

Bond Case Briefs

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S&P: Navigating The Strengths, Challenges, And Best Practices In Sustainable Finance Frameworks And Transaction Documentation.

Key Takeaways

- Reaching \$960 billion in 2021, sustainable debt issuance continues to climb to impressive heights, but the credibility and legitimacy of sustainable debt instruments is still sometimes murky.
- Because the issuer assigns the “sustainable” label to a transaction, there are several factors that can set transactions or financing frameworks apart as stronger or weaker in our sustainable financing opinion analysis. In use of proceeds transactions and frameworks, these could include risk management and reporting practices, while for sustainability-linked they include KPI relevance and SPT ambition.
- The strengths and weaknesses that we have identified thus far in the market may soon look very different, and we expect the transparency and detail disclosed in documentation to increasingly go beyond minimum requirements as the push toward greater granularity in disclosure, from issuers, investors, and intermediaries, accelerates.

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18 Jan, 2022