
S&P Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors

Key Takeaways

- S&P Global Ratings incorporates environmental, social, and governance (ESG) risks and opportunities into the credit rating analysis of U.S. public finance (USPF) entities based on factors embedded in our sector-specific criteria.
- ESG credit factors can materially influence the creditworthiness of a rated entity or issue when we have sufficient visibility and certainty to include in our credit rating analysis.
- Our long-term credit ratings do not have a pre-determined time horizon and ESG credit factors incorporate qualitative and quantitative analysis to determine materiality within our credit rating analysis.
- Even as additional data become available, reflecting ESG risks and opportunities within our credit rating analysis will require a qualitative view of an entity's capacity to anticipate and plan for a variety of emerging risks that could disrupt its credit fundamentals.
- We have updated this sector-by-sector analysis originally published in April 2020 to provide additional insight on how ESG credit factors intersect with aspects of our criteria frameworks shown throughout this article. The examples are not exhaustive and represent where the risks could be most material to our credit rating analysis.

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