

ESG In Credit Ratings

July 2023

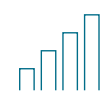
S&P Global
Ratings

Negative Actions Exceed Positive As ESG-Related Rating Actions Drop

This report does not constitute a rating action

By The Numbers: June 2023 ESG-Related Credit Rating Actions

Total ESG-driven credit rating actions, June 2023 versus May 2023



16 ▼

All credit
rating actions



6 ▼

Positive
rating actions



10 ▼

Negative
rating actions

▲ Increase
▼ Decrease

June 2023 positive rating action breakdown

Key factor

3



Health and
safety

Key sector

4



Corporates and
infrastructure

Key region

4



North
America

June 2023 negative rating action breakdown

Key factor

5



Risk management,
culture, and oversight

Key sector

5



Corporates and
infrastructure

Key region

8



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 June 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 June, down from 25 the previous month. Negative rating actions have exceeded positive actions, in every month this year bar April.
- Governance factors led with nine rating actions, followed by social factors with four, and environmental factors with three. Risk management, culture, and oversight were the reasons for more than three-quarters of all rating actions related to governance factors.
- Most of June's ESG-related rating actions came from the corporates and infrastructure sector with nine, split nearly evenly between positive and negative. U.S. public finance followed with six, a majority of which were negative.

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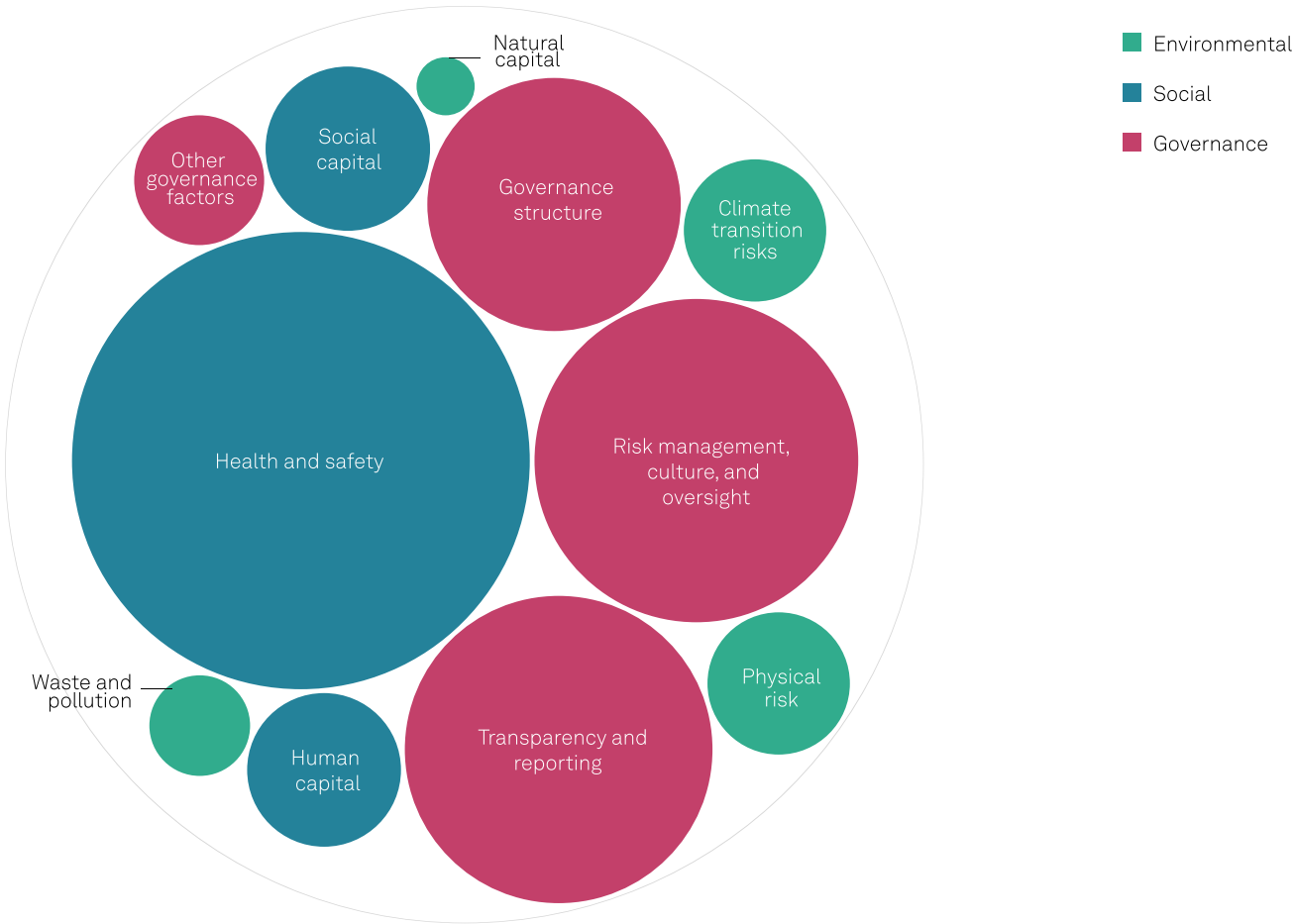
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2023 ESG Credit Rating Actions

The following section provides a summary of key ESG credit rating action trends in 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. This 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 June 30, 2023. Bubble size is determined by the occurrence of factors between January and June 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

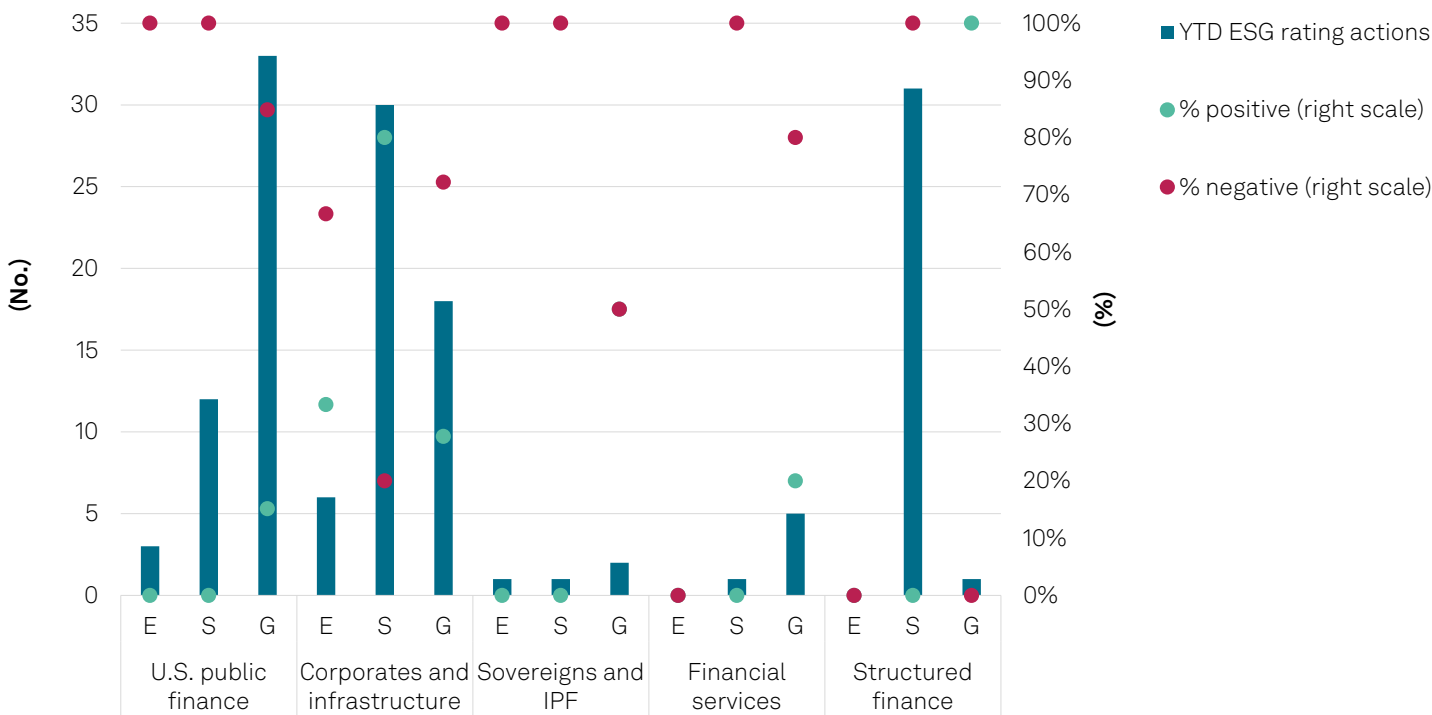
Year-to-date



Data as of June 30, 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, downward outlook/CreditWatch revisions, and withdrawals 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

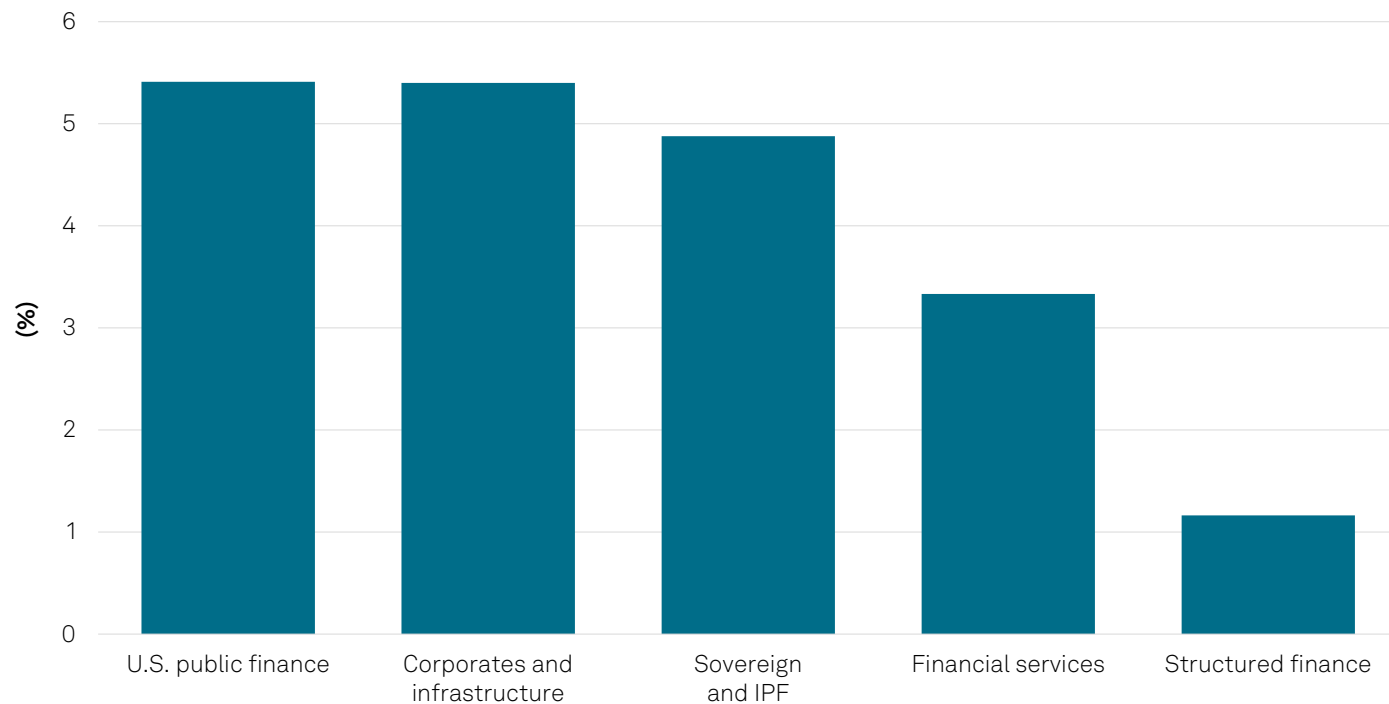
Number of actions and proportion positive/negative, year-to-date



Data as of June 30, 2023. Rating actions include rating, CreditWatch, outlook changes, and withdrawals. 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-related rating actions as a percent of total

Year-to-date

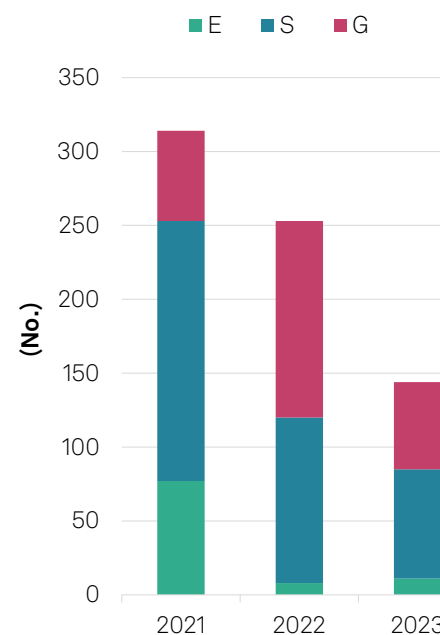
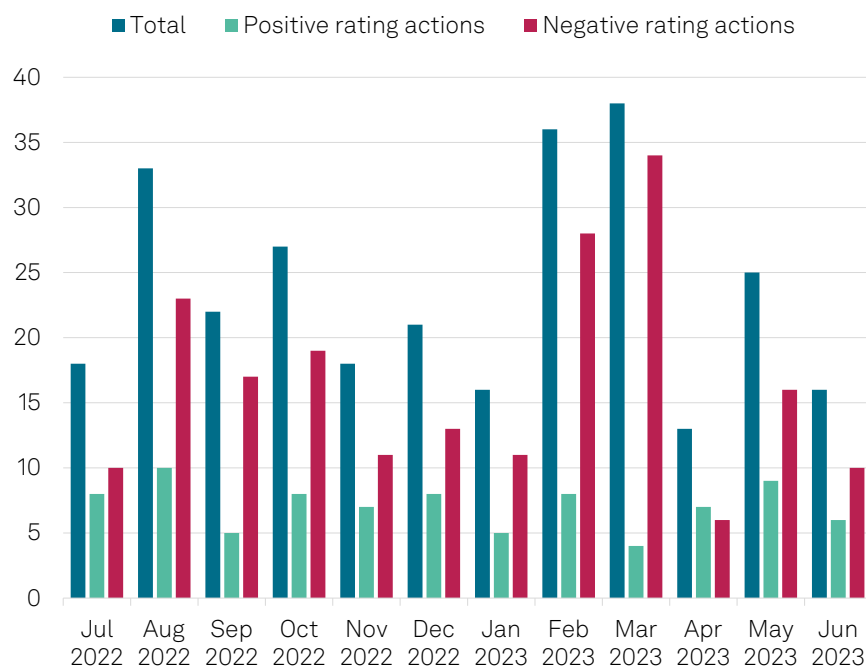


Data as of June 30, 2023. Total rating actions exclude affirmations, withdrawals, and new ratings, including instances where multiple rating actions exist. ESG--Environmental, social, and governance. IPF--International public finance. Source: S&P Global Ratings.

ESG-related credit rating actions

Trailing 12 months

Year-to-date



Data as of June 30, 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, downgrades with outlook revisions, and withdrawals. ESG--Environmental, social, and governance. Source: S&P Global Ratings.

Appendix

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	21	12	0	3	4	13	53
CreditWatch negative	15	1	0	0	0	18	34
Downward outlook revision	6	10	0	0	1	0	17
Upgrade	5	17	0	1	0	0	23
Upward outlook revision	0	14	0	0	1	0	15
CreditWatch positive	0	0	0	0	0	1	1
Withdrawn	1	0	0	0	0	0	1
Total ESG-related rating actions*	48	54	0	4	6	32	144
Environmental§	4	10	0	1	1	0	16
Social§	14	31	0	1	0	31	77
Governance§	49	24	0	2	6	2	83

Data as of June 30, 2023. *Rating actions include rating, CreditWatch, outlook changes, and withdrawals over January-June 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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