



ESG Investing

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Awards 2026 Interview
ISS STOXX



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The Sustainability Bond Rating from ISS STOXX offers investors a new level of transparency and accountability to the labelled bond market. While traditional ESG ratings focus on issuer-level performance, this innovation shifts the lens to issuance-specific evaluation, addressing a critical gap for investors seeking to validate the integrity of green, social, sustainability, and sustainability-linked bonds.

Judges for the ESG Investing Awards 2026 said, *“ISS STOXX has developed a genuinely innovative product with a tangible relevance and value to investors who demand quantifiable insights into sustainability bond credentials, risk and impact”.*

| ISS STOXX was awarded ‘Most Innovative ESG Product’
at the ESG Investing Awards 2026.

Interview

Matthew Clements, Editor at ESG Investing talks to Ludovine Alexandra Tarsia, Associate Director, Sustainability Solutions Products at ISS STOXX. They discuss ESG data and ratings and ISS STOXX's winning entry for the ESG Investing Awards 2026, The Sustainability Bond Rating.



Ludovine Alexandra Tarsia Associate Director, Sustainability Solutions Products

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In terms of end users such as funds and institutional investors, how has the demand for data and ratings changed over the past few years?

Institutional investors within Fixed Income are focused on the disparity between the varying levels and lack of standardisation of disclosure policies around labelled securities. This has been a growing pain point for investors, especially as issuance has grown exponentially over the past 5 to 10 years.

The market is now well over 6 trillion US dollars of outstanding labelled debt with over 17,000 securities. Investors want to understand what's best in class compared to their own mandates, but that's difficult to do when you're navigating different reporting standards and cadences of reporting cycles. What they ask of data providers is the ability to harmonise those disclosures in a framework, assess whether those disclosures are up to par, and find a standardising framework that can allow distinction, comparability and selection against their own criteria.

Ratings for Fixed Income vs. Equities

Is a sustainability rating more complicated for fixed income than it is for equities?

Yes, to some extent. I would say this is because the regulation and the market itself is less mature. In fixed income issuers are not bound by a standard format in which they have to present allocation and impact reports.

The impact metrics also differ and are more disparate partly because a lot of the instruments are new. For example, blue bonds were the talk of the town a few years ago but now we're increasingly talking about transition bonds.

These changes don't assist the standardisation process. With the Sustainability Bond Rating we look to assess what the issuer has disclosed and the level of granularity they've provided. We also consider if the bond conforms to the overall sustainability goals of the issuer and are those goals ambitious and quantifiable.

With green bonds, social bonds or labelled bonds the disclosures are available through allocation and impact reports. This provides the specific financed activities of that security. A general financing bond lacks this transparency and it's therefore much harder to establish what activities the bond is financing.

With your Sustainability Bond Rating product, what difference does the maturity of the bond make when it comes to the rating process?

The maturity or the duration of bond is not taken into consideration within the impact portion of the Sustainability Bond Rating. However, it does come into play in two specific areas. One is the refinancing component. If a bond has a longer term maturity but it's refinancing existing debt, it could be a bond that's been reissued for interest rate consideration purposes. This doesn't mean it is necessarily funding new activities. If it's not being issued for new sustainable or social projects that will play a part in our assessment.

Secondly, if the instrument is callable and has a long-term maturity with stated targets that are beyond the call date of the security, that can play a part in how we view that bond. We look at what the bond is financing during that time and what is the potential of that bond in terms of the impact versus Sustainability Development goals or potential emissions during the life cycle of the bond.

What are the proceeds for the sustainability bonds typically used for? Is there one particular area of sustainability that tends to predominate?

There is a clear preference, both from investors and issuers to issue use of proceeds bonds as opposed to sustainability linked bonds. Within the labelled debt universe, I'd say that the use of proceeds bonds outnumbers sustainability linked bonds by maybe eight to one. The requirements around the disclosures are much more stringent and therefore exhibit more transparency which helps clarify where the proceeds are being allocated.

ESG Investing: What are the differences between developed markets and emerging markets in terms of sustainability ratings and the process of rating bonds?

Our methodology uses ICMA guidelines as a baseline because we have a global coverage and global products with users across both developed and emerging markets.

Developed markets are still much more forthcoming with information and disclosures around financed activities. In fact there is a risk of the impact of the bond getting lost in the volume of information. Also, it opens the prospect of greenwashing risks. In summary, we find that disclosures tend to be a lot more detailed in developed markets, but it doesn't necessarily mean the volume of information means better information.

We have talked about the need for better corporate disclosure, transparency and standardization. How is this likely to come about?

The EU Green Bond Standard, which is already a very rigorous and stringent label but it has less than 30 issuances currently. I think change is likely to come from investors themselves who are actively making the choice to invest in these securities and will demand more credible disclosures.

ISS STOXX DATA

Where does most of ISS STOXX's data come from that you use for your bond ratings?

The baseline documentation includes prospectuses, final terms of the bonds and SPOs of bonds. We also use the framework documentation that is published by the issuer and the impact and allocation reports that are made available by issuers. In addition we leverage our own research for modelled data.

As an example, we consider the climate data points. We calculate emission intensities at the bond level by leveraging all the emission values that are modelled for different activities and different companies. The methodology it is then applied to the financed activity of the bond.

One of the problems that investors have is the reliability and dependability of data. For example there is no standardised way of reporting on emissions so we don't use that data in the final assessment.

Investors themselves have told us that they don't find these disclosures particularly useful, whether that's emissions or any other KPI that an issuer may report on because they don't allow for comparability, classification, or standardization.


For Sustainability Bond Rating, we consider what has been disclosed, take an analytical view and apply our proprietary modelling and methodology where applicable. It can then be used as a score for the bond based on the understanding of what has been financed.

For ISS STOXX's Sustainability Bond Rating, where does most of the demand come from in terms of end user and geographically?

Mostly it's from asset managers and portfolio managers but it can also be central banks, pension funds and insurance companies. In terms of geographically, we've had most success in Europe and the UK market.

See ISS STOXX's new [Sustainability Bond Rating](#) webpage.

For further information on anything you've read, please don't hesitate to get in contact with one of our team:

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