linked Bond Framework

John Deere is the world’s largest agricultural equipment manufacturer, selling equipment in over 100 countries. The company manufactures and distributes equipment through four segments: Production and Precision Agriculture, Small Agriculture and Turf, Construction and Forestry (together, Equipment Operations), and Financial Services. John Deere has created a Sustainability-Linked Bond Framework to highlight its sustainability efforts, specifically its goal to reduce absolute scope 1 and 2 GHG emissions. The framework’s sustainability performance target (SPT) uses a 2021 baseline and aims to decrease absolute scope 1 and 2 GHG emissions 50% by 2030, with an interim target to lower absolute emissions 20% by 2025. The company has committed to linking the SPT performance to the financial or structural characteristics of the bonds issued under this framework. We consider John Deere’s Sustainability-Linked Bond Framework to be aligned with the Sustainability-Linked Bond Principles (SLBP).

## **Novolex Holdings LLC Sustainability-Linked Financing Framework**

Novolex Holdings LLC is a privately held company that manufactures paper, plastic, and bio-based packaging products for the food, retail, health care, and industrial markets. The company has created a Sustainability-Linked Financing Framework to align its financing with its public target to reduce its scope 1 and 2 GHG emissions intensity. The framework's SPT uses a 2019 baseline and aims to decrease scope 1 and 2 GHG emissions intensity 30% by 2030, with an interim target of 20% by 2025. The financial or structural characteristics of the instruments the group issues under this framework will be linked to its performance relative to the SPT. In our view, Novolex's Sustainability-Linked Bond Framework is aligned with the Sustainability-Linked Bond Principles (SLBP) and the Sustainability-Linked Loan Principles (SLLP).



## **Second Party Opinions – Sustainability Framework**

### **National Bank of Kuwait's Sustainable Financing Framework**

National Bank of Kuwait S.A.K.P. (NBK), together with its subsidiaries, provides financial and investment services and solutions to individuals, corporate customers, and institutional clients in Kuwait and internationally. The bank has defined a sustainability strategy that focuses on: contributing to sustainable economic development, serving customers, leading in business and governance, respecting and developing people, caring for the environment, and giving back to the community. NBK intends to continue its ESG advancement while also supporting Kuwait's sustainability goals. In this context, we consider that NBK's Sustainable Financing Framework falls within the bank's wider ESG strategy and objectives. NBK's Sustainable Financing Framework, published on March 25, 2022, is fully aligned with the Green Bond Principles (2021), Green Loan Principles, LMA/LSTA/APLMA (2021), the Social Bond Principles (2021), the Social Loan Principles (SLP), LMA/LSTA/APLMA, (2021) and the Sustainability Guidelines (2021).

### **State Grid International Development Co. Ltd.'s Green Finance Framework**

SGID is a subsidiary of state-owned State Grid Corporation of China (SGCC) and manages SGCC's overseas energy assets. SGID's green finance framework commits to allocating net proceeds exclusively to eligible green projects which support climate change mitigation, climate change adaptation, natural resource conservation and pollution prevention and control. The company will report annually on allocation and environmental impacts of financed projects until the proceeds are fully allocated, and seek independent third-party verification on both its allocation and impact reporting post-issuance. Subject to data availability, the impact reporting will align with ICMA's Harmonized Framework for Impact Reporting. SGID's green finance framework aligns with the four components of the Green Bond Principles and Green Loan Principles.

### **Preservation Of Affordable Housing Inc.'s \$75 Million Taxable Bonds Series 2022 (Sustainability Bonds)**

Preservation of Affordable Housing Inc. (POAH) is a nonprofit organization that preserves, creates, and sustains affordable rental homes for low- and moderate-income families, seniors, and individuals across the U.S. POAH plans to use the net proceeds of this \$75 million of taxable bonds Series 2022 (Sustainability Bonds) to refinance a portion of its existing debt, which it used to finance various affordable housing projects, as well as mission-aligned projects that promote affordable housing. In our view, this transaction is aligned with Sustainable Bond Guidelines, 2021.

## Second Party Opinions – Social Framework

### Bayport Management Ltd.'s Social Financing Framework

Bayport provides unsecured credit products and services through its subsidiaries located in various African and Latin American countries, including Botswana, Colombia, Ghana, Mexico, Mozambique, South Africa, Tanzania, Uganda, and Zambia. Through its social financing framework, Bayport aims to provide credit to underserved individuals, or individuals in marginalized communities, to enable them to pay for essential services such as health care and education. Bayport also intends to provide funding to micro, small, and mid-sized enterprises owned by low-income individuals, to promote employment generation within the communities. In our view, Bayport's Social Financing Framework, published on 28th March 2022, aligns with the Social Bond Principles (2021) and Social Loans Principles (2021).

### Caritas Affordable Housing Inc.'s \$89.7 Million California Municipal Finance Authority Mobile Home Park Senior Revenue Bonds Series 2022A

Caritas Affordable Housing Inc. (CAH) is a 501(c)(3) public benefit corporation that provides affordable housing to residents in California. CAH partners with local municipalities to purchase, upgrade, and preserve affordable mobile home parks. CAH plans to issue the net proceeds of its California Municipal Finance Authority Mobile Home Park senior revenue bonds series 2022A in the amount of \$89.7 million to defease and refund outstanding debt that was used to upgrade and preserve affordable mobile home parks. In our view, this transaction is aligned with Sustainable Bond Guidelines, 2021.

### Raza Development Fund Social Impact Financing Framework

Raza Development Fund (RDF) is a 501(c)(3) community development financial institution that aims to improve the social, civic, and economic conditions of Latino and low-income communities in the U.S. RDF's Social Impact Financing Framework aligns with the IMCA 2021 Social Bond Principles and will support upward socioeconomic mobility through lending and investments in social services, health care, small businesses, affordable housing and education. RDF will use the framework to support low-income Latinos by generating professional development opportunities for the members of the communities in which it operates.

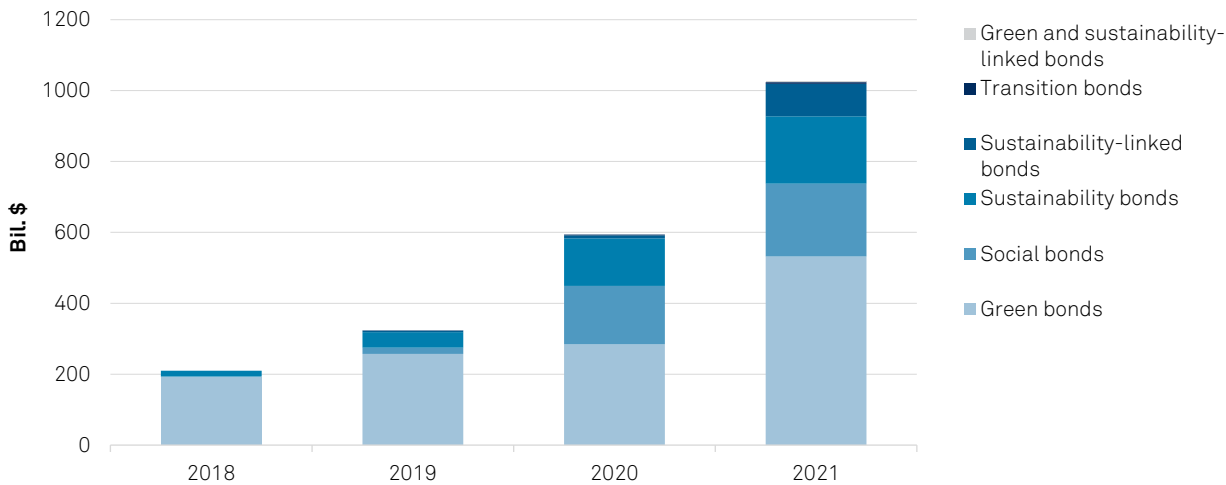
# Green Transaction Evaluation Summary

The global sustainable debt market is growing, and despite broadening of the market, green bonds constituted the largest contribution in 2021, at about \$532 billion. We expect this figure to grow in coming years as corporations, public entities, and financial institutions attempt to collectively limit greenhouse gas emissions.

Chart 13

## Sustainable Bond Issuance Set To Surpass \$1.5 Trillion In 2022

Annual issuance in sustainable debt by instrument type



Note: "Green and sustainability-linked bonds" have both use of proceeds and sustainability-linked features.  
Sources: Environmental Finance Bond Database, S&P Global Ratings.

We offer a transaction evaluation on debt or equity transactions using a scale of 1-100 to indicate the relative environmental benefit of the green or resilience projects to be funded, with 100 being the greatest potential benefit. We then opine on the strength of their governance and reporting. We can assign a transaction evaluation with or without an SPO. The transaction evaluation is not a credit rating, a measure of credit risk, or a component of our credit rating methodology.

### Zhenro Properties Group Ltd.



In May 2016 Zhenro Properties Group Ltd. (Zhenro), a property developer in China that primarily engages in the development of residential, commercial, and mixed-used properties, issued several green bonds and one loan to refinance its green assets (green buildings) in 2021. Zhenro's US\$250 million green bond received an environmental benefit score of 89/100, and the company's Chinese renminbi (RMB)1,600 million green bond received an environmental benefit score of 93/100. Similarly, its US\$620 million green bonds and RMB130 Million green loan is scored 90/100. These environmental benefit scores reflect the positive environmental impact of the financing of green building projects in China. However, we consider the issuer's governance and reporting opinion to be limited because the green bond transaction documents do not outline the process for identifying and managing perceived environmental and social risks associated with financed green projects. In addition, Zhenro's loan documentation does not show commitments on exclusive allocation of proceeds to eligible assets, on proceeds management, annual reporting, or on a specific process for project evaluation and selection.

## Nelnet Inc. Subsidiaries



In four solar tax equity fund transactions issued by subsidiaries of Nelnet Inc. scored environmental benefit scores of 80 and above with strong governance and reporting scores. The four Nelnet subsidiaries will use the net proceeds to finance/refinance 11 total solar PV projects in the East Coast and Midwest regions of the U.S. The high environmental benefit score reflects the solar projects' favorable environmental impact and their position at the top of our carbon hierarchy. Systemic decarbonizations projects such as these decarbonize essential systems and substitute the use of fossil fuels with renewable energy sources.

Chart 14

### Average Green Bond Environmental Benefit By Project Classification

Project	Asia-Pacific	EMEA	North America	Latin America	S&P Global sector average
<b>Utilities</b>					
Water	73	89	84	68	83
Energy: renewable	47	79	54	78	63
Energy: fossil fuels		33			33
<b>Facilities</b>					
Green buildings	82	71	79	77	78
Energy efficiency	86	56	72		72
<b>Transport</b>					
Green	71	67	76		73

**We have evaluated US\$89 billion in green financings.** Renewable energy and the water projects within the utility sector represent more than half of the evaluated projects. More than 50% of our green transaction evaluations come from EMEA.

Chart 15

### Total Green Financing Amount Evaluated By Project Classification (Bil. \$)

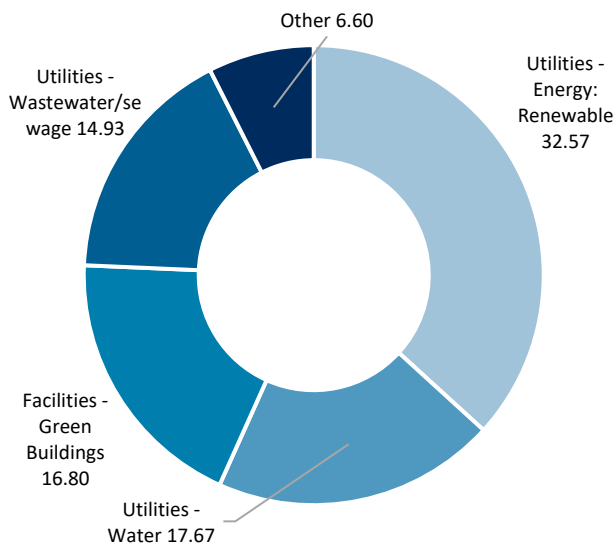
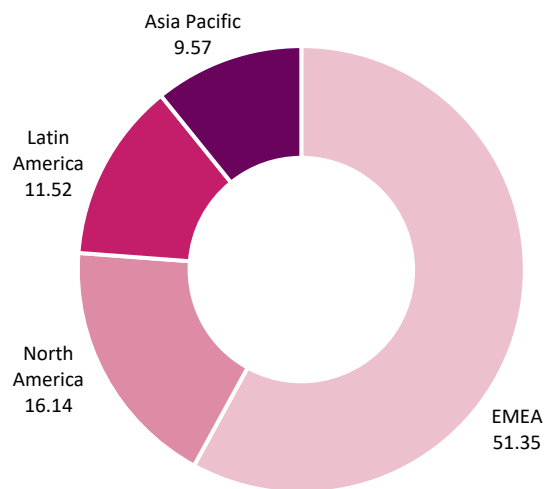


Chart 16

### Total Green Financing Amount Evaluated By Region (Bil. \$)



Other includes Facilities - Energy Efficiency, Transport - Green Transport, Utilities - Energy: Fossil Fuels.

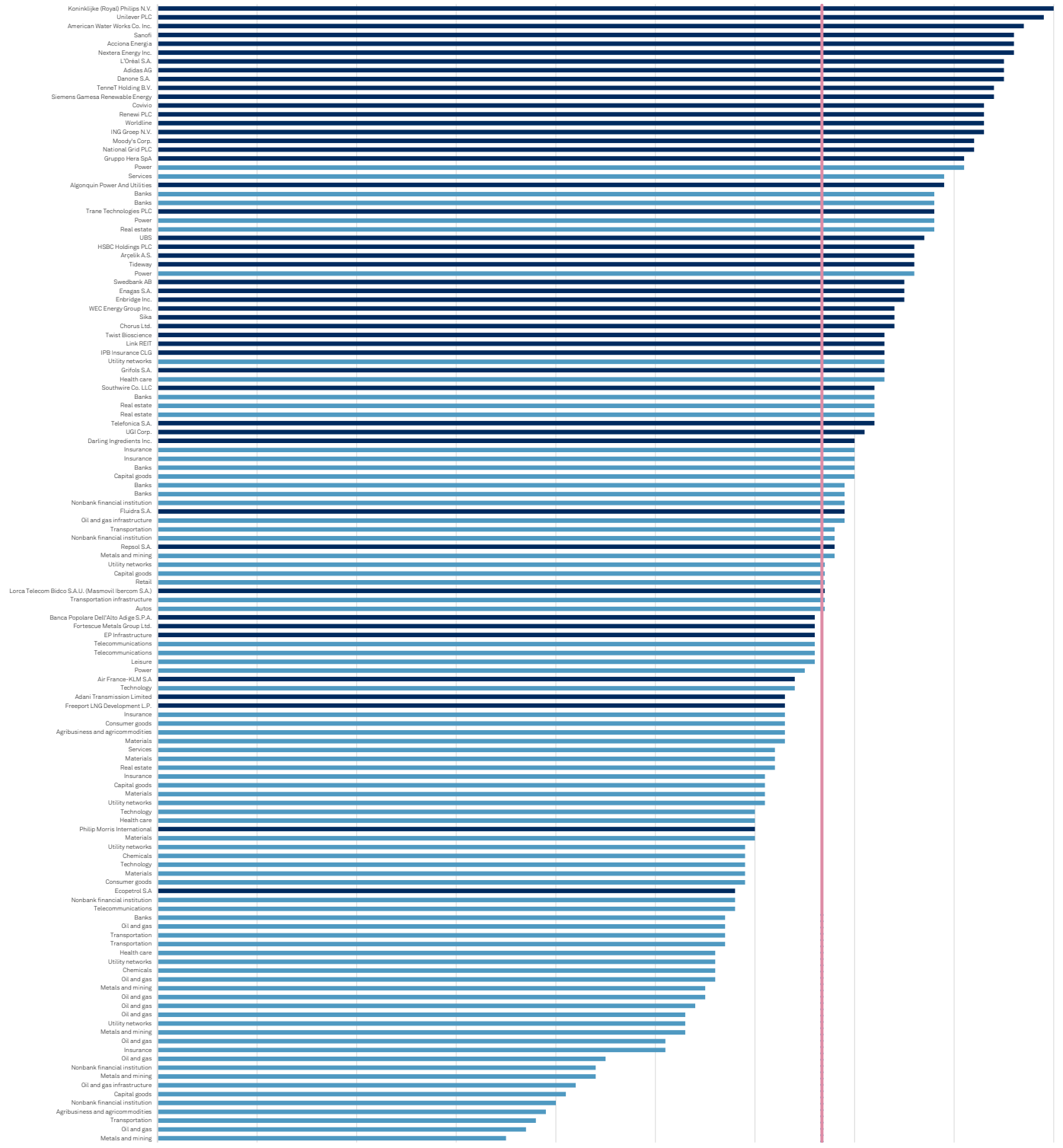
Note: Based on transactions S&P Global Ratings has evaluated. Source: S&P Global Ratings.

# Appendix

Chart 17

## Monitored ESG As Of April 10, 2022

■ Public ESG evaluation ■ Confidential ESG evaluation — Average ESG evaluation

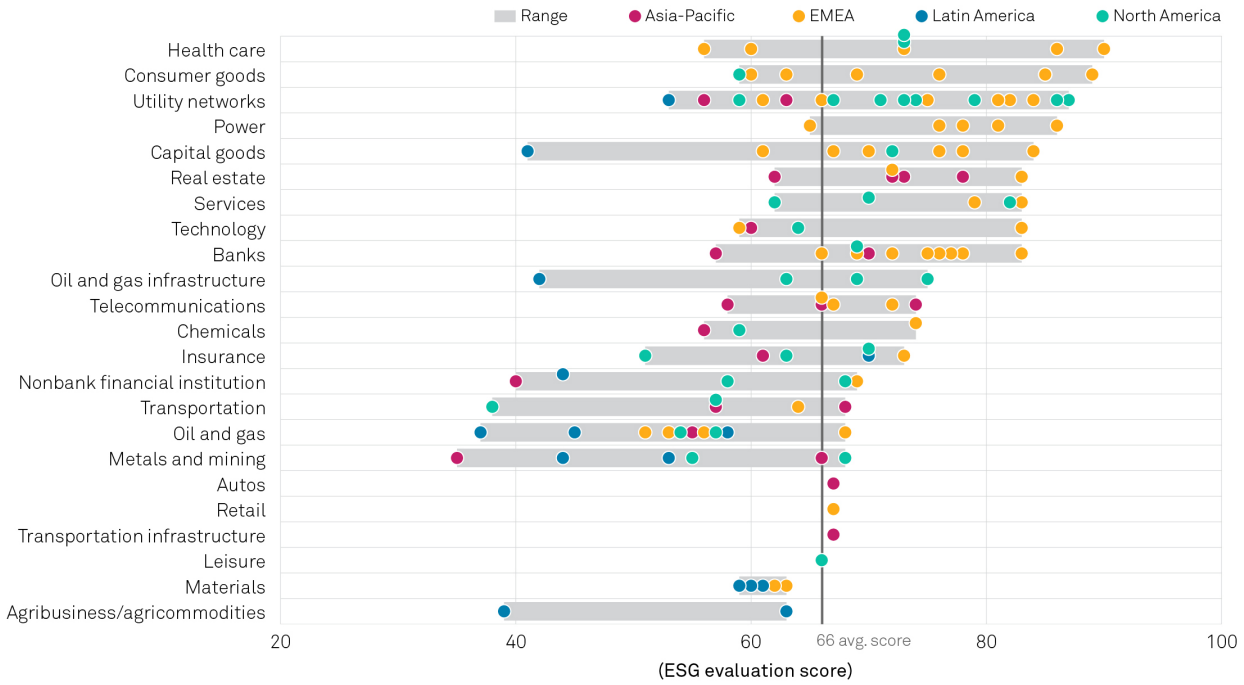


Source: S&P Global Ratings.



Chart 18

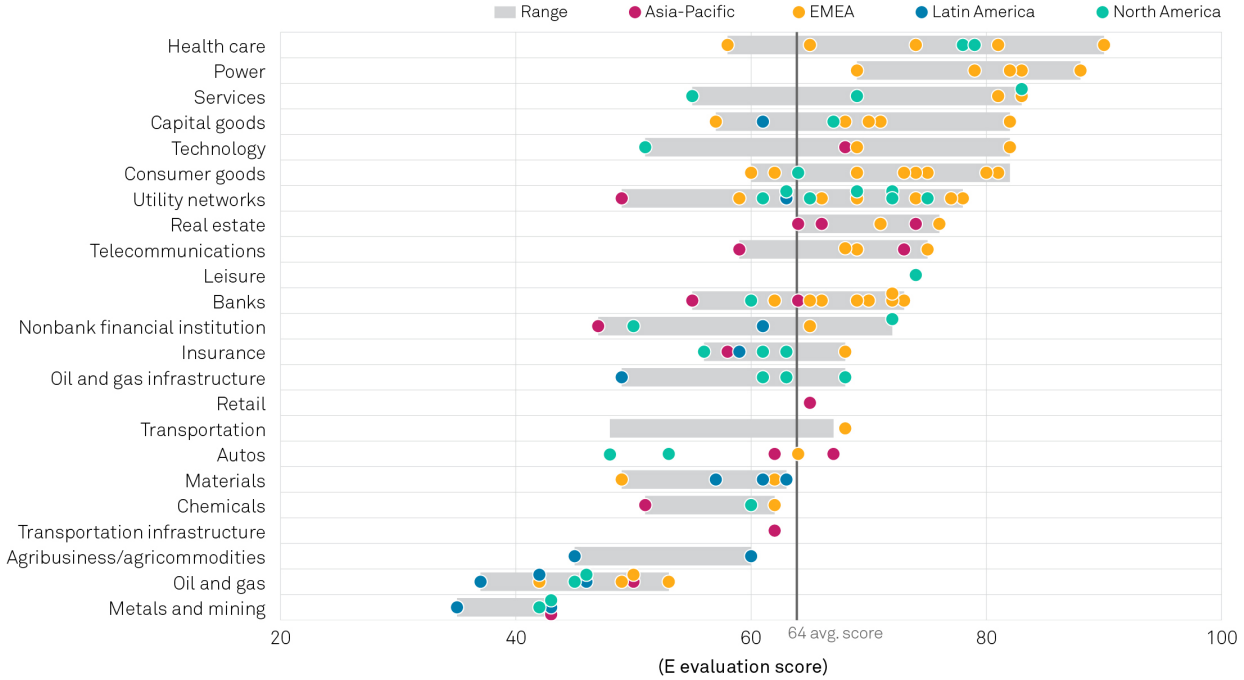
### ESG Evaluation Distribution



Source: S&P Global Ratings.

Chart 19

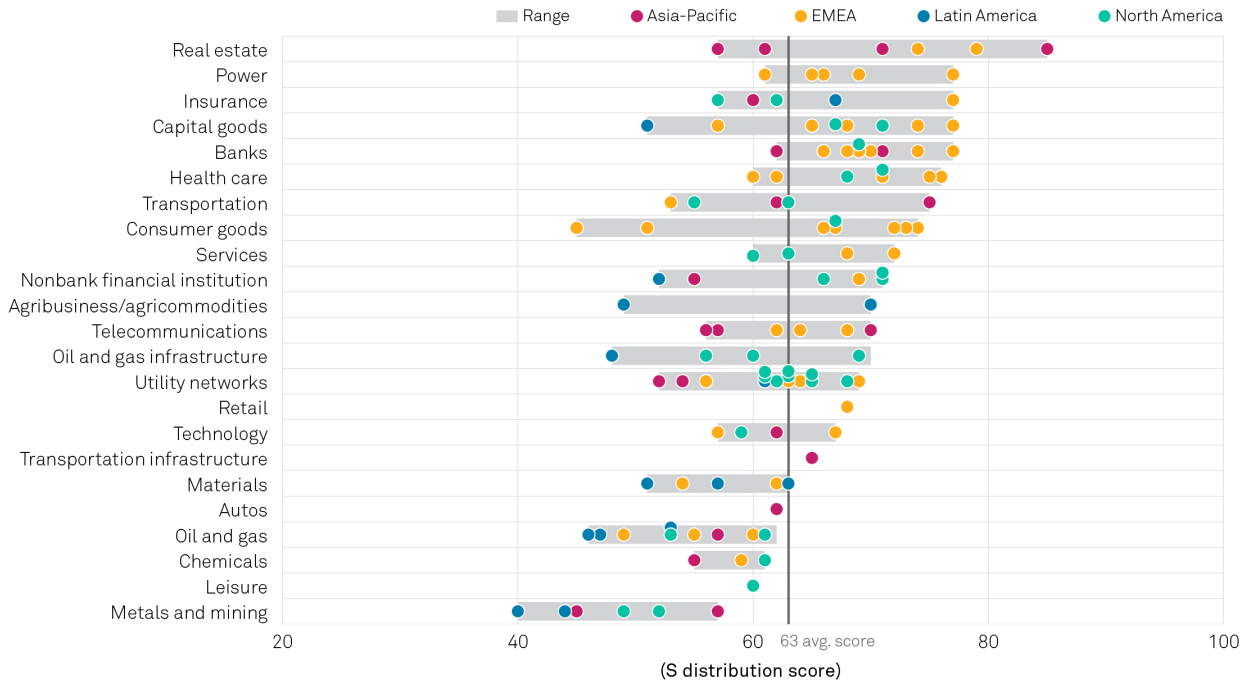
### E Evaluation Distribution



Source: S&P Global Ratings.

Chart 20

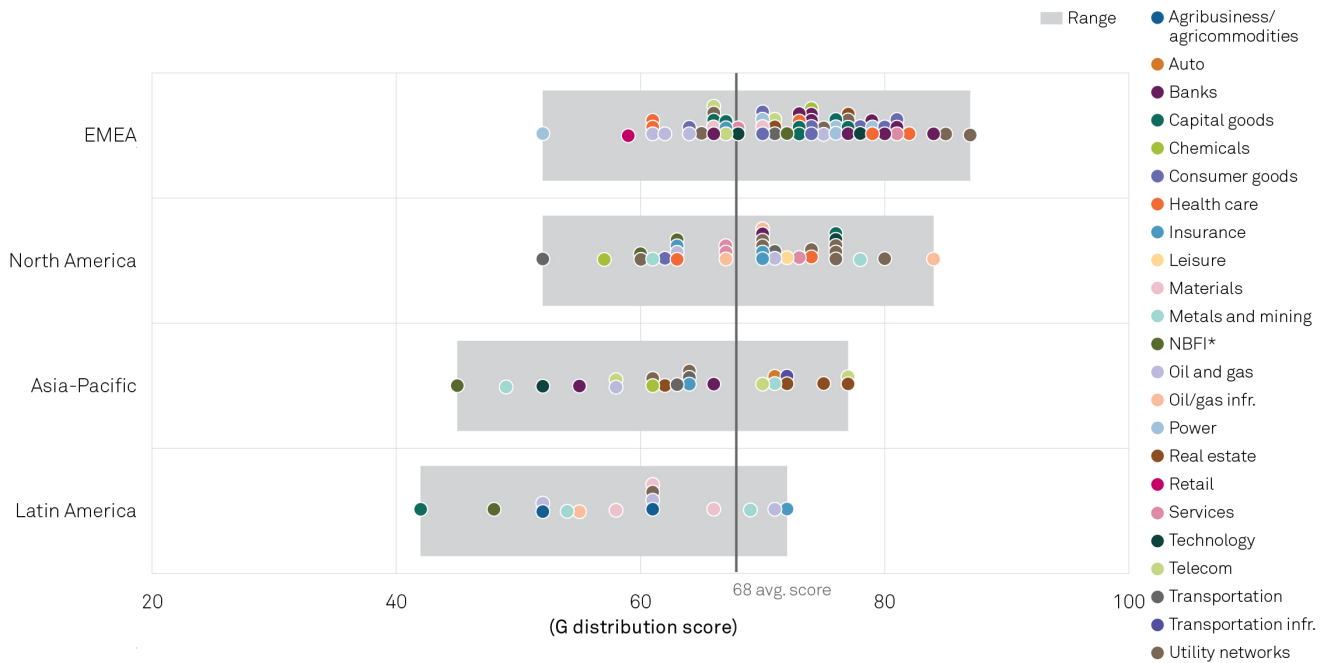
### S Evaluation Score Distribution



Source: S&P Global Ratings.

Chart 21

### G Evaluation Score Distribution



Source: S&P Global Ratings.

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