

# Sustainable Finance Newsletter Q1 2023

S&P Global  
Ratings

*This report does not constitute a rating action*

*(Editor's note: This edition of the newsletter contains quarterly data to incorporate Shades of Green. We will continue publishing this newsletter quarterly going forward.)*

## Sustainable finance report totals (no.)

**495+** 

**Second party opinions**  
S&P Global + Shades of Green

**185+** 

**S&P Global  
ESG evaluations**

**125+** 

**S&P Global  
green transaction evaluations**

**33** 

**Shades of Green  
company assessments**

**11** 

**Shades of Green  
impact reporting reviews**

Source: S&P Global Ratings.

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## Key Takeaways

- S&P Global Ratings acquired Shades of Green (SoG) in December 2022. Our combined expertise on sustainability and commitment to robust analysis are reflected in several recent awards: **External Assessment Provider of the Year** from Environmental Finance, **Largest External Reviewer in Number of Deals** from Climate Bonds Initiative, and **ESG Opinion Provider** award from IFR.
- Our teams are working together to deliver a common suite of SPO products expected to be released in the coming months. The Shades of Green methodology will be a core element of the integrated SPO methodology. Until the launch of the new integrated product suite, SoG and SPGR sustainable finance teams share best practice and expertise but continue to deliver their existing and separate suite of products.
- During Q1 2023 S&P Global Ratings published 25 second party opinions (SPOs; 18 S&P Global Ratings and seven Shades of Green), 15 S&P Global Ratings ESG evaluations, three Shades of Green company assessments, and three Shades of Green impact reporting reviews.

In a rapidly growing sustainable finance market, the need for transparency and depth is also growing. Together, S&P Global Ratings and Shades of Green have a global reach for science-based transparency on climate risk for financial products, as well as other environmental and social risks. Improved integration of climate risks in financial decision making was a primary goal when developing the Shades of Green methodology. At the same time, continued links with CICERO climate research institute and S&P Global Ratings will support the high-quality research-based approach.

**This is the first combined S&P Global Ratings and Shades of Green Sustainable Finance newsletter.** While the Shades of Green team will continue using its existing methodology for its assessment of sustainable finance products, we intend to combine methodologies that deliver products with robust analysis, transparency, and continue to be the reference for high quality in the market. We will also continue to work with our credit ratings colleagues to deepen our

Credit  
Ratings  
Newsletter



understanding of ESG risks in specific sectors. We will update this newsletter to account for new products once we roll out the integrated product suite.

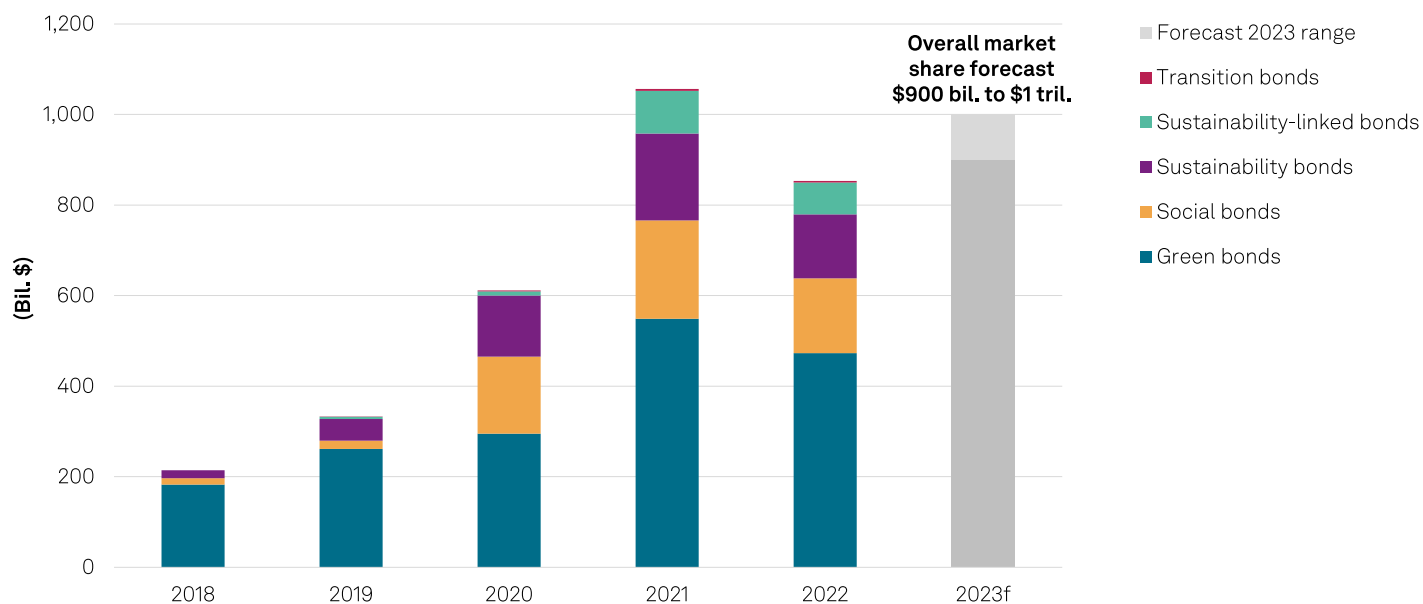
In a recent commentary, we discuss our recent experience with assessing **purchased energy emissions in SPOS**. In our analysis, we scrutinize the strategies for mitigating such emissions. We consider the extent to which the strategy produces additionality and contributes to net zero commitments. While we consider owned renewable energy facilities to be a very strong form of emissions abatement, other strategies, such as the use of carbon credits, power purchase agreements, and energy attribute certificates, can vary greatly in their efficacy.

We also highlight in our research the growing **physical climate risk adaptation gap**, at a time when the physical impacts from climate change are increasing and the window of opportunity for building resilience and adapting at lower costs is closing rapidly. Less than 8% of global climate finance is allocated to adaptation, but new financial instruments and recent commitments suggest improvements.

Chart 1

### Global GSSSB issuance forecast to reach \$900 billion to \$1 trillion in 2023

Annual GSSSB issuance by instrument type



Note: Excludes structured finance issuance. f--S&P Global Ratings forecast. GSSSB-Green, social, sustainability, sustainability-linked bonds. Sources: Environmental Finance Bond Database, S&P Global Ratings.

**We believe global GSSSB issuance will return to growth in 2023**, reaching \$900 billion-\$1 trillion, nearing the record \$1.06 trillion in 2021. This comes after monetary policy and macroeconomic uncertainty pulled down global bond issuance in 2022.

Green bonds will likely continue to dominate, but we expect to see sustainability bonds become more prevalent. Meanwhile, sustainability-linked bonds (SLBs) are at an inflection point. Whereas we believe SLBs can play an effective role in financing the transition, skepticism and questions around the credibility of the asset class’ ability to achieve meaningful sustainability targets are increasing, weighing on the minds of investors and issuers, and placing more importance on transparent and robust external reviews. [Read our full report here.](#)

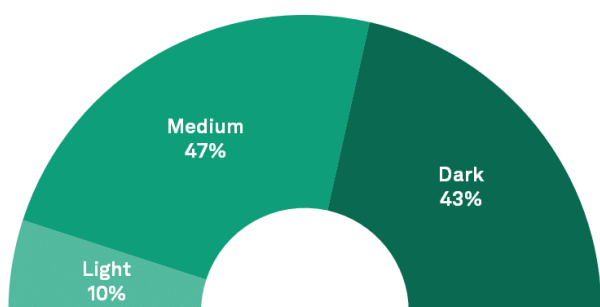
# Shades of Green

(The Shades of Green team will continue to use its existing methodology for its SPOs, company assessments, and impact reports, until the products are merged.)

Our core Shades of Green approach focuses on climate risk and includes an issuer-level governance assessment. The distribution across light, medium, and dark green shading is skewed toward medium and dark. While this typically follows a bell curve, more dark green bond frameworks reflect financing that is in alignment with the Paris Agreement emission reduction targets. At the same time, we need more transition financing on the light green end of the spectrum to close the climate finance gap as noted in the [Intergovernmental Panel on Climate Change](#) recent assessment report.

Chart 2

Shades of Green distribution of assessments

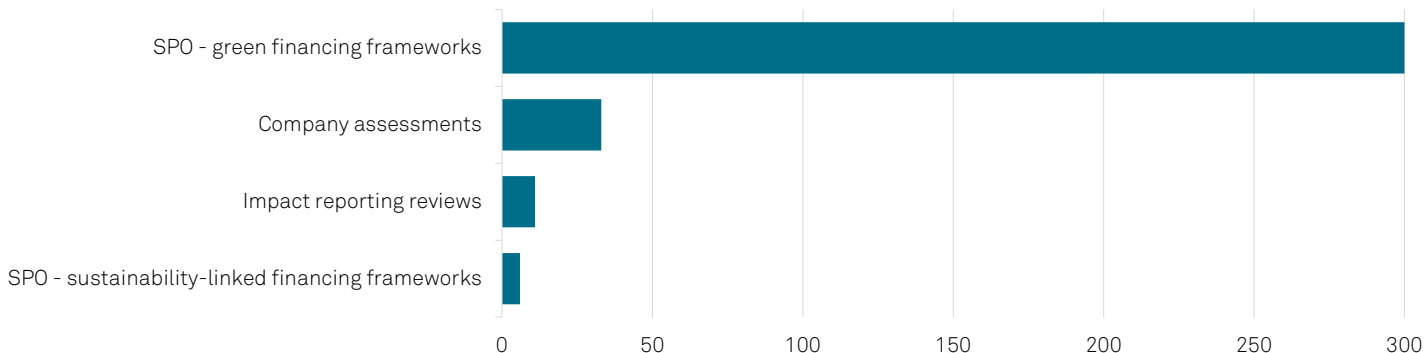


Source: S&P Global Ratings.

Recent SPO examples span a range of issuer types, including international financial institutions such as the [IFC](#) with an updated green bond framework that covers climate change mitigation and adaptation as well as reducing harm to or creating co-benefits for biodiversity and oceans and freshwater, that was shaded medium green. The municipal government of [Östersund](#) in Sweden has a green bond framework focused mainly on renewable energy, that was shaded dark green. Recent corporate SPO examples cover a diverse range of sectors from transportation to forestry. These include [Stellantis](#) automotive group and [Mercedes Benz Group](#), both of which have green bonds frameworks that were shaded dark green. [NAP Nyrt](#) is a solar power producer based in Hungary with a green finance framework that was shaded dark green. [Sveaskog](#) is a Swedish forest management company whose green bond framework received a dark green shading.

Chart 3

Products by Shades of Green (no.)



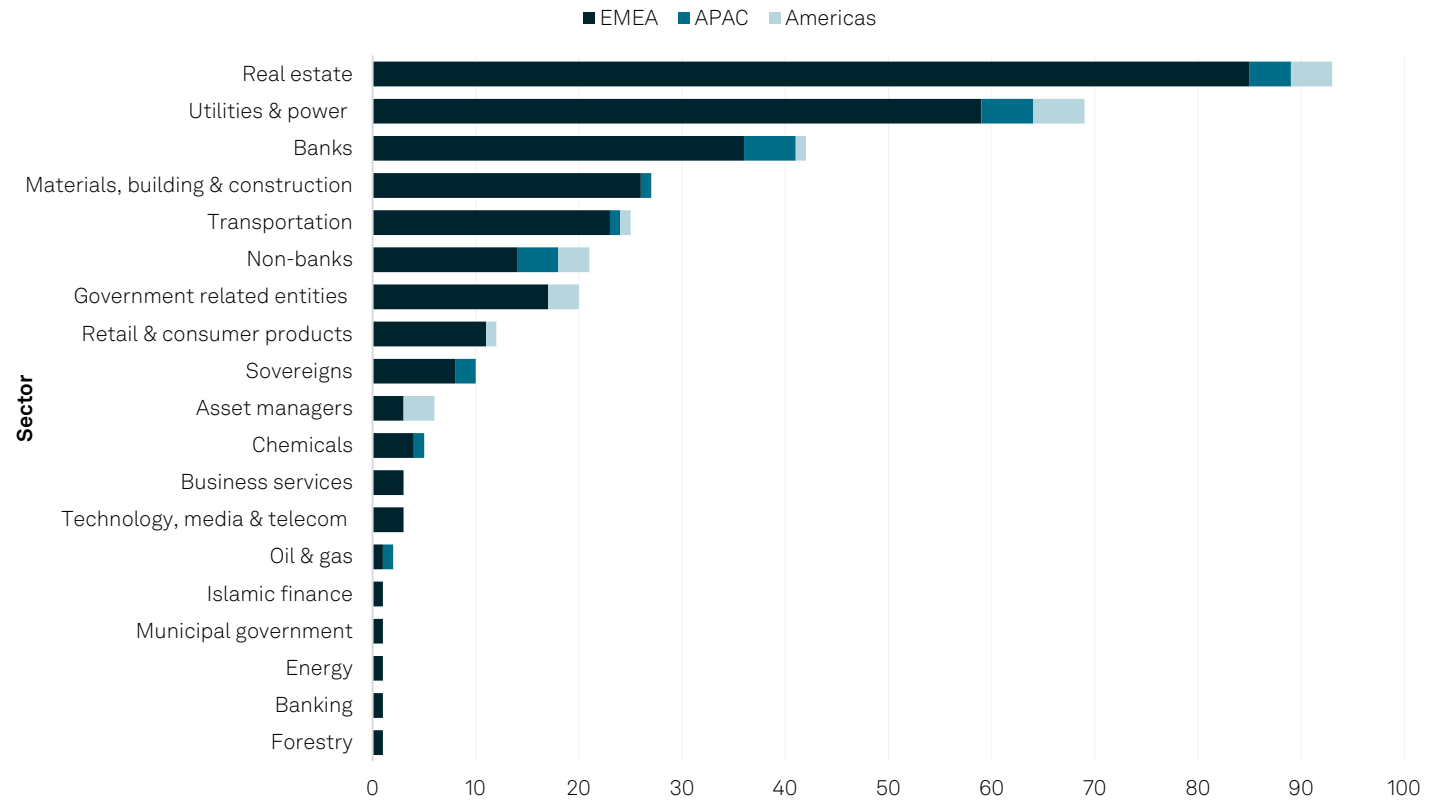
Source: S&P Global Ratings.

Recent annual impact report reviews include **Deutsche Pfandbriefbank**, a German bank specialized in real estate and public investment finance, and **Continuum Green Energy**, a Singapore-based renewable energy holding company.

Our company assessments provide a deep dive on companies' climate risk. A recent company assessment example is an update for **Yara**, one of the largest fertilizer producers.

Chart 4

Distribution of all SoG assessments across sectors and regions (no.)



Source: S&P Global Ratings.

## S&P Global Rating Second Party Opinions

S&P Global Ratings has published more than 185 SPOs since late 2020, 18 of which we've published during Q1 2023. In total, we have released 78 green SPOs, 57 sustainability SPOs, 35 sustainability-linked, and 23 social SPOs across all four regions globally.

Chart 5

Distribution of SPO types (no. of SPOs)

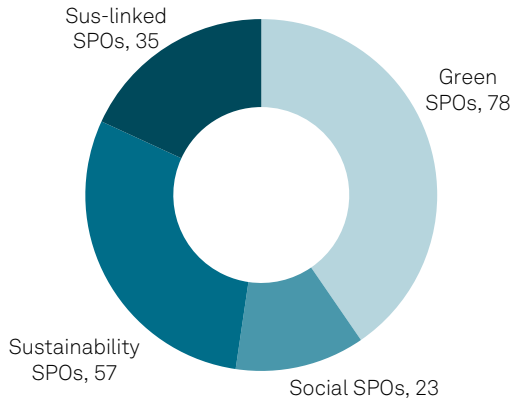
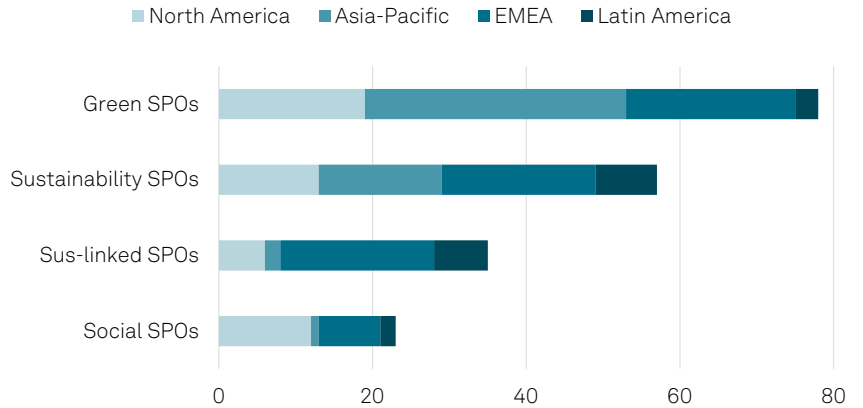


Chart 6

Geographic distribution of SPOs (no. of SPOs)



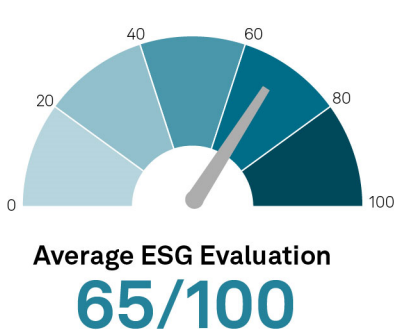
Other includes Facilities - Energy Efficiency, Transport - Green Transport, Utilities - Energy: Fossil Fuels.  
 Note: Based on transactions S&P Global Ratings has evaluated. Source: S&P Global Ratings.

## S&P Global Ratings ESG Evaluation Summary

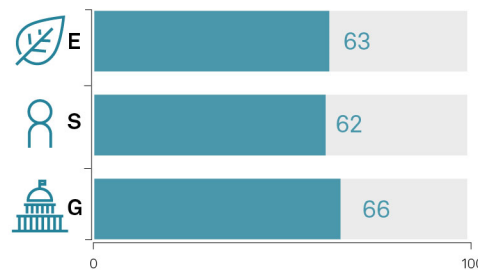
S&P Global Ratings' ESG evaluation is a cross-sector, relative analysis of an entity's capacity to operate successfully in the future. It is grounded in how environmental, social, and governance (ESG) factors could affect stakeholders, potentially leading to a material direct or indirect financial effect on the entity. S&P Global Ratings evaluates more than 185 entities across 21 sectors globally, with an average of 65.

Chart 7

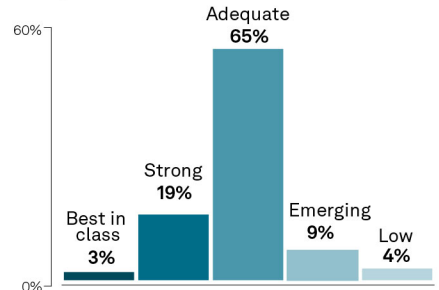
ESG evaluation summary



Average Profile Evaluation



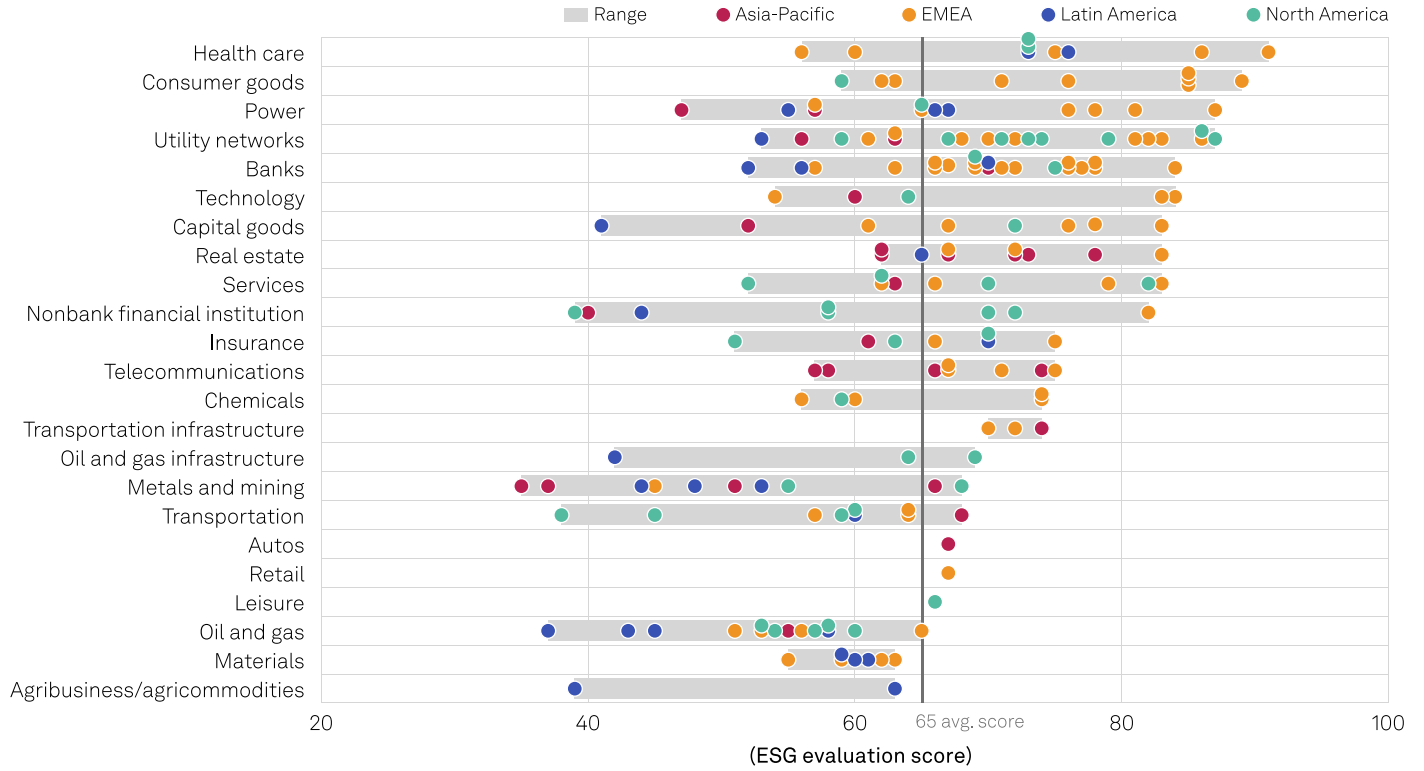
Preparedness Opinion



Source: S&P Global Ratings.

Chart 8

ESG evaluation distribution



Source: S&P Global Ratings.

## Appendix

Table 1

### Latest ESG evaluations (Jan.-Mar. 2023)

All evaluations are available for download [here](#)

Company	Assessment type	Score	Sector	Year	Download
Banco de Comercio Exterior de Colombia S.A.	ESG Evaluation	68/100	Banks	2023	<a href="#">Download</a>
Algonquin Power & Utilities Corp	ESG Evaluation	79/100	Utility networks	2023	<a href="#">Download</a>
Aleatica, S.A.B. de C.V.	ESG Evaluation	60/100	Transportation	2023	<a href="#">Download</a>
Apraava Energy Pvt. Ltd.	ESG Evaluation	47/100	Power	2023	<a href="#">Download</a>
OVHcloud	ESG Evaluation	71/100	Telecommunications	2023	<a href="#">Download</a>
Societe Generale S.A.	ESG Evaluation	79/100	Banks	2023	<a href="#">Download</a>
Philip Morris International	ESG Evaluation	62/100	Consumer goods	2023	<a href="#">Download</a>
Superior Plus Corp.	ESG Evaluation	60/100	Transportation	2023	<a href="#">Download</a>
Dassault Systèmes SE	ESG Evaluation	84/100	Technology	2023	<a href="#">Download</a>
Freeport LNG Development L.P	ESG Evaluation	58/100	Oil and gas	2023	<a href="#">Download</a>
BPER Banca SpA	ESG Evaluation	66/100	Banks	2023	<a href="#">Download</a>
Trane Technologies	ESG Evaluation	78/100	Capital goods	2023	<a href="#">Download</a>
Colbun S.A.	ESG Evaluation	67/100	Power	2023	<a href="#">Download</a>
Banca Popolare dell'Alto Adige SpA (Volksbank)	ESG Evaluation	67/100	Banks	2023	<a href="#">Download</a>
TenneT Holding B.V.	ESG Evaluation	86/100	Utility networks	2023	<a href="#">Download</a>

Source: S&P Global Ratings.

Table 2

### Latest second party opinions and transaction evaluations (Jan.-Mar. 2023)

All reports are available for download [here](#)

Company	Assessment type	Issuer	Sector	Year	Download
Baltic Horizon Fund Sustainability-Linked Bond Framework	SPO-Sustainability-Linked Financing Framework	Corporate Ratings	Real Estate	2023	<a href="#">Download</a>
California School Finance Authority Charter School Revenue Bonds Series 2023A	SPO-Sustainable Financing Transaction	USPF	Consumer Services	2023	<a href="#">Download</a>
PACEWELL 8 LLC's Term Notes Series 2023-1	Transaction Evaluation	Structured Finance	N/A	2023	<a href="#">Download</a>
IHO Verwaltungs GmbH's Sustainability-Linked Financing Framework	SPO-Sustainability-Linked Financing Framework	Corporate Ratings	Automobiles and Components	2023	<a href="#">Download</a>
Banco de Bogotá S.A.'s Sustainable Bond Framework	SPO-Sustainable Financing Framework	Financial Institutions	Banks	2023	<a href="#">Download</a>
PG&E Corp.'s Sustainable Finance Framework	SPO-Sustainable Financing Framework	Corporate Ratings	Utilities	2023	<a href="#">Download</a>

SATO's Green Finance Framework	SPO-Green Financing Framework	Corporate Ratings	Real Estate	2023	<a href="#">Download</a>
Eastman Chemical Co.'s Green Financing Framework	SPO-Green Financing Framework	Corporate Ratings	Materials	2023	<a href="#">Download</a>
Jacobs Engineering Group Inc.'s Sustainability-Linked Bond Framework	SPO-Sustainability-Linked Financing Framework	Corporate Ratings	Commercial and Professional Services	2023	<a href="#">Download</a>
Washington Suburban Sanitary District Consolidated Public Improvement Bonds Of 2023	Transaction Evaluation	USPF	N/A	2023	<a href="#">Download</a>
The Emirate of Sharjah's Sustainable Financing Framework	SPO-Sustainable Financing Framework	Sov & IPF	N/A	2023	<a href="#">Download</a>
Comcast Corp. Green Financing Framework	SPO-Green Financing Framework	Corporate Ratings	Media and Entertainment	2023	<a href="#">Download</a>
CTT Group's Sustainability Linked Financing Framework	SPO-Sustainability-Linked Financing Framework	Not Known	Commercial and Professional Services	2023	<a href="#">Download</a>
The City of Västerås' Sustainability-Linked Bond Framework	SPO-Sustainability-Linked Financing Framework	Sov & IPF	N/A	2023	<a href="#">Download</a>
Connecticut Housing Finance Authority's Sustainability Framework	SPO-Sustainable Financing Framework	USPF	Banks	2023	<a href="#">Download</a>
GreenState Credit Union's Social Bond Financing Framework	SPO-Social Financing Framework	Financial Institutions	Diversified Financials	2023	<a href="#">Download</a>
Bank Leumi's Green Bond Framework	SPO-Green Financing Framework	Financial Institutions	Banks	2023	<a href="#">Download</a>
Sunny Optical Technology (Group) Co. Ltd.'s Sustainability-Linked Financing Framework	SPO-Sustainability-Linked Financing Framework	Corporate Ratings	Technology Hardware and Equipment	2023	<a href="#">Download</a>

N/A--Not applicable. Source: S&P Global Ratings.

Table 3

### Latest Shades of Green assessments (Jan.-Mar. 2023)

All assessments are available for download [here](#)

Issuer	Assessment type	Overall shading	Issuer type	Sector	Year	Download
Citycon	Second Opinion	Light Green	Corporates	Real Estate	2023	<a href="#">Download</a>
Mercedes-Benz Group	Second Opinion	Dark Green	Corporates	Transportation	2023	<a href="#">Download</a>
Sveaskog AB	Second Opinion	Dark Green	Corporates	Forestry	2023	<a href="#">Download</a>
Östersund Municipality	Second Opinion	Dark Green	Governments	Municipal Government	2023	<a href="#">Download</a>
K2A Knaust & Andersson Fastigheter	Second Opinion	Medium Green	Corporates	Real Estate	2023	<a href="#">Download</a>
Stellantis	Second Opinion	Dark Green	Corporates	Transportation	2023	<a href="#">Download</a>
Northvolt AB	Second Opinion	Dark Green	Corporates	Retail & Consumer Products	2023	<a href="#">Download</a>
International Finance Corporation	Second Opinion	Medium Green	Financial Institutions	Non-banks	2023	<a href="#">Download</a>



NAP Nyrt	Second Opinion	Dark Green	Corporates	Energy	2022	<a href="#">Download</a>
Sparbanken Skaraborg AB	Second Opinion	Medium Green	Financial Institutions	Banking	2022	<a href="#">Download</a>
TINE SA	Second Opinion	Medium Green	Corporates	Retail & Consumer Products	2022	<a href="#">Download</a>
HS Veitur	Second Opinion	Dark Green	Corporates	Utilities & Power	2022	<a href="#">Download</a>
Envipco Holding NV	Second Opinion	Dark Green	Corporates	Materials, Building & Construction	2022	<a href="#">Download</a>
Continuum Green Energy	Reporting Review	N/A	Corporates	Energy	2023	<a href="#">Download</a>
Deutsche Pfandbriefbank	Reporting Review	N/A	Financial Institution	Banking	2023	<a href="#">Download</a>
VGP Group	Reporting Review	N/A	Corporates	Real Estate	2022	<a href="#">Download</a>
Yara	Company Assessment	N/A	Corporates	Materials, Building & Construction	2023	<a href="#">Download</a>
Lamor	Company Assessment	N/A	Corporates	Materials, Building & Construction	2023	<a href="#">Download</a>
Annehem Fastigheter	Company Assessment	N/A	Corporates	Real Estate	2023	<a href="#">Download</a>

Source: S&P Global Ratings.

## Related Research

- [Purchased Energy Emissions In Second Party Opinions And ESG Evaluations](#), Mar. 23, 2023
- [Sustainability Insights: Research: Latin America Sustainable Bond Issuance To Recover In 2023](#), Feb. 23, 2023
- [Sustainability Insights: Research: Asia-Pacific Sustainable Bond Issuance To Increase In 2023](#), Feb. 14, 2023
- [Sustainability Insights: Research: Sustainable Bond Issuance Will Return To Growth In 2023](#), Feb. 7 2023
- [Crunch Time: Can Adaptation Finance Protect Against the Worst Impacts From Physical Climate Risks?](#), Jan. 13, 2023

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## Analytical Contacts

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**Michael T Ferguson**

Sustainable Finance  
Analytical Manager, Americas  
New York  
+1-212-438-7670  
michael.ferguson  
@spglobal.com

**Florence Devevey**

Sustainable Finance  
Analytical Manager, EMEA  
Paris  
+33-1-40-75-25-01  
florence.devevey  
@spglobal.com

**Bertrand Jabouley**

Sustainable Finance  
Analytical Manager, APAC  
Singapore  
+65-6239-6303  
bertrand.jabouley  
@spglobal.com

**Christa Clapp**

Shades of Green  
Managing Director, Sustainable Finance  
christa.clapp  
@spglobal.com

**Harald Lund**

Shades of Green  
Managing Director, Sustainable Finance  
harald.lund  
@spglobal.com

**Bernard De Longevialle**

Global Head of Sustainable Finance  
Paris  
+33-1-40-75-25-17  
bernard.delongvialle  
@spglobal.com

## Research Contributors

**Deegant Pandya**

New York  
+1-212-438-1289  
deegant.pandya  
@spglobal.com

**Bushra Dawawala**

Mumbai  
bushra.dawawala  
@spglobal.com

## Investor Contact

**Arnaud Humblot**

London  
+44-20-7176-6685  
arnaud.humblot  
@spglobal.com

## Media Contact

**Sophia Lin**

New York  
sophia.lin  
@spglobal.com

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