

Bond Case Briefs

Municipal Finance Law Since 1971

S&P Credit FAQ: Are Covered Bonds Becoming More Sustainable?

Since S&P Global Ratings published its last green covered bond report, the issuance of environmental and social themed covered bonds has steadily risen (see “What’s Behind The Rise In Green Covered Bond Issuance?,” published on June 26, 2018). While growth in the overall sustainable covered bond segment has perhaps not fully met the some market participants’ high expectations, social themed covered bonds have emerged as a new flavor of covered bonds over the past year, as issuers are looking to align their public sector and mortgage loans with broader social objectives.

This credit FAQ describes the recent developments, opportunities, and challenges facing the sustainable covered bond market, the nature of the collateral backing social bonds, and how we measure the social impact. We also consider the benefits of the covered bond structure in enabling environmental and social finance, how the structure supports good governance, and describe how we capture green and social factors and overall environmental, social, and governance (ESG) performance in our credit rating criteria.

- [What’s Changed In The Sustainable Covered Bond Market Over 2018-2019?](#)
- [What Are The Challenges For Sustainable Covered Bonds?](#)
- [Why Has Sustainable Covered Bond Issuance Increased?](#)
- [How Suitable Are Covered Bonds As Assets For Sustainable Financing?](#)
- [How Do Social Covered Bonds Report Their Impact?](#)
- [How Does S&P Global Ratings Consider ESG Factors In Its Covered Bond Ratings?](#)
- [How Do Social Factors Influence Credit Risk?](#)
- [Related Criteria](#)
- [Related Research](#)

[Read the full FAQ.](#)