

# Sustainable Finance Newsletter Q3 2024

S&P Global  
Ratings

This report does not constitute a rating action

## Second party opinions (SPOs) in numbers

99



Green SPOs

28



Sustainability SPOs

18



Social SPOs

31



Sus-Linked SPOs

2



Climate Transition  
Assessments

535+



Legacy Second  
Party Opinions

Data as of Oct. 1, 2024. SPO numbers include alignment to Principles and Conceptual Alignment. "Legacy" refers to work completed before our integrated use-of-proceeds SPO approach published on July 27, 2023. Source: S&P Global Ratings.

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## Key Takeaways

- In second-quarter 2024, we started to publish new Climate Transition Assessments (CTAs), including a Nasdaq Green Equity designation.
- Since we launched our integrated use-of-proceeds SPO approach, we have produced 176 SPOs, of which 51 were published in third-quarter 2024. We also have more than 535 legacy SPOs.
- Light green shades continue to increase in prevalence, reflecting both the frequency of new green building projects and the rising importance of transition financing.
- Our SPOs continue supporting low- and middle-income countries' efforts to raise sustainable financing, as seen recently for Rwanda and Togo.

Credit  
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Newsletter



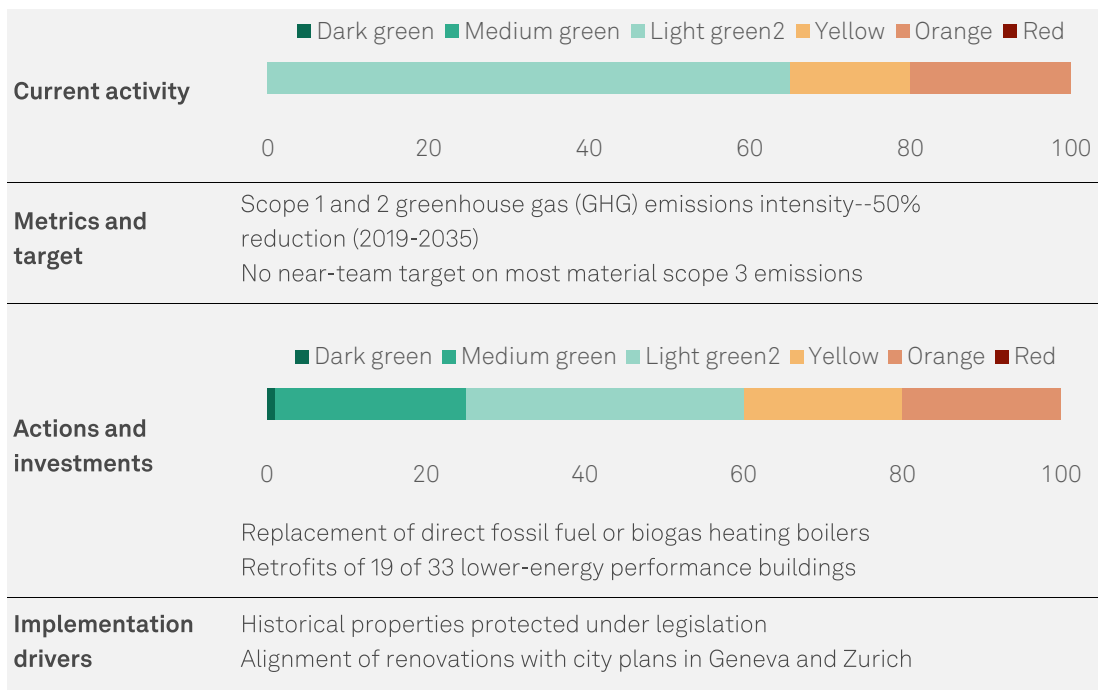
# Climate Transition Assessments

We published our first two (CTAs) in second-quarter 2024.

We assigned a shade of **Dark green**, for the foreseeable future, to **Kempower Oyj**, a Finnish manufacturer of electric vehicle (EV) charging equipment and solutions. The company's charging infrastructure business supports the transportation sector's transition away from fossil fuel use. In our view, the mass electrification of transportation is central to a low-carbon economy. We also confirmed that Kempower meets the requirements for the Nasdaq Green Equity Designation set out in the Nasdaq Green Equity Principles.

Our CTA on real estate operator **PSP Swiss Property** (PSP) included our assignment of a **Light green** future shade by 2035 as the company continues to decarbonize its existing portfolio and has set clear targets to improve the energy efficiency of its buildings by 2035. PSP's transition targets focus on the reduction of its operational footprint, which we consider ambitious. Yet the limited coverage of value-chain emissions is a material constraint. We believe PSP has sufficient governance mechanisms and a stable financing plan to implement its transition strategy. To achieve decarbonization across its value chain, however, the company relies, to some extent, on tenants and suppliers. The graphic below outlines key aspects of our CTA of PSP. Please refer to the [full report](#) for more details.

## PSP Swiss Property--CTA summary



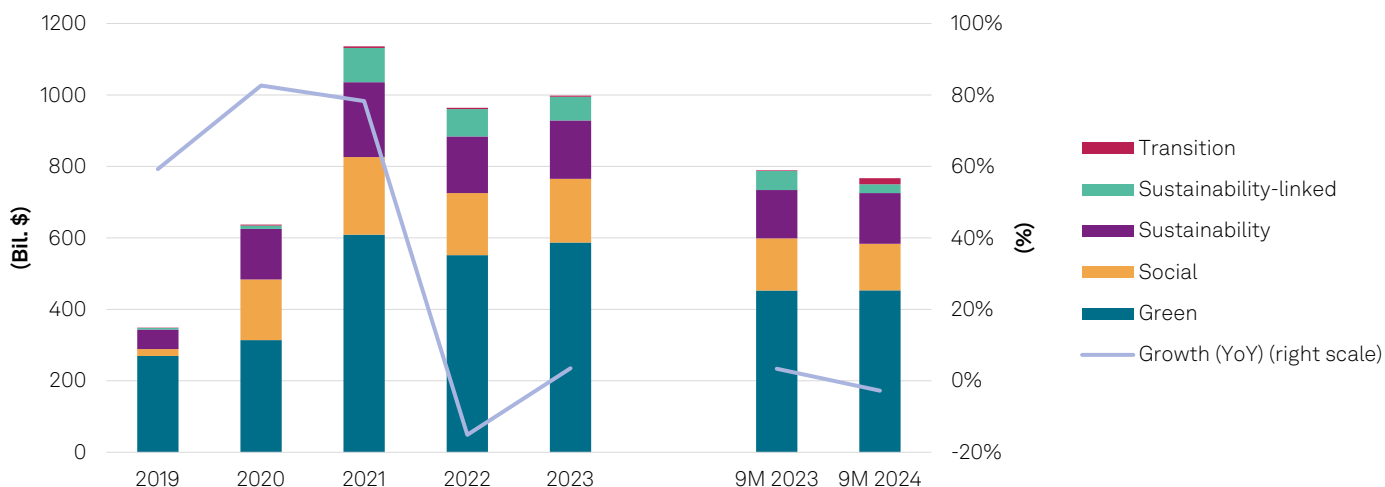
Please refer to our [Analytical Approach: Climate Transition Assessments](#) for more information.

## Second Party Opinions

Green SPOs again accounted for most SPOs we provided in third-quarter 2024. This was in line with recent SPO trends and with sustainability debt issuance. Despite a slight year-over-year decrease of 3% in green and transition bond issuance and a weak second quarter, sustainable bond issuance was relatively flat over the first nine months of 2024. Considering the robust primary bond market, trailing-12-month issuance is fairly low and remains close to the \$1 billion mark, which is broadly in line with the 2024 forecast we published in February. That said, sustainable bond issuance is more resilient than sustainable loan issuance, which declined by about 33% year over year in the first nine months of 2024 and only accounted for 50% of new sustainable bond volumes. Since issuance volumes of sustainability-linked loans exceeded those of sustainability-linked bonds, the overall decline in sustainability-linked issuance is particularly pronounced in the loan space.

Chart 1

### Sustainable Bond issuance



Data as of Oct. 7, 2024. YoY--Year over year. 9M--First nine months. Sources: EFDData, S&P Global Ratings.

We continue delivering SPOs to support low- and lower-middle-income countries' efforts to raise sustainable financing, including through blended finance.

**Togo's sustainable financing framework** will fund projects that contribute to the small West African country's sustainable development goals, which we viewed positively in our SPO published in September. These investments focus on areas such as forestry restoration, adaptation, renewable energy, and clean transportation. They are designed to align with Togo's national development strategies and commitments under its updated nationally determined contributions. We assigned shades ranging from Light green to Dark green to Togo's environmental projects for adaptation, biodiversity conservation, pollution prevention and control, management of living natural resources and land use, and renewable energy. The framework also includes projects that aim to tackle some of Togo's social challenges, including employment support, financial inclusion, economic empowerment, access to essential services, and affordable housing.

We also reviewed Rwanda's Sustainable Finance Framework, which includes a broad range of green and social projects seeking to address some of the small landlocked African country's most material sustainability challenges. The framework notably supported Rwanda's blended financing--with up to \$200 million raised in April from commercial banks--and benefits from a partial guarantee of \$50 million from the African Development Fund (also see [Climate Finance In Lower-Income Countries](#)).

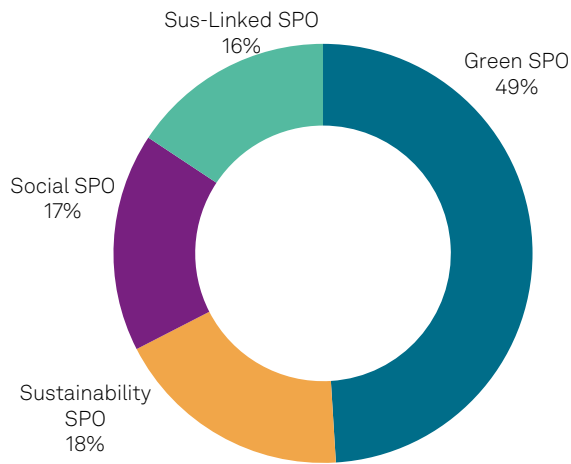
For more information on our use-of-proceeds SPOs, please refer to our recent SPO Spotlight report.

Green SPOs accounted for 25 of 51 SPOs in third-quarter 2024, reflecting issuers' sustained appetite for green bonds, particularly in Europe, the Middle East, and Africa (EMEA).

Despite the muted issuance of sustainability-linked debt, issuers continue requesting new pre-issuance SPOs for this financing type.

Chart 2

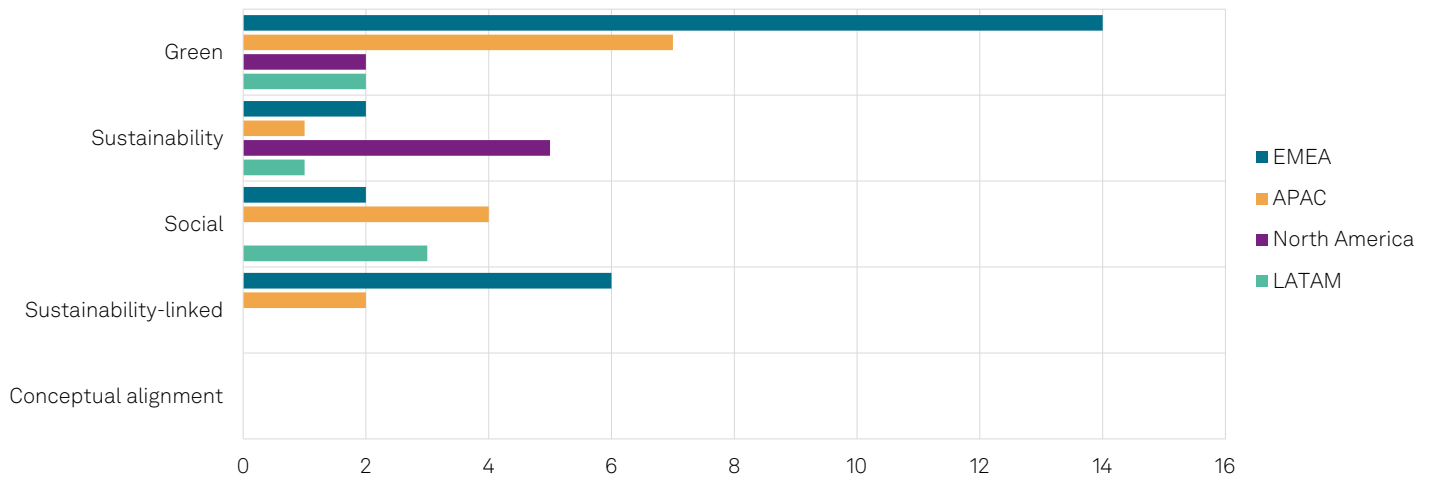
**SPO distribution**



Data for third-quarter 2024. Source: S&P Global Ratings.

Chart 3

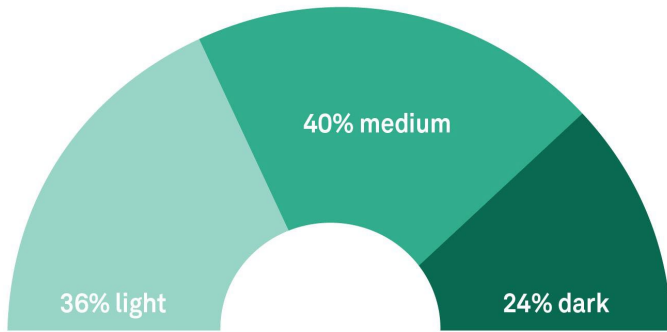
**Distribution of all SPO assessments across regions (no.)**



Data for third-quarter 2024. APAC--Asia-Pacific. EMEA--Europe, the Middle East, and Africa. LATAM--Latin America. Source: S&P Global Ratings.

Chart 4

Distribution of green SPO assessments by shade



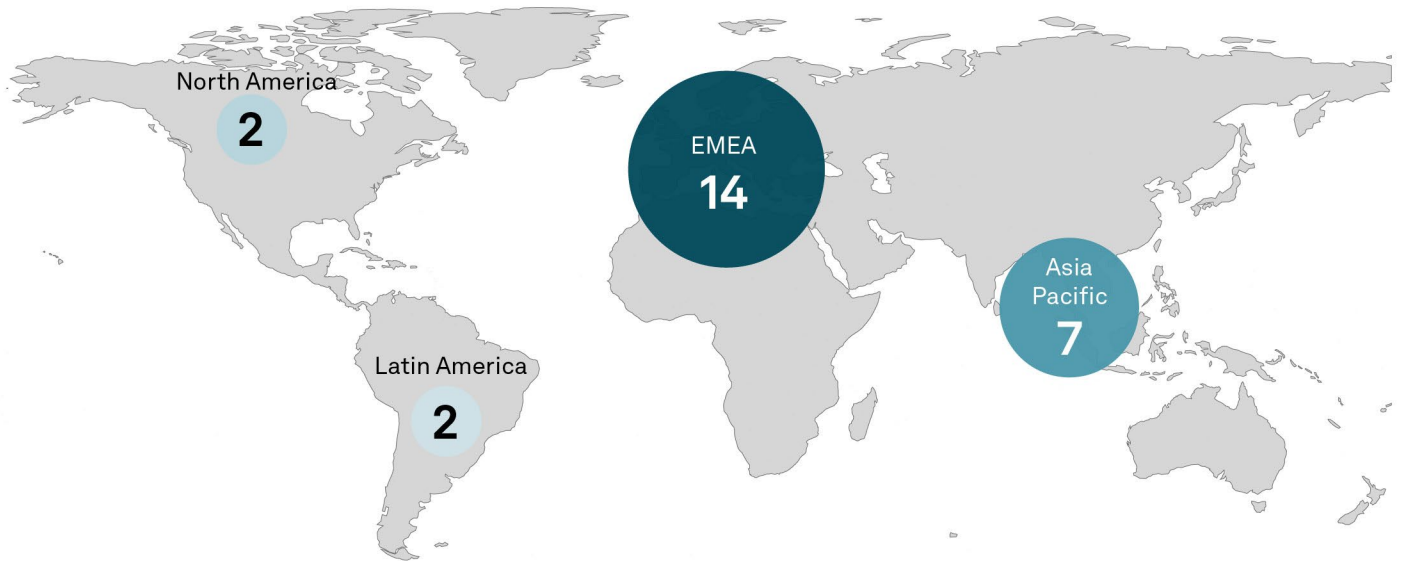
Data for third-quarter 2024. Source: S&P Global Ratings.

The share of frameworks with Light green shades continues to increase, which partly reflects the high share of green building financing and associated energy efficiency projects. Yet positive environmental benefits are partly offset by high emissions. Projects aimed at decarbonizing value chains, not just issuers' own operations, appear to play an increasingly important role.

We assessed 10 of the 25 green frameworks in third-quarter 2024 as Medium green, mainly due to energy efficiency, energy, sustainable water, and pollution prevention control. Clean transportation and energy projects notably raised the average shade to Medium green across Asia-Pacific (APAC). China Citic's Green framework was the first to achieve a Medium green shade in China under our integrated approach.

Chart 5

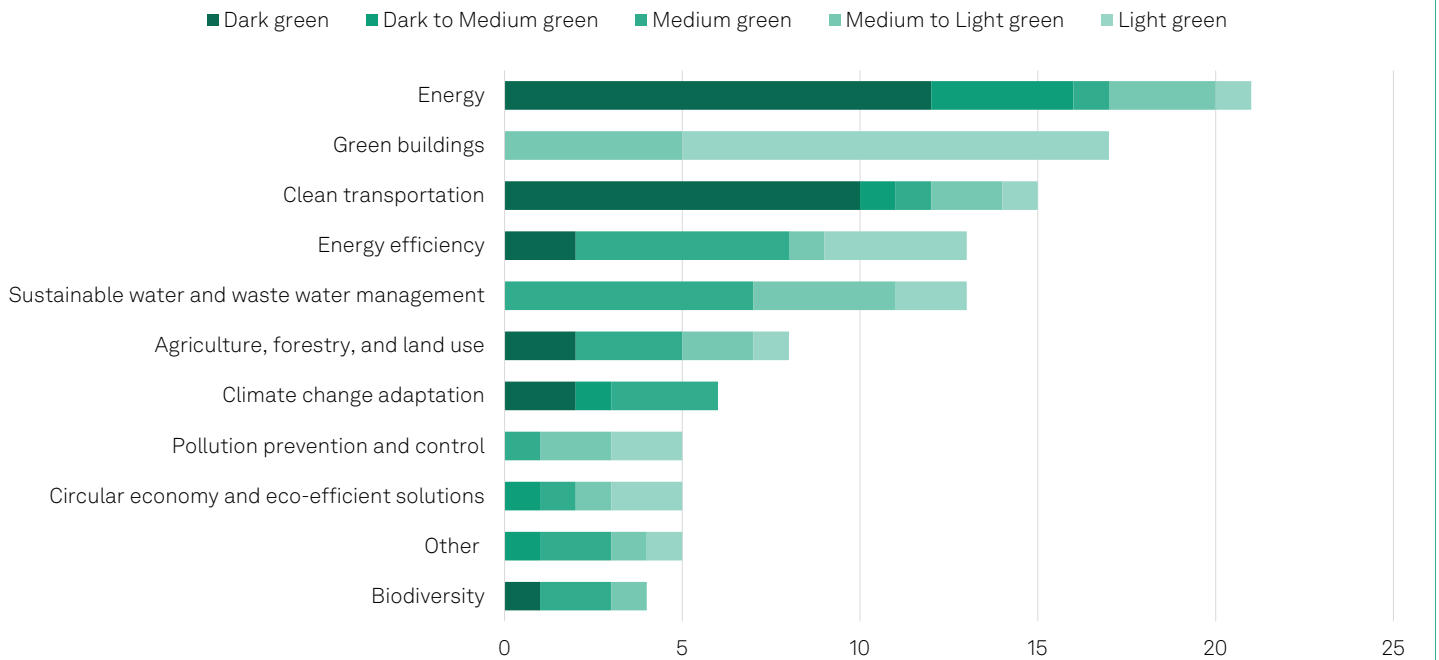
Green framework assessments by region (no)



Data for third-quarter 2024. Source: S&P Global Ratings.

Chart 6

Project category green shade distribution



Data for third-quarter 2024. Source: S&P Global Ratings.

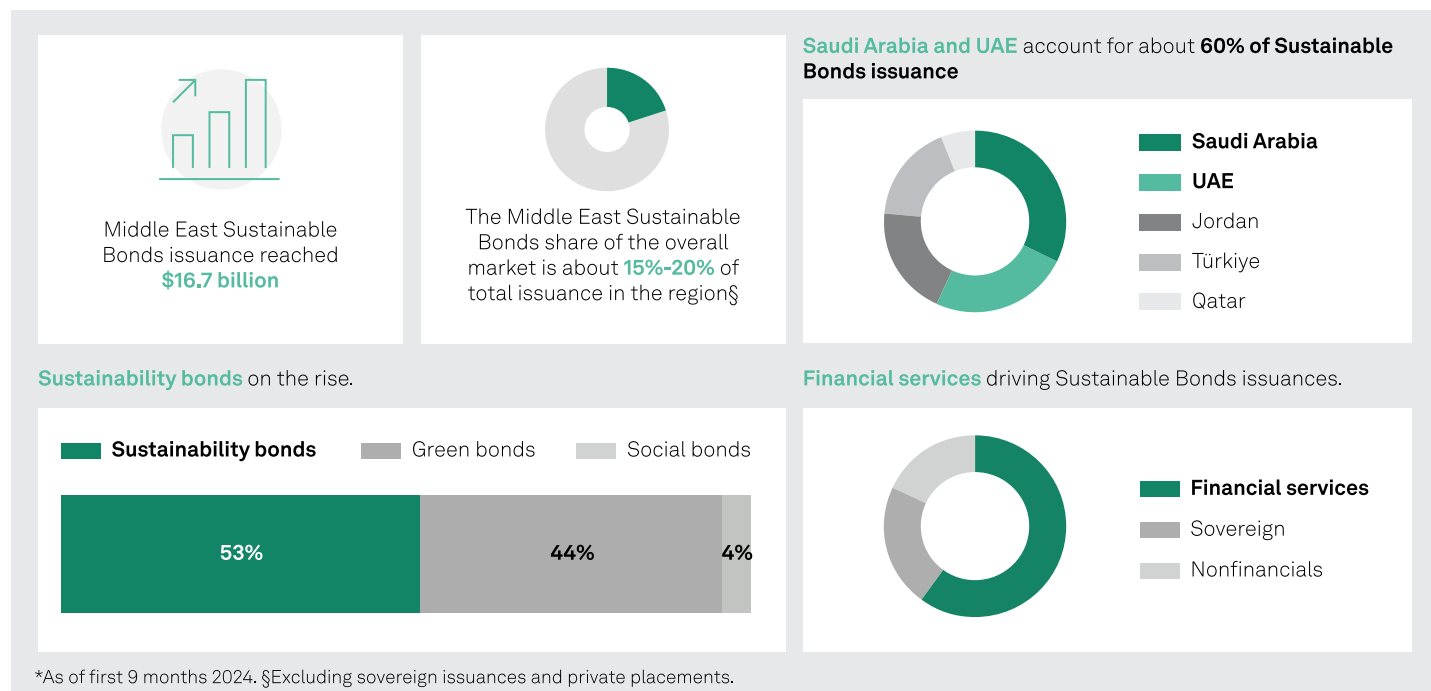
# Sustainability Insights: Middle East Sustainable Bond Issuance Trends

- Total issuance of sustainable bonds--including green, social, sustainability, and sustainability-linked bonds--in the Middle East reached \$16.7 billion in the first nine months of 2024. This represents an 18% decline, compared with the same period last year. We note, however, that issuance numbers in 2023 were skewed due to the halo effect associated with COP28 in Dubai.
- Even though government initiatives, increasing alignment with sustainability strategies, and regulatory requirements are already in place, an acceleration in the implementation of net-zero policies could become necessary to kick-start sustainable bond issuance in the Middle East.
- The demand for sustainable bonds in the region is sensitive to economic growth, inflation, and interest rates, while transparency and disclosure related to environmental, social, and governance (ESG) reporting are in the early stages of development. These factors could impair funding and regulations.
- The United Arab Emirates (UAE) and Saudi Arabia will likely continue leading sustainable bonds issuance in the region, despite increased activity in other Middle Eastern countries.

[For more details, read the full report >](#)

Chart 8

## Sustainable bonds issuance in the Middle East slows down\*



Source: S&P Global Ratings.

# No Quick Fix For The U.S. Affordable Housing Shortage

Finding affordable housing in the U.S. remains a challenge. Not-for-profit lenders and developers are responding to demand with limited impact on credit--for now.

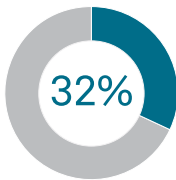
We examine how access to affordable housing has changed over time, particularly since the COVID-19 pandemic. We also consider the role of affordable housing to help improve socioeconomic outcomes and the credit implications of these trends on affordable housing entities we rate.

In particular, we focus on U.S. not-for-profit affordable housing lenders and developers, which differ from other entities in the U.S. public finance sector. We look at how they fulfill their publicly stated missions to help stabilize the housing market by providing access to affordable options for renters and homebuyers. We use housing and household income data from the U.S. Federal Reserve and Census Bureau, and our database on U.S.-labeled debt.

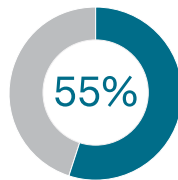
[Read the full report >](#)

Chart 9

## The state of affordable housing in the U.S.



**% of median household income** required to make a mortgage payment on a median-priced home



**Households earning below** median income and housing burdened

Since 1992



**252%**

increase of a median-priced home



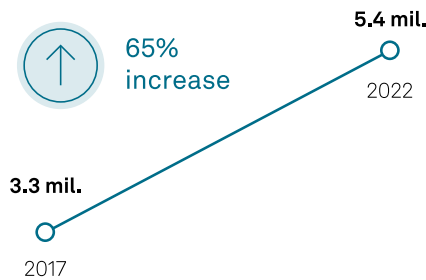
**43%**

median income rise

Number of housing burdened households earning above the median income



**65% increase**



**\$41 bil.**

debt issued by not-for-profit affordable housing lenders in 2023



**436%**

increase in social-labeled debt by not-for-profit housing issuers from 2019-2023

Source: S&P Global Ratings.



# Sustainable Finance FAQ: How We Support Credibility And Transparency In Transition Financing

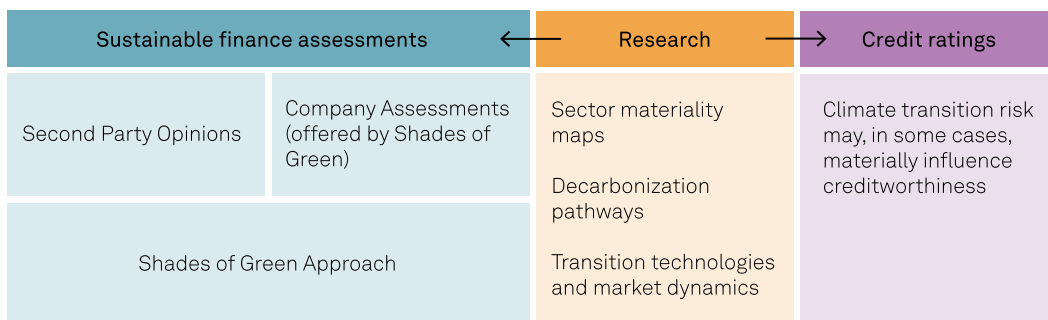
Sustainable finance is not only about financing activities and investments that are already aligned with the Paris Agreement. It is also about financing activities and investments that are not yet compatible with a low-carbon, climate change-resilient future but contribute to a reduction of greenhouse gas emissions.

Definitions of transition financing vary. Broadly speaking, transition financing refers to the financing of activities and investments that support the shift away from carbon-intensive operations to those that are more closely aligned with a low-carbon, climate change-resilient future. This is particularly relevant for hard-to-abate sectors, which are some of the most challenging to decarbonize because of combined technological and financial barriers. However, companies in such sectors often face challenges in obtaining transition financing.

[Read the full report >](#)

Chart 10

## Our coverage and capabilities support transparency on transition and sustainable financing



Source: S&P Global Ratings.

## Appendix

### Latest public second party opinions (July-Sept. 2024)

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

Company	SPO type	Country	Issuer	Month	Report
Hufvudstaden	Green SPO	Sweden	Corporate	Sep. 2024	<a href="#">Download</a>
Zorlu Enerji	Sus-Linked SPO	Turkey	Corporate	Sep. 2024	<a href="#">Download</a>
City of New York	Social SPO	United States	USPF	Sep. 2024	<a href="#">Download</a>
Housing & Development Board	Green SPO	Singapore	IPF	Sep. 2024	<a href="#">Download</a>
Jinan High-tech Holding Group Co. Ltd.	Social SPO	China	Local Government	Sep. 2024	<a href="#">Download</a>
Fannie Mae	Green SPO	United States	Financial Institution	Sep. 2024	<a href="#">Download</a>
Jinan Lixia Holding Group Co. Ltd.	Social SPO	China	Local Government	Sep. 2024	<a href="#">Download</a>
Raylo Group Ltd.	Green SPO	United Kingdom	Corporate	Sep. 2024	<a href="#">Download</a>
Brisa Concessao Rodoviaria S.A.	Sus-Linked SPO	Portugal	Corporate	Sep. 2024	<a href="#">Download</a>
Bank of America	Sustainability SPO	United States	Financial Institution	Sep. 2024	<a href="#">Download</a>
Wästbygg Group	Green SPO	Sweden	Corporate	Sep. 2024	<a href="#">Download</a>
Aragon's Sociedad Concesionaria Itinerario Jacetania Alto Gallego (Route 5)	Social SPO	Spain	Local Government	Sep. 2024	<a href="#">Download</a>
Norwegian Property	Green SPO	Norway	Corporate	Sep. 2024	<a href="#">Download</a>
Aragon's Sociedad Concesionaria Itinerario Sobrarbe Ribagorza (Route 6)	Social SPO	Spain	Local Government	Sep. 2024	<a href="#">Download</a>
PowerChina Resources Ltd.	Green SPO	China	Corporate	Sep. 2024	<a href="#">Download</a>
Nordic Investment Bank	Green SPO	Finland	Financial Institution	Aug. 2024	<a href="#">Download</a>
Catella AB	Green SPO	Sweden	Corporate	Aug. 2024	<a href="#">Download</a>
Energo-Pro	Green SPO	Czechia	Corporate	Aug. 2024	<a href="#">Download</a>
Romerike Sparebank	Green SPO	Norway	Financial Institution	Aug. 2024	<a href="#">Download</a>
Banco Finandina S.A. BIC	Sustainability SPO	Colombia	Financial Institution	Aug. 2024	<a href="#">Download</a>
UltraTech Cement Ltd.	Sus-Linked SPO	India	Corporate	Aug. 2024	<a href="#">Download</a>
Keliber	Green SPO	Finland	Corporate	Aug. 2024	<a href="#">Download</a>
Grieg Seafood	Green SPO	Norway	Corporate	Aug. 2024	<a href="#">Download</a>
Grupo de Bursatilización Conjunta	Sustainability SPO	Mexico	Financial Institution	Aug. 2024	<a href="#">Download</a>
SalMar	Green SPO	Norway	Corporate	Aug. 2024	<a href="#">Download</a>
OneMain Financial	Social SPO	United States	Financial Institution	Aug. 2024	<a href="#">Download</a>
Los Cipreses S.A.'s (Buquebus)	Green SPO	Uruguay	Corporate	Aug. 2024	<a href="#">Download</a>
Caritas Affordable Housing Calif. Mobile Home Park Senior Revenue Bonds Series 2024A	Social SPO	United States	USPF	Aug. 2024	<a href="#">Download</a>
HDFC Credila Financial Services Ltd.	Social SPO	India	Financial Institution	Aug. 2024	<a href="#">Download</a>
Mota-Engil	Sus-Linked SPO	Portugal	Corporate	Jul. 2024	<a href="#">Download</a>
Land Transport Authority of Singapore	Green SPO	Singapore	IPF	Jul. 2024	<a href="#">Download</a>
Government of Rwanda	Sustainability SPO	Rwanda	Sovereign	Jul. 2024	<a href="#">Download</a>

PG&E Recovery Funding LLC	Green SPO	United States	Corporate	Jul. 2024	<a href="#">Download</a>
A2A Group	Sus-Linked SPO	Italy	Corporate	Jul. 2024	<a href="#">Download</a>
A2A Group	Sustainability SPO	Italy	Corporate	Jul. 2024	<a href="#">Download</a>
Banco de Bogotá	Sustainability SPO	Colombia	Financial Institution	Jul. 2024	<a href="#">Download</a>
Qingdao Conson Development (Group) Co. Ltd.	Green SPO	China	Corporate	Jul. 2024	<a href="#">Download</a>
Platzer Fastigheter AB	Green SPO	Sweden	Corporate	Jul. 2024	<a href="#">Download</a>
Mewah-Oils Sdn Bhd	Sus-Linked SPO	Malaysia	Corporate	Jul. 2024	<a href="#">Download</a>
Feicheng City Assets Management Group Co. Ltd	Green SPO	China	Local Government	Jul. 2024	<a href="#">Download</a>
China Citic Bank Corp. Ltd.	Green SPO	China	Financial Institution	Jul. 2024	<a href="#">Download</a>

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

### Latest Climate Transition Assessments (July-Sept. 2024)

All reports are available [here](#).

Company	Green equity designation	Country	Issuer	Month	Report
Kempower Oyj	Nasdaq	Finland	Corporate	Sep. 2024	<a href="#">Download</a>
PSP Swiss Property	N/A	Switzerland	Corporate	Sep. 2024	<a href="#">Download</a>

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

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## Related Research

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- [Hurricanes Helene And Milton Add To U.S. Public Finance Issuers' Climate And Financial Challenges](#), Oct. 15, 2024
- [Middle East Sustainable Bond Issuance Trends](#), Oct. 15, 2024
- [Hurricane Milton: The Implications For Rated U.S. Insurers And Global Reinsurers](#), Oct. 9, 2024
- [Insurer's Focus On Underwriting To Tackle Climate Risk](#), Sept. 10, 2024
- [Power Sector Update: European Offshore Wind Is Racing Ahead](#), Sept. 10, 2024
- [Power Sector Update: China Will Keep Its Lead In Global Offshore Wind Additions](#), Aug. 29, 2024
- [No Quick Fix For The U.S. Affordable Housing Shortage](#), Aug. 21, 2024
- [Power Sector Update: Despite Rising Costs, Offshore Wind's Economic Tide Will Turn](#), Aug. 2, 2024
- [Scenarios Show Potential Ways Climate Change Affects Creditworthiness](#), July 25, 2024
- [Analytical Approach: Climate Transition Assessments](#), July 18, 2024
- [Biofuel Regulations Stoke Demand, Volatility Hits Brakes](#), July 17, 2024
- [Sustainable Finance FAQ: How S&P Global Ratings Supports Credibility And Transparency In Transition Financing](#), July 2, 2024
- [Decarbonizing Hard-To-Abate Sectors: Credit Quality Implications And Six Key Observations](#), June 25, 2024
- [Decarbonizing Metals Part One: A Pressing Issue With Uncertain Fixes](#), June 3, 2024
- [Decarbonizing Metals Part Two: Financial Strength Mitigates Rising Credit Risk](#), June 3, 2024
- [Shareholders Are Calling On Multilateral Lending Institutions To Increase Private-Sector Capital Mobilization For Climate And Development](#), May 28, 2024
- [Risky Business: Companies' Progress On Adapting To Climate Change](#), April 3, 2024
- [SPO Spotlight](#), March 28, 2024
- [Sustainability Insights Research: Sustainable Bond Issuance To Approach \\$1 Trillion In 2024](#), Feb. 13, 2024
- [Key 2024 sustainability trends driving the year ahead](#), Jan. 15, 2024
- [Investment in climate adaptation needs have high returns on growth](#), Jan. 10, 2024
- [Lost GDP: Potential Impacts Of Physical Climate Risks](#), Nov. 27, 2023
- [Sustainability Insights Research: Lost Water: Challenges And Opportunities](#), Sept. 6, 2023
- [Use of Proceeds SPO Methodology](#), July 27, 2023
- [Analytical Approach: Shades Of Green Assessments](#), July 27, 2023
- [Analytical Approach: Second Party Opinions: Use Of Proceeds](#), July 27, 2023

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