News Release Archive

S&P Global Ratings launches Second Party Opinions for Sustainability-Linked Financings

- Credit ratings agency expands its sustainable financing opinions
- Second Party Opinions for sustainability-linked financial instruments available for financing frameworks and for transactions

LONDON, Sept. 7, 2021 /PRNewswire/ -- S&P Global Ratings has today announced its Second Party Opinions for Sustainability-Linked Financings, the latest in its well-established suite of sustainable financing opinions services. Through its new offering, the credit ratings agency will assess the alignment of entities' sustainability-linked framework or transaction with third-party sustainable finance principles and guidelines. As part of this, for the first time, S&P Global Ratings will opine on the relevancy of the key performance indicators (KPIs) and on the ambition of the performance targets for each KPI.

The Second Party Opinion for Sustainability-Linked financings is a "point in time" assessment of a framework or transaction. It reflects the degree to which a financing or transaction adheres to third-party sustainable finance principles and guidelines, such as the International Capital Markets Association (ICMA)'s Sustainability-Linked Bond Principles (SLBP) and the Loan Market Association (LMA)'s Sustainability-Linked Loan Principles (SLLP). The five components of the SLBP/SLLP that S&P assesses are: selection of KPIs, calibration of sustainability performance targets (SPTs), instrument characteristics, reporting and post-issuance review. The SLBP are the leading voluntary set of principles for the governance and transparency of sustainability-linked bonds, while the SLLP provide the same guidelines for sustainability-linked loans.

Susan Gray, Global Head of Sustainable Finance Business and Innovation, S&P Global Ratings, said: "Sustainability-linked financial instruments barely existed two years ago. And now, they're a fast-growing segment of a sustainable debt market that we estimate will reach $1 trillion in issuance this year. In such a rapidly innovating market, investors are seeking more transparency and a clearer analysis of how exactly their investments support the sustainability agenda. At the same time, issuers are looking for informed, independent and respected second party opinions on their sustainable financing including their sustainability-linked debt."

On 27th August, S&P Global Ratings published its first Second Party Opinion on Philip Morris' Business Transformation-Linked Financing Framework.

This new offering is the latest addition to S&P Global Ratings' sustainable financing opinions, which, since launch in 2017, has provided opinions on over 100 transactions and financing frameworks.

S&P Global Ratings' Second Party Opinions for Sustainability-Linked financings describe whether commitments made in the documentation are 'aligned' or 'not aligned' with the principles on the relevant analytical components, and beyond an 'aligned' or 'not aligned' opinion, the SPOs provide additional qualitative opinions on the level of additional commitments made in the documentation as 'satisfactory', 'strong', or 'advanced'.

It follows the expansion of the Green Transaction Evaluation methodology in December 2019 to include agriculture, forestry, and waste, as well as the launch of Second Party Opinions for use-of-proceeds financings in June 2020.

The analytical approach and analytical supplement for S&P Global Ratings' sustainable financing opinions are publicly available on spglobal.com.

Notes for the editor

About S&P Global Ratings

S&P Global Ratings, part of S&P Global Inc. (NYSE: SPGI), is the world's leading provider of independent credit risk research. We publish more than a million credit ratings on debt issued by sovereign, municipal, corporate and financial sector entities. With over 1,400 credit analysts in 26 countries, and more than 150 years' experience of assessing credit risk, we offer a unique combination of global coverage and local insight. Our research and opinions about relative credit risk provide market participants with information that helps to *support the growth of transparent, liquid debt markets worldwide.*

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