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S&P ESG Pulse: Reimagining Accounting To Measure Climate Change Risks

Key Takeaways

- ESG-related rating actions fell to about 100 per month in October and November, from a monthly average of 200 from July to September. This brings the total number of ESG-related rating actions during April-November to nearly 2,300.
- The bulk (over 98%) of ESG effects have related to health and safety (COVID-19). The most affected have been sovereign and local government ratings, air travel and mass transport, media and leisure, higher education, and retail, as well as restaurants, hotels, and conference centers, with knock-on effects on CMBS.
- 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.

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