

CareEdge-ESG launches Second Party Opinion (SPO) assessments for ESG debt securities & Sustainable Finance Framework

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CareEdge ESG Ratings Limited (CareEdge-ESG), a **SEBI-registered ESG Rating Provider (ERP)** and wholly owned subsidiary of CARE Ratings Limited, has launched its **Second Party Opinion (SPO)** service. This service offers an independent third-party review and thorough evaluation of an issuer's sustainable finance framework and ESG debt securities. The SPO offering spans a wide spectrum of ESG-labelled debt instruments aligned with internationally recognised market standards, including Green Bonds, Social Bonds, Sustainability Bonds, Sustainability-Linked Bonds and Loans (SLB/SLL), and Transition finance frameworks. CareEdge-ESG is the **1st and only Indian ERP** to be **enlisted** with the **International Capital Market Association (ICMA)** as an **external reviewer**, in alignment with regulatory guidelines.

CareEdge ESG will assess how these financing instruments align with internationally recognised market standards and frameworks, including ICMA's Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainability Bond Guidelines (SBG), Sustainability-Linked Bond Principles (SLBP), Loan Market Association (LMA) Sustainability-Linked Loan Principles and Green Loan Principles, the Climate Transition Finance Handbook (CTFH), the EU Taxonomy for Sustainable Activities (when applicable), and the UN Sustainable Development Goals (SDGs). The evaluation will also factor in guidelines on ESG debt securities issued by Indian market regulators, including those from the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI), and the International Financial Services Centres Authority (IFSCA), as applicable.

This initiative aims to strengthen the credibility and transparency of sustainability claims associated with ESG-labelled bonds and loans. Independent validation through SPOs is increasingly critical as investors intensify scrutiny of greenwashing risks. SPOs can assist issuers in enhancing access to capital, securing better pricing outcomes, and reducing reputational and financial risks linked to unsubstantiated sustainability claims. A positive SPO demonstrates the issuer's genuine commitment to sustainability and acts as a proactive measure to maintain investor trust and market integrity.

SEBI's enhanced ESG framework¹, announced on June 5, 2025, introduces stringent requirements for issuers of ESG and sustainability-linked financial instruments, mandating robust disclosures, clearly defined sustainability targets, key performance indicators (KPIs), and post-issuance impact reporting. The framework also requires issuers of ESG debt securities to appoint independent third-party reviewers. These reviewers are tasked with providing an independent opinion confirming that ESG-labelled debt securities align with one or more recognised standards. The review further evaluates the issuer's processes, including project evaluation and selection criteria, and the eligibility of project categories financed through ESG-labelled instruments. Similarly, other international frameworks, such as the EU Green Bond Standard (EU GBS)² impose comparable requirements on issuers, including taxonomy-aligned use of proceeds, mandatory external verification, and comprehensive allocation and impact reporting throughout the bond's lifecycle.

¹ https://www.sebi.gov.in/legal/circulars/jun-2025/framework-for-environment-social-and-governance-esg-debt-securities-other-than-green-debt-securities-_94424.html

² <https://www.eurosif.org/policies/eu-green-bonds-standards/>

Saikat Roy, Chief Executive Officer of CareEdge-ESG, commented, "The sustainable finance market is expanding rapidly as stakeholders place greater emphasis on transparency, credibility, and strong ESG governance. With the launch of our Second Party Opinion services, CareEdge ESG is proud to play a pivotal role in strengthening trust and integrity within the responsible investment ecosystem. Our independent verification ensures that sustainable finance instruments align with globally accepted standards of integrity and impact. This initiative strengthens our commitment to advancing the global Sustainable Development Goals and promotes more transparent sustainability disclosures in capital markets. We believe this milestone will set a strong benchmark for future sustainable financing and empower businesses to access credible, sustainability-aligned funding."

Nikunj Dube, Chief Ratings Officer, CareEdge-ESG, commented, "India's ESG bond market is gaining strong momentum, supported by regulations and rising investor demand for sustainable assets. Corporations, particularly in renewable energy and infrastructure, are increasingly turning to ESG bonds as a preferred source of climate-aligned, socially responsible capital. While still nascent compared with global markets, India's ESG debt landscape is poised for accelerated expansion, reshaping the future of fixed-income investing in the country."

Regulatory developments, including SEBI's Business Responsibility and Sustainability Reporting (BRSR) Core framework and the Reserve Bank of India's green finance guidelines, are encouraging companies to embed ESG considerations into their financing strategies. At the same time, institutional investors such as mutual funds, insurers and banks are gradually integrating sustainability priorities into their portfolios, reflecting both compliance requirements and a broader shift toward responsible investing.

As a leading ESG ratings and analytics provider, CareEdge ESG is committed to supporting this transition by delivering robust, independent Second-Party Opinions aligned with global and domestic standards. Our SPOs provide a point-in-time assessment of sustainable finance frameworks and issuers' ESG credentials, helping ensure that green and sustainability-linked instruments are credible and transparent. Through comprehensive evaluation reports, we offer investors clear insights into the alignment of ESG-labelled bonds with industry principles and sustainability objectives, fostering trust and strengthening confidence in sustainable finance decisions."

About CARE ESG Ratings Limited

CareEdge-ESG, a SEBI-registered Category I ESG Rating Provider (ERP) and wholly owned subsidiary of CARE Ratings Limited, builds on CARE Ratings' three decades of expertise in credit assessment. The launch of its SPO services strengthens investor confidence and supports greater accountability and transparency in sustainable finance. By offering credible and independent evaluations, CareEdge-ESG enables issuers to effectively demonstrate the robustness and impact of their sustainable finance initiatives, including ESG-labelled bonds and loans.

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About Us:

CareEdge is a knowledge based analytical group that aims to provide superior insights based on technology, data analytics and detailed research. CARE ESG Ratings Limited (CareEdge-ESG) is one of the India's leading ESG rating provider fostering sustainability with ESG insights. With an aim of being a catalyst of change for a sustainable future with the most credible ESG assessments, CareEdge-ESG provides a 360-degree appraisal for the ESG performance benchmarking cum transition enabling ESG risk mitigation and enhanced decision-making capabilities for all stakeholders.

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