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ESG Pulse Says A Greater Balance-Sheet Recognition Of Climate-Related Liabilities Would Enhance Financial Statements

PARIS, Dec. 22, 2020 /PRNewswire/ -- S&P Global Ratings' latest edition of the ESG Pulse: Reimagining Accounting To Measure Climate Change Risks, published today, looks at how ESG factors have influenced nearly 2,300 rating actions, of which more than 900 rating downgrades, over the last eight months.

In addition, it opines on benefits of greater balance-sheet recognition of actual and potential climate-related liabilities. This would enable users of financial statements to shift qualitative measures of climate exposures to more quantitative assessments.

As a percentage of total ESG and non-ESG rating actions over April-November, ESG-related actions accounted for as much as three-quarters of actions on sovereign/international public finance entities and one-third of U.S. public finance actions. For corporate and infrastructure entities, ESG factors contributed to one in three rating actions; bear in mind that we only treat COVID-19 as an ESG factor if it has direct health and safety effects on an entity's activities, not as a result of the economic crisis. In structured finance, ESG influenced about one in four rating actions.

This report does not constitute a rating action.

The report is available to subscribers of RatingsDirect at www.capitaliq.com. If you are not a RatingsDirect subscriber, you may purchase a copy of the report by calling (1) 212-438-7280 or sending an e-mail to research_request@spglobal.com. Ratings information can also be found on S&P Global Ratings' public website by using the Ratings search box located in the left column at www.standardandpoors.com. Alternatively, call one of the following S&P Global Ratings numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow (7) 495-783-4009.

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