

# ESG In Credit Ratings February 2023

Health & Safety Lead 2023 ESG-Related Rating Actions

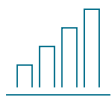
S&P Global  
Ratings

*This report does not constitute a rating action*

## By The Numbers: January 2023 ESG-Related Credit Rating Actions

### Total ESG-driven credit rating actions, January 2023 versus December 2022

▲ Increase  
▼ Decrease



16 ▼

All credit  
rating actions



5 ▼

Positive  
rating actions



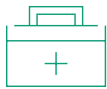
11 ▼

Negative  
rating actions

### January 2023 positive rating action breakdown

Key factor

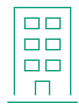
3



Health and  
safety

Key sector

3



Corporates and  
infrastructure

Key region

3

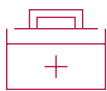


Europe

### January 2023 negative rating action breakdown

Key factor

4



Health and  
safety

Key sector

7



Corporates and  
infrastructure

Key region

7



North  
America

ESG-related rating actions are those where ESG credit factors were a key driver of the decision to change a credit rating, outlook, or CreditWatch status. S&P Global Ratings considers ESG credit factors to be those ESG factors that may influence the capacity and willingness of an issuer to meet its financial commitments. Rating actions include rating, CreditWatch, and outlook changes in January 2023. ESG--Environmental, social, and governance.

Source: S&P Global Ratings.

## Key Takeaways

- The number of rating actions related to environmental, social, and governance (ESG) credit factors decreased to 16 in January from 21 in December.
- Social and governance factors led with seven rating actions apiece, followed by environmental factors with two. Health and safety was the reason for all rating actions related to social factors in January.
- All the health and safety actions came from the corporate sector, including four rating actions on Greater China media and entertainment issuers as a result of the move away from a zero COVID-19 policy.

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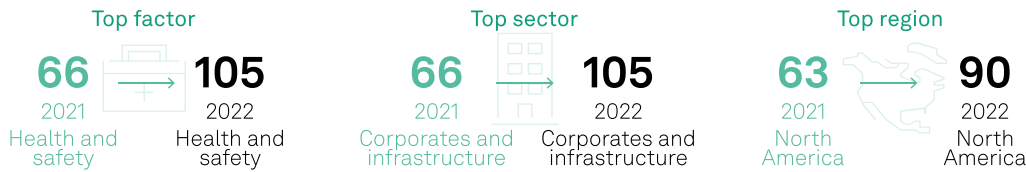
# In Case You Missed It

ESG-related credit rating actions fell to 392 in 2022 from 548 in 2021, representing a decline of over 28%. [Click here](#) to read last month's edition of "ESG In Credit Ratings," which provided a 2022 year in review.

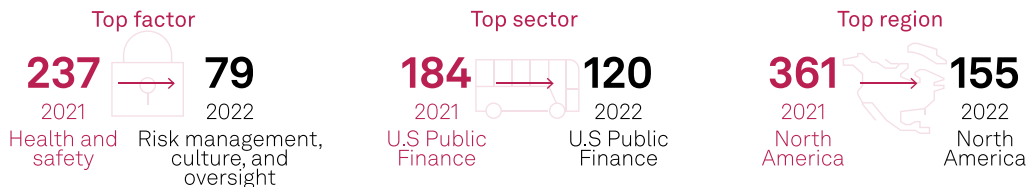
## Total ESG-driven credit rating actions, 2021 vs 2022



## Positive rating action breakdown



## Negative rating action breakdown



Source: S&P Global Ratings.

# ESG Research Highlights



## U.S. Muni Sustainable Bonds: Momentum To Continue In 2023

Feb. 9, 2023

Drivers of growth: Government action, broader market uncertainty, adaptation financing, and responding to credibility questions will help determine total issuance.



## Sustainable Bond Issuance Will Return To Growth In 2023

Feb. 7, 2023

A clear fit between the purpose of many municipal entities and the objectives of sustainable bonds is likely to spur ongoing use of the instruments, although headwinds persist.



## Key Sustainability Trends That Will Drive Decision-making In 2023

Jan. 16, 2023

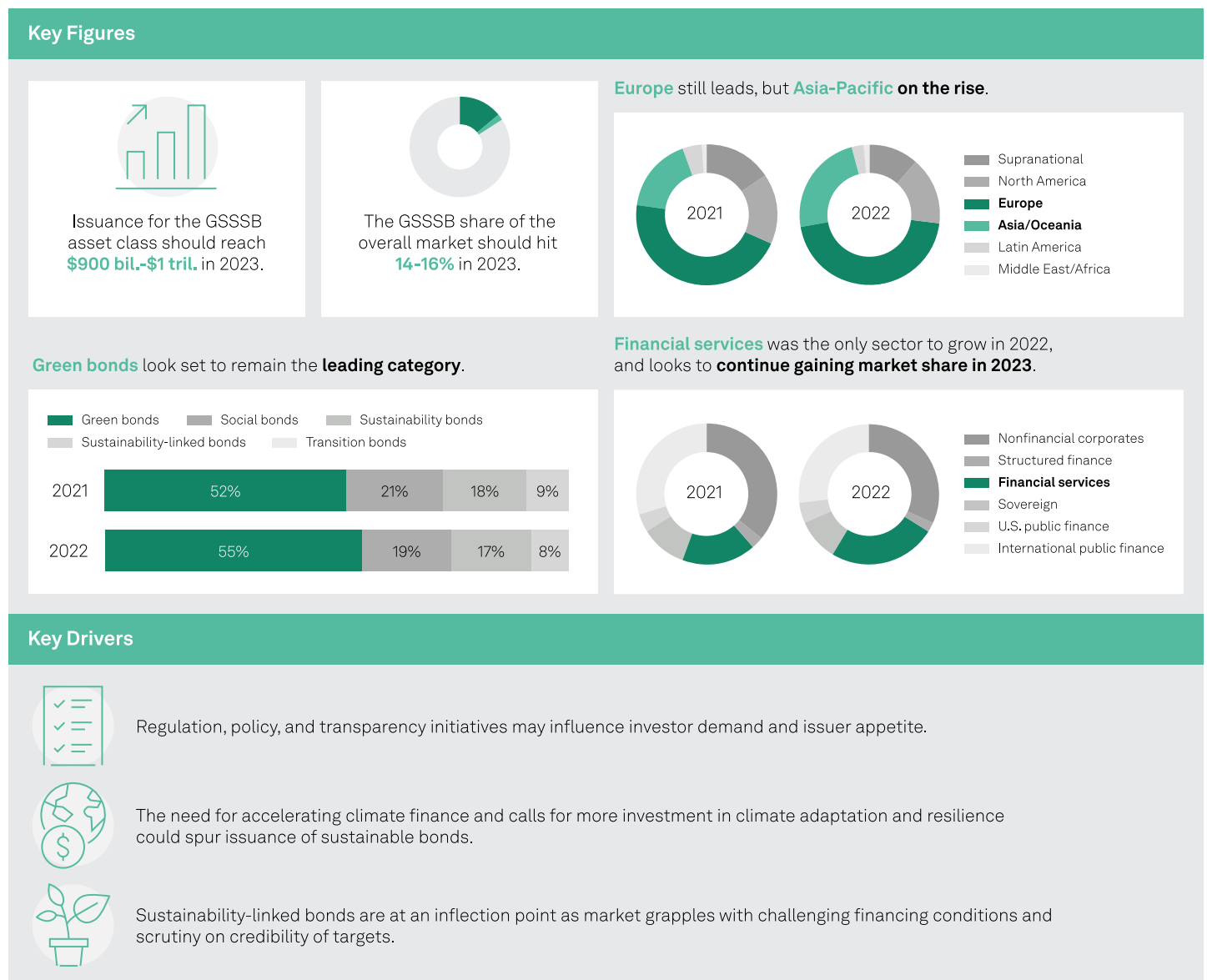
In 2023, we believe sustainability initiatives could be tested by persistent inflation and economic uncertainty. Despite these headwinds, we continue to view that the sustainable debt market will help advance sustainability goals.

# Chart Of The Month

The article below provides our outlook for the green, social, sustainable, and sustainability-linked bond (GSSSB) market for 2023. In addition, we explore some of the key drivers of overall global issuance, as well as for sectors and regions.

This research draws on the Environmental Finance's Bond Database of global GSSSB issuance for nonfinancial corporates, sovereigns, financial institutions, and international public finance issuers; Bloomberg for structured finance issuers; and for U.S. public finance issuers, we leverage our proprietary dataset that we have maintained for 10 years and that we believe best captures the nuances of the U.S. municipal bond markets. Our GSSSB forecasts in this research are informed by S&P Global Ratings' global bond forecasts, issuer surveys, and market intelligence gathered by our sustainable finance and credit ratings analysts.

For more information, see "[Sustainable Bond Issuance Will Return To Growth In 2023](#)," published Feb. 7, 2023.



GSSSB--Green, social, sustainability, sustainability-linked bonds.  
 Source: Environmental Finance Bond Database. Bloomberg, S&P Global Ratings.

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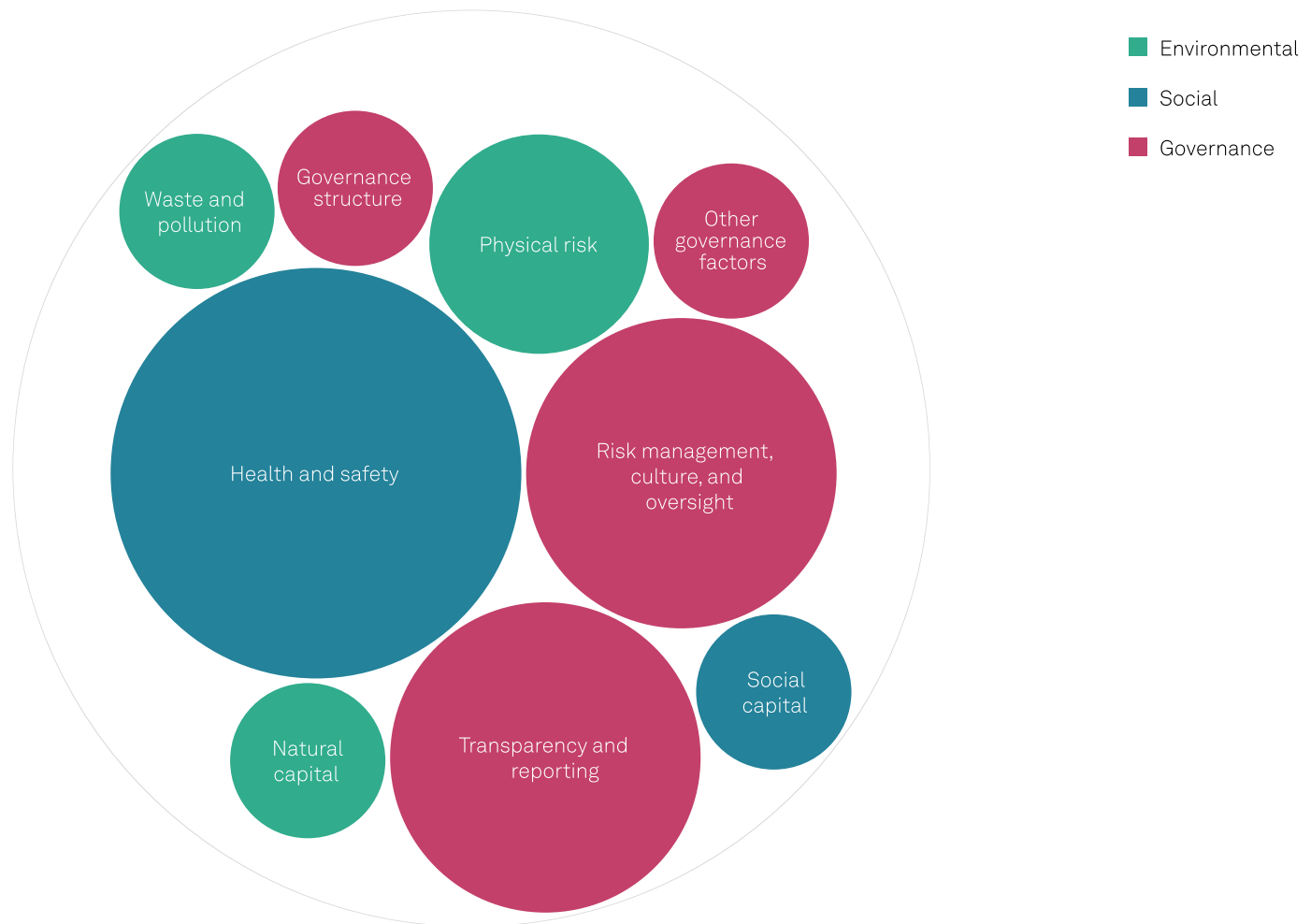
# 2023 ESG Credit Rating Actions

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The following section provides a summary of key ESG credit rating action trends in January 2023. S&P Global Ratings includes an explicit reference in its credit rating rationales when one or more of the below ESG factors were a key driver behind a change to the credit rating, outlook, or CreditWatch status. We consider ESG credit factors as those ESG factors that can materially influence the creditworthiness of a rated entity or issue and for which we have sufficient visibility and certainty to include in our credit rating analysis. They are not an assessment of an entities' sustainability profile or ESG performance. Our ESG in Credit Ratings newsletter provides additional data and insights on ESG credit factors that have been key drivers behind changes to our credit ratings.

## Leading ESG Factors Driving Credit Rating Actions As A Proportion Of Total Tagged Factors

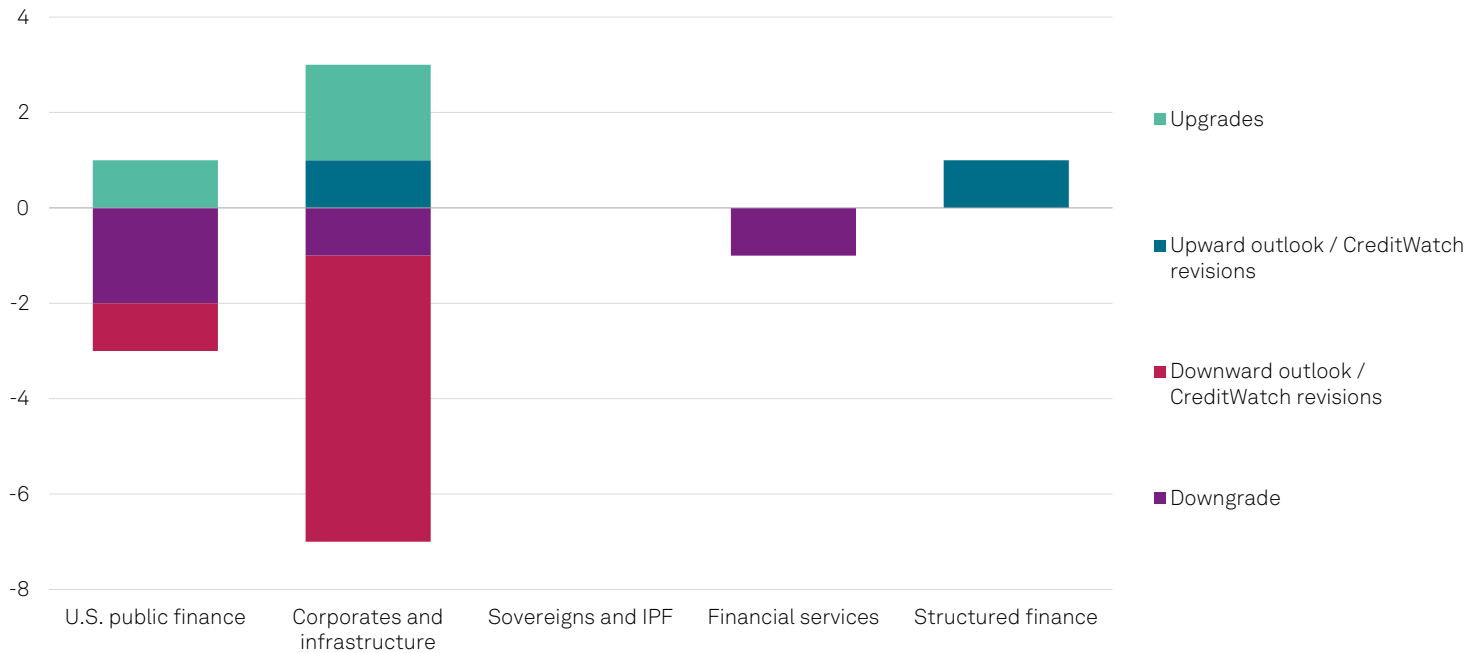
Year-to-date



Data as of Jan. 31, 2023. Bubble size is determined by the occurrence of factors in January 2023. In instances where multiple ESG factors were recorded as the main drivers of the credit rating action, each is counted for the purposes of this infographic. ESG--Environmental, social, and governance. Source: S&P Global Ratings.

## ESG-Related Credit Rating Actions By Type

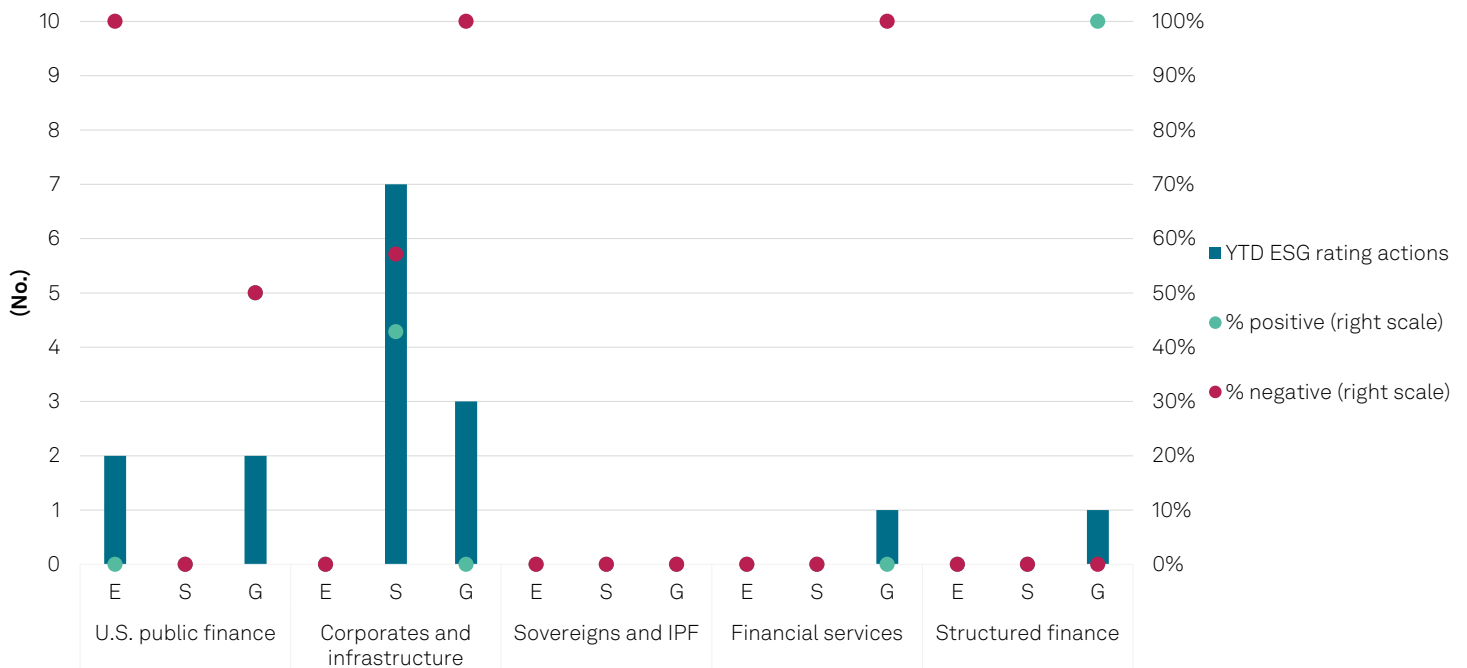
Year-to-date



Data as of Jan. 31, 2023. Structured finance actions relate to ESG impacts by transaction (tranche), while for other sectors the impact is measured on the issuer credit rating. Downgrades and downward outlook/CreditWatch revisions are shown as negative numbers for purposes of this chart. ESG--Environmental, social, and governance. Source: S&P Global Ratings.

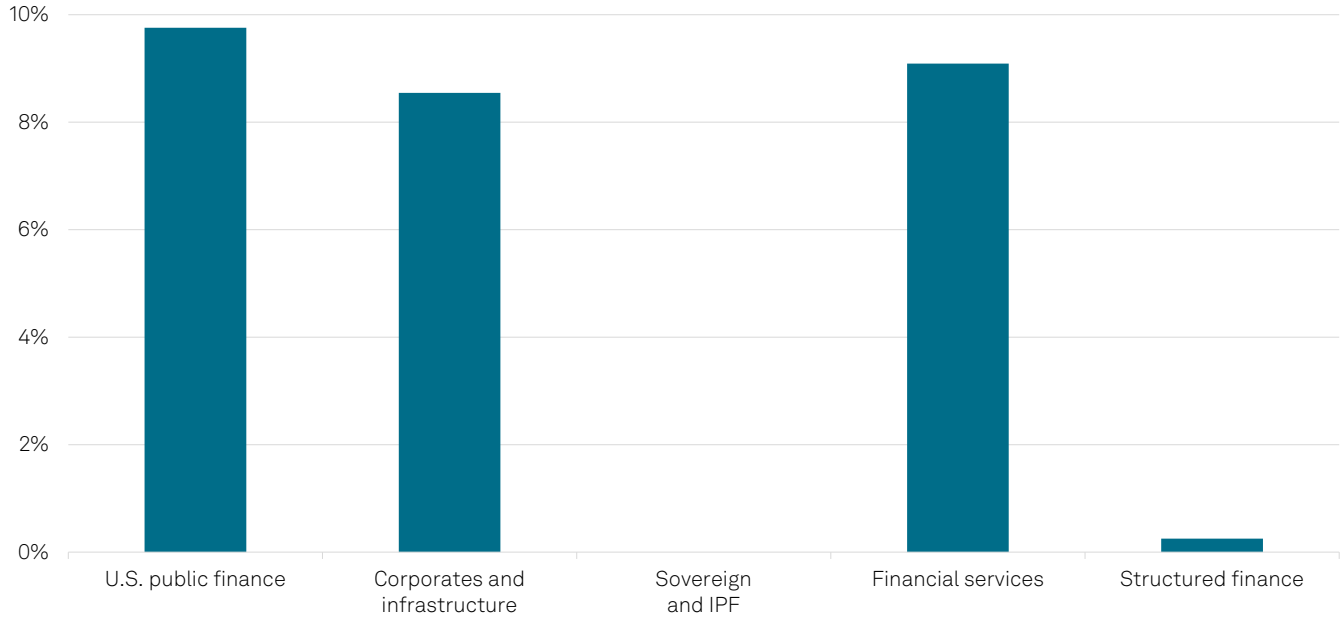
## ESG-Related Credit Rating Actions By Sector And Factor

Number of actions and proportion positive/negative, year-to-date



Data as of Jan. 31, 2023. Note: Rating actions include rating, CreditWatch, and outlook changes. Structured finance actions relate to ESG impacts by transaction (tranche), while for other sectors the impact is measured on the issuer credit rating. ESG--Environmental, social, and governance. IPF--International public finance. YTD--Year-to-date. Source: S&P Global Ratings.

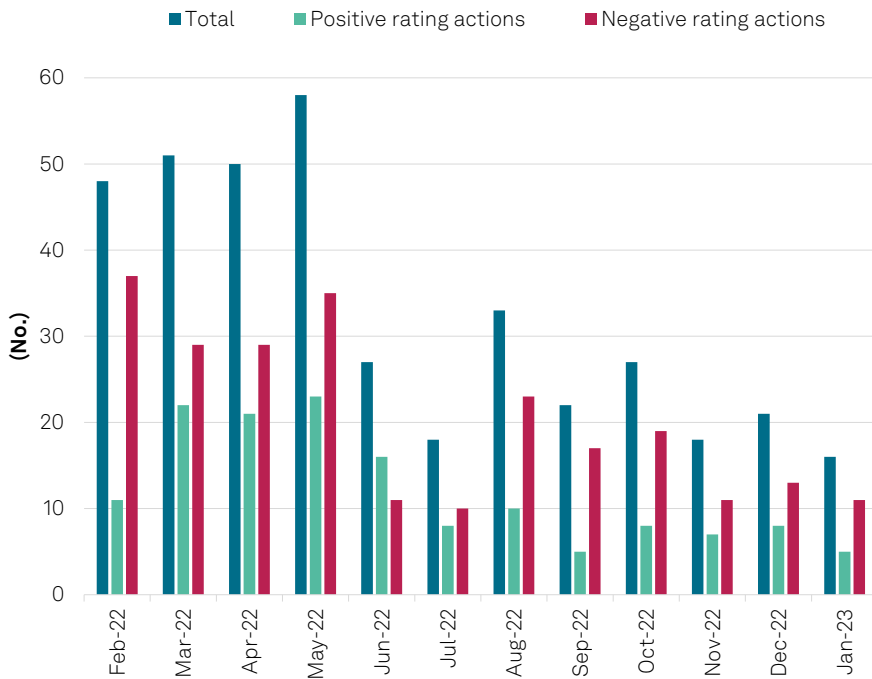
## ESG-Affected Rating Actions As A Percent Of Total Year-to-date



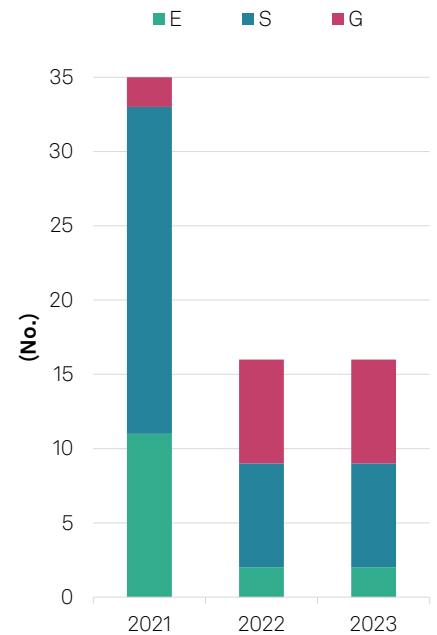
Data as of Jan. 31, 2023. Total rating actions exclude affirmations, withdrawals, and new ratings, including instances where multiple rating actions exist. ESG--Environmental, social, and governance. IPF--International public finance. Source: S&P Global Ratings.

## ESG-Related Credit Rating Actions

### Trailing 12 months



### Year-to-date



Data as of Jan. 31, 2023. Positive actions include upgrades, CreditWatch positive placements, upward outlook revisions, and upgrades with outlook revisions. Negative actions include downgrades, downward outlook revisions, CreditWatch negative placements, and downgrades with outlook revisions. ESG--Environmental, social, and governance. Source: S&P Global Ratings.

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# Appendix

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## ESG-Related Credit Rating Actions

Year-to-date

	U.S. public finance	Corporates and infrastructure	Sovereigns	International public finance	Financial services	Structured finance	Total
Downgrade	2	1	0	0	1	0	4
CreditWatch negative	0	0	0	0	0	0	0
Downward outlook revision	1	6	0	0	0	0	7
Upgrade	1	2	0	0	0	0	3
Upward outlook revision	0	1	0	0	0	0	2
CreditWatch Positive	0	0	0	0	0	1	1
<b>Total ESG-related rating actions*</b>	<b>4</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>16</b>
Environmental§	3	1	0	0	0	0	4
Social§	1	7	0	0	0	0	8
Governance§	2	4	0	0	2	2	10

Data as of Jan. 31, 2023. \*Rating actions include rating, CreditWatch, and outlook changes In January 2023. Structured finance actions relate to ESG impacts by transaction (tranche), while for other sectors the impact is measured on the issuer credit rating. §The sum of environmental, social, and governance actions may exceed total ESG-related rating actions because some actions are influenced by multiple factors. ESG--Environmental, social, and governance. Source: S&P Global Ratings.

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