FitchRatings

Insurance
Life Insurers
United States

New York Life Insurance Company

And Subsidiaries

Key Rating Drivers

Leading Market Position: New York Life Insurance Company (NYL) is one of the leading producers of whole life insurance, a leading writer of guaranteed income annuities, and is expected to be a significant presence in the group life and disability insurance market once the acquisition closes of Cigna Corp.'s group life and disability insurance business, which is expected in late 2020. NYL's market position is deepened by its loyal and productive career agency distribution channel, which Fitch Ratings believes reduces pricing pressure and anti-selection in competitive market environments.

Product Diversification: NYL's mix of life insurance, annuities and asset management products provide diversification of mortality, longevity and interest rate risks. Additionally, the Cigna transaction will further add to NYL scale and diversification. Product diversification also supports its participating whole life dividend scale and augments sales growth. While NYL has exposure to the long-term care (LTC) product line, Fitch believes that the company is managing the risk well.

Extremely Strong Capital Levels: NYL's statutory capitalization continues to be viewed as extremely strong based on a 2019 Prism capital model score of 'Extremely Strong', a 2019 RBC ratio of 507% and conservative operating leverage. During 2019, total adjusted capital (TAC) grew modestly to $27.4 billion. The company's use of financial leverage has increased, but remains relatively modest and in line with rating expectations.

Stable Operating Results: NYL's diversity of earnings and participating nature of certain products drive strong and relatively stable earnings, despite the company's returns being partially suppressed by strong capital levels and persistently low interest rates.

Above-Average Risky Assets: NYL's risky assets ratio is above average at 91%, compared with the life industry aggregate of 79%. However, the ratio remains in line with similarly rated mutual peers with participating products and declined over recent years. Credit impairments remain manageable in the current environment and below historical averages.

Economic Headwinds: The ongoing coronavirus pandemic and associated broader economic uncertainty continue to pose a risk to NYL and the insurance industry as a whole. Historically low interest rates also continue to put pressure on insurers, and despite Fitch's view that NYL is well positioned, the combination of these factors could have a material impact on NYL's earnings and capital.

Rating Sensitivities

The ratings remain sensitive to any material change in Fitch's rating case assumptions with respect to the coronavirus pandemic. Periodic updates to our assumptions are possible given the rapid pace of changes in government actions in response to the pandemic and new information available on the outbreak.

Downgrade: A decline in capitalization that includes a Prism capital model score below 'Extremely Strong' or an NAIC RBC score below 450%; a reduction in GAAP fixed-charge coverage below 6.0x; material adverse performance in the acquired Cigna business post-closing or an unexpected shift in tax, regulatory or market dynamics that weaken NYL's competitive strengths. Further, a sustained increase in surplus notes to TAC above 15%, could result in wider notching between NYL's Insurer Financial Strength (IFS) rating and the ratings on the surplus notes, and an increase in surplus notes to TAC to above 20%, could result in a downgrade of all ratings

Upgrade: NYL has achieved Fitch's highest rating level, and as such, positive rating sensitivities are not applicable.

Ratings

New York Life Insurance Co.	
Insurer Financial Strength	AAA
Long-Term IDR	AA+
Surplus Notes	AA
Short-Term IDR	F1+
New York Life Insurance and Annuity Corp.	
Insurer Financial Strength	AAA

Note: See additional ratings on page 9.

Outlook

Stable

Financial Data

New York Life Insurance Company

($ Mil.)	2018	2019
Total Adjusted Capital (TAC)	24,790	27,423
Surplus Notes Outstanding	1,993	3,000
Statutory Net Income	880	1,004
Operating Return on TAC (%)	4.0	4.4
RBC (%)	478	507

Note: Reported on a statutory basis.
Source: Fitch Ratings, New York Life Insurance Co.

Applicable Criteria

Insurance Rating Criteria (August 2020)

Related Research

U.S. Life Insurers' Commercial Mortgage Update (Mortgage Loan Forbearance Activity Moderate, but Elevated Losses Expected) (September 2020)

Coronavirus Rating Impact: North American Insurers (75% Affirmed with Stable Outlook; Negative Actions Mainly for Life Insurers) (June 2020)

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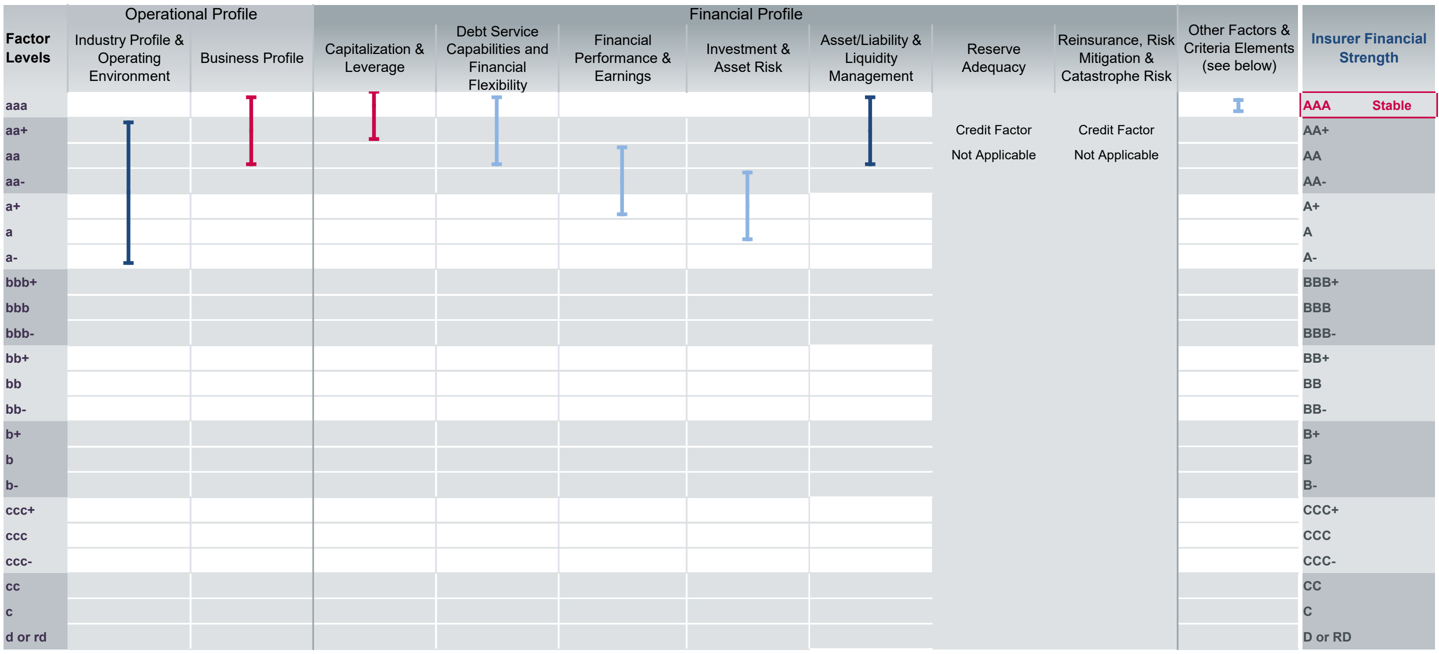
Key Credit Factors — Scoring Summary



Other Factors & Criteria Elements				
Provisional Insurer Financial Strength				**AAA**
Non-Insurance Attributes	Positive	**Neutral**	Negative	+0
Corporate Governance & Management	**Effective**	Some Weakness	Ineffective	+0
Ownership / Group Support	Positive	**Neutral**	Negative	+0
Transfer & Convertibility / Country Ceiling	Yes	**No**	AAA	+0
Insurer Financial Strength (IFS)			Final:	**AAA**
IFS Recovery Assumption	**Good**			-1
Issuer Default Rating (IDR)			Final:	**AA+**

Bar Chart Legend

Vertical Bars = Range of Rating Factor
Bar Colors = Relative Importance
- Higher Influence
- Moderate Influence
- Lower Influence

Bar Arrows = Rating Factor Outlook
- ⇧ Positive
- ⇩ Negative
- ⇳ Evolving
- ▫ Stable

Latest Developments

- NYL's acquisition of Cigna's group life and disability insurance business is expected to close in late 2020 and contribute meaningfully to NYL's diversification.
- NYL continues to be well positioned in the current stressed macroeconomic environment.

Industry Profile and Operating Environment (IPOE)

Click here for a link to a report that summarizes the main factors driving the above IPOE score.

Business Profile

Large, Well-Diversified Mutual Insurer

Companies are assigned a final ranking between “most favorable” and “least favorable” for the company’s overall business profile on a relative basis within the context of the full range of insurers (rated or unrated by Fitch) in the applicable insurance markets. Within this context, Fitch views NYL as having a most favorable business profile.

One of NYL’s key competitive advantages is its loyal and productive career agency distribution channel. Fitch believes this distribution strategy reduces pricing pressure and anti-selection in competitive market environments. The company targets middle-market and mass-affluent customers with a particular focus on higher-growth cultural markets and women.

NYL is one of the largest life insurance companies in the U.S. and Mexico, with approximately $345 billion in total assets and $27 billion in TAC as of Dec. 31, 2019. The company is one of the top producers of whole life insurance and is the market leader of guaranteed income annuities. NYL also offers fixed annuities, variable annuities (VAs) with minimal living benefit exposure and participating individual LTC insurance.

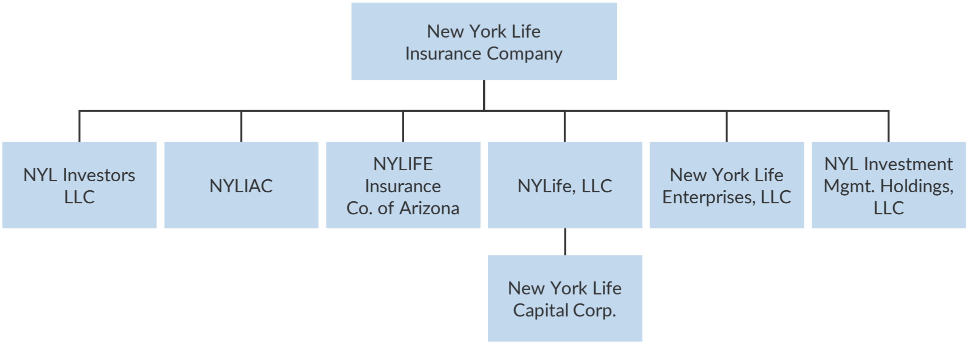
NYL uses effective risk management tools in its capital planning, investment and business strategies. The company offers relatively conservative product features and maintains a strong capital position to offset risks related to various stress scenarios. NYL’s exposure to LTC is limited relative to the industry, and Fitch believes that the risk in legacy business is being managed appropriately.

Diversified revenue sources allow the company to emphasize or deemphasize certain products in favorable or challenging economic scenarios and reduce its overall dependence on any single product. NYL’s mix of life insurance, annuities and asset management products provide diversification of mortality, longevity and interest rate risks. In 2019 NYL announced the acquisition of Cigna’s group life and disability insurance business, deal which is expected to improve the company’s diversification and is expected to close late in 2020.

Ownership

Fitch views the ownership structure of mutual insurance companies favorably, as the interests of management are aligned with those of policyholders, but overall neutral to the rating. Fitch believes that the company’s ownership structure generally allows management to hold more conservative levels of capital and pursue a more conservative operating strategy with a longer term focus on growth.

Simplified Organizational Structure — New York Life Insurance Company



Source: Company filings.

Capitalization and Leverage

Extremely Strong Capitalization

Fitch considers NYL's capitalization to be extremely strong as demonstrated by its score on Fitch's Prism capital model of 'Extremely Strong' at YE 2019, which follows similar scores over the last several years. The company continues to generate solid capital growth and maintains a cushion for extreme adverse scenarios. Nonrisk-based leverage metrics remain very strong and consistent with prior years.

NYL's financial leverage increased in 2019, and over 1H20, as the company issued additional surplus notes, in part to fund the acquisition of Cigna's group life and disability insurance business. As of June 30, 2020, Fitch calculated NYL's financial leverage at 14%, and going forward, Fitch expects that financial leverage will remain at current levels or begin to decline.

NYL's capital strength is also reflected by its strong quality of capital. Surplus notes remain a reasonable percentage of capital, the company makes limited use of third-party reinsurance and does not utilize captive insurers to fund excess life reserves. Additional conservatism is built into NYL's balance sheet, given the more conservative reserving practices prescribed by the New York State Department of Financial Services.

NYL's reliance on capital market funding is low, as demonstrated by its below industry average total financing and commitments ratio of 0.5x at YE 2019 and extremely strong capital levels.

Fitch Expectations

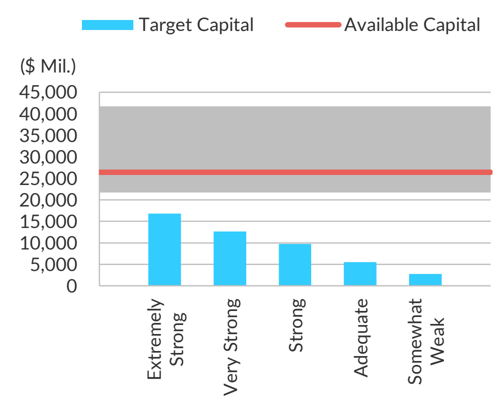
- NYL consistently demonstrates capital and leverage metrics in line with its rating level, which Fitch expects to continue going forward.
- Financial leverage is expected to remain flat or begin to decline over the near to intermediate term.

Financial Highlights

($ Mil.)	2018	2019
Total Adjusted Capital	24,790	27,423
RBC (%)	478	507
Asset Leverage (x)	13	13
Operating Leverage (x)	10	10
Surplus Notes/Total Adjusted Capital (%)	8	11

Note: Reported on a U.S. statutory basis.
Source: Fitch Ratings, New York Life Insurance Co.

2019 Prism Score — New York Life Insurance Group



(%)	2019
Prism Score	Extremely Strong
AC/TC at Prism Score	157
Target Capital Contributors	
Life Insurance	51
Annuity	86
A&H	7
Portfolio Scaling Adj.	(34)
Operational Risk	9
Diversification Benefit	(19)

AC – Available capital. TC – Target capital. Note: Shaded area represents the high and low of AC due primarily to value of affiliated life subsidiary, unrealized bond gains/(losses) and surplus notes.
Source: Fitch Ratings.

Debt Service Capabilities and Financial Flexibility

Coverage Remains Very Strong

NYL's very strong coverage metrics on both a GAAP and statutory basis are tempered slightly by the company's somewhat limited financial flexibility, although Fitch notes NYL is active in the capital markets.

In addition to the company's demonstrated access to funding through surplus note issuances, NYL's wholly owned indirect subsidiary, New York Life Capital Corp., is authorized to issue up to $3.0 billion of CP, which it does opportunistically to support the management of cash flows for investment and liquidity purposes. Outstanding CP balances are manageable and totaled $497 million at YE 2019.

During 2019, NYL increased its revolving credit facility to $1.5 billion from $1.25 billion. There were no outstanding balances as of Dec. 31, 2019. Additionally, the company has approximately $8.8 billion of borrowing capacity with the Federal Home Loan Bank (FHLB) of New York. New York Life Insurance and Annuity Corporation (NYLIAC) is a member of the FHLB of Pittsburgh with $5.3 billion of borrowing capacity.

As a mutual company, NYL's ability to raise equity capital is somewhat limited due to its inability to raise common stock. However, the company has demonstrated the ability to issue surplus notes, issuing an additional $1.25 billion in May 2020. Additionally, the company maintains an active medium-term note program both domestically and internationally. Additionally, liquidity from NYL's entire general account is available to service the company's outstanding surplus notes.

Fitch Expectations

- Interest coverage is expected to remain very strong.
- NYL is expected to maintain its financial flexibility with robust contingent funding in place.

Financial Highlights

($ Mil.)	2018	2019
Adjusted Interest Expense	126	159
GAAP Interest Coverage (x)	26	18
Statutory Interest Coverage (x)	7	9

Note: Reported on a U.S. statutory basis except where noted.
Source: Fitch Ratings, New York Life Insurance Co.

Debt Maturities

($ Mil., as of June 30, 2020)	
2021	0
2025	0
2026 and Beyond	4,250
Total	**4,250**

Source: Fitch Ratings, New York Life Insurance Co.

Financial Performance and Earnings

Very Strong, Stable Earnings

NYL's diversity of earnings and participating nature of certain products drive strong and relatively stable earnings, despite economic headwinds that put modest pressure on earnings in 1H20. NYL's returns also continue to be partially suppressed by strong capital levels and persistently low interest rates.

Although interest rate-sensitive business remains under pressure for the industry, NYL continues to manage its spread margins well, aided by solid investment performance and actively managed crediting rates. Fitch believes that NYL's exposure to the ongoing economic headwinds is manageable, due to its product diversification and extremely strong capitalization.

NYL's large life insurance business consistently accounts for more than 50% of the company's earnings, with smaller contributions from annuities and asset management. The participating nature of NYL's large block of in-force whole life business allows the company to adjust dividend rates to maintain strong targeted capital levels, while also providing a buffer that can be used to share investment performance with policyholders.

Other factors enabling NYL to price its individual whole life products competitively include low-lapse rates on its protection-based insurance products and a low expense base, aided by significant scale. Fitch believes the company's low-lapse rate for its whole life products illustrates sound product design, competitive dividend rates, and strong relationships between New York Life's career agency system and its policyholders.

Fitch Expectations

- NYL is expected to maintain strong levels of financial performance, despite modestly suppressed levels of earnings in 1H20, .

Financial Highlights

($ Mil.)	2018	2019
Pretax Gain from Operations	735	1,338
Net Income	880	1,004
Pretax Operating ROA (%)	0.2	0.4
Operating Return on Total Adjusted Capital (%)	4.0	4.4
Growth in Revenues Before Realized Gains (%)	(6)	10

Note: Reported on a U.S. statutory basis.
Source: Fitch Ratings, New York Life Insurance Co.

Investment and Asset Risk

Manageable Portfolio Risk

NYL manages a well-diversified, liquid investment portfolio that continues to perform well, despite continued low interest rates and ongoing economic headwinds. The company's exposure to risky assets is above the industry average but in line with similarly rated mutual peers with participating products, given its strategy to pass investment performance to policyholders.

NYL's portfolio consists primarily of investment-grade, publicly traded and private placement bonds (with a modest shift to NAIC 2 bonds in recent years); mortgage loans; and agency structured products. Credit impairments remained relatively low in the current distressed environment.

NYL's investment strategy takes a long-term view of its portfolio and its product liabilities. Under this strategy, the company maintains an above-average risky assets ratio (defined as below-investment-grade bonds, common stocks, select schedule BA assets and lower quality mortgages as a percentage of TAC), largely driven by greater exposure to private equity limited partnerships. NYL's above-average allocation to equities supports its participating whole life policies.

NYL's commercial mortgage loan portfolio, which consists of approximately 13% of total GAAP cash and invested assets at YE 2019, is well diversified by both geography and property type. Loan quality remains favorable, demonstrated by attractive loan-to-value ratios and debt service coverage.

Fitch Expectations

- Credit impairments are expected to increase modestly from previous years but remain very manageable relative to the size of NYL investment portfolio.
- Fitch believes that NYL is also well positioned to withstand any ratings migration risk within its portfolio.

Financial Highlights

($ Mil.)	2018	2019
Cash and Invested Assets	256,290	267,973
Below-Investment-Grade Bonds/ TAC (%)	43	41
Risky Assets Ratio (%)	93	91
Investment Yield (%)	4.3	4.4

TAC – Total adjusted capital. N.A. – Not available.
Note: Reported on a U.S. statutory basis.
Source: Fitch Ratings, New York Life Insurance Co.

Asset/Liability and Liquidity Management

Very Strong ALM and Liquidity

NYL's asset/liability management (ALM) and liquidity are considered very strong, with assets and liabilities well matched and varied sources of contingent liquidity available. Fitch believes that NYL effectively manages asset and liability risks through good product design, strict pricing discipline and actively managed duration. The company aims to minimize interest rate risk and currency risk through hedging.

NYL is exposed to withdrawal/maturity risk through individual annuities and stable value products. Interest rate and disintermediation risks are well managed through cash flow matching and contract provisions. Liquidity risk in its institutional annuity products remains manageable, due to modest exposure to these products at YE 2019.

NYL has a relatively small exposure to the VA business, which represents approximately 12% of total general and separate account reserves. Fitch views the risk profile of NYL's VA business more favorably than industry peers.

Fitch Expectations

- Fitch expects NYL ALM and liquidity management to remain very strong.

Financial Highlights

	2018	2019
Liquidity Ratio (%)	65	64
Operating Cash Flow Coverage (x)	1.4	1.3
Public Bonds/Total Bonds (%)	63	62
Total Adjusted Liabilities and Deposits ($ Mil.)	300,157	317,704

Note: Reported on a U.S. statutory basis.
Source: Fitch Ratings, New York Life Insurance Co.

Selected Variable Annuity Benefit Guarantee Data[a]

	Account Value		Net Amount at Risk	
($ Mil.)	**2018**	**2019**	**2018**	**2019**
GMDB – Return of Premium	20,295	24,359	184	14
GMAB – Return of Premium	5,916	6,991	205	72
GMDB – Ratchet	8,482	8,964	528	71
GMAB – Ratchet	1,275	1,330	38	11

[a]New York Life's variable annuity contracts offer more than one guarantee. Amounts are not mutually exclusive.
GMDB – Guaranteed minimum death benefit. GMAB – Guaranteed minimum accumulation benefit.
Source: New York Life Insurance Company.

Appendix A: Peer Analysis

Well-Positioned Among Peers Rated 'AAA'

NYL compares well with other highly rated mutual life insurance companies. Capitalization, as measured by RBC, operating leverage and financial leverage, is comparable with peers and in line with median rating guidelines. Additionally, NYL's quality of capital is viewed favorably.

Fitch views NYL's profitability metrics (both return on assets and TAC) and those of its mutual peer group as modest compared with the industry; however, on a risk-adjusted basis, results are viewed favorably due to the participating nature of many of its products. More conservative levels of capital and a more conservative operating strategy tend to suppress profitability metrics for mutual insurers. Additionally, NYL's diverse product offerings contribute to enhanced earnings stability.

NYL's risky assets ratio is above average in comparison with the life insurance industry but largely in line with, if not slightly below, mutual peers. NYL and Northwestern Mutual Life Insurance Co. have a higher proportion of participating policies, which allows them to pass on investment experience to policyholders.

Peer Comparison

(%, As of Dec. 31, 2019)	IFS Rating	RBC Ratio	TAC ($ Mil.)	Assets/ TAC (x)	Operating Leverage (x)	Risky Assets/TAC	Surplus Notes/TAC	Pretax Return on Total Assets Post-Dividend	Operating Return on TAC
New York Life Insurance Co.	AAA	507	27,423	13	10	91	11	0.4	4.4
Northwestern Mutual	AAA	531	33,417	9	7	118	11	0.1	1.8
Massachusetts Mutual Life Insurance Co.	AA+	440	24,515	11	8	83	9	0.2	2.6
Guardian Life Insurance Co. of America	AA+	527	9,254	9	7	49	13	1.0	9.6

IFS – Insurer Financial Strength. TAC – Total adjusted capital. Note: Reported on a U.S. statutory basis.
Source: Fitch Ratings, company financials.

Appendix B: Other Ratings Considerations

Below is a summary of additional ratings considerations that are part of Fitch's ratings criteria.

Group IFS Rating Approach

NYL is the lead operating entity. Fitch considers its wholly owned subsidiary, New York Life Insurance and Annuity Corporation, to be a Core due to its shared management and dividend-paying capacity. Additionally, the companies share administrative and operating functions. Therefore, Fitch applied a group rating methodology to each entity based on a combined group assessment.

Complete Ratings List

Issuer	Security Class	Rating
New York Life Insurance Co	Insurer Financial Strength (IFS)	AAA
	Long-Term IDR	AA+
	Surplus Notes	AA
	Short-Term IDR	F1+
New York Life Insurance and Annuity Corporation	IFS	AAA
NYL Capital Corporation	CP	F1+
New York Life Global Funding	Funding Agreement-Backed Note Programs	AAA
New York Life Funding, Inc.	Funding Agreement-Backed Note Programs	AAA

Source: Fitch Ratings.

Notching

For notching purposes, the regulatory environment of the United States is assessed by Fitch as being Effective, and classified as following a Ring-Fencing approach.

Notching Summary

IFS Ratings

A baseline recovery assumption of Good applies to the IFS rating, and standard notching was used from the IFS "anchor" rating to the operating company IDR.

Hybrids – Operating Company

Notching of operating company surplus notes was based on a standard baseline recovery assumption of Below Average and a nonperformance risk assessment of Minimal. Thus, they are notched down by two from the operating company IFS, which is based on one notch for recovery and one notch for nonperformance risk.

IFS – Insurer Financial Strength. IDR – Issuer Default Rating.

New York Life Global Fund and New York Life Funding Note Programs

The 'AAA' ratings on these and related issues recognizes that the trust obligations are secured solely by funding agreements issued by NYL with cash flow structures that enable the trustees to pay the principal and interest on the notes. Thus, the note programs are dependent on NYL's credit quality and are assigned a rating equal to the company's IFS rating.

Short-Term Ratings

NYL's short-term Issuer Default Rating (IDR) was notched using standard long-term and short-term ratings equivalencies, per Fitch's criteria. Backup liquidity meets Fitch's liquidity guidelines.

NYL's subsidiary New York Life Capital Corp. (NYL CapCo) is authorized to issue $3.0 billion in CP and serves solely as a funding vehicle for the organization. At Dec. 31, 2019, the company had $497 million of CP outstanding.

NYL CapCo's CP rating is directly related to the credit quality of its parent, NYL, which provides explicit support to its subsidiary through a support agreement. The support agreement states that NYL will (directly or through a wholly owned subsidiary) own and hold the entire legal title to and beneficial interest in all outstanding shares of capital stock of NYL CapCo.

Hybrids Treatment

Hybrid	Amount ($ Mil.)	CAR Fitch (%)	CAR Reg. Override (%)	FLR Debt (%)
New York Life Insurance Co.				
Surplus Notes due 2039	1,000	0	100	100
Surplus Notes due 2033	1,000	0	100	100
Surplus Notes due 2069	1,000	0	100	100
Surplus Note due 2050	1,250	0	100	100

CAR – Capitalization ratio: FLR – Financial leverage ratio. Note: CAR % shows portion of hybrid value included as available capital, both before (Fitch %) and the regulatory override. FLR % shows portion of hybrid value included as debt in numerator of leverage ratio.
Source: Fitch Ratings.

Corporate Governance and Management

Corporate governance and management are effective and neutral to the rating. Ten of 11 board members are independent. Standard subcommittees are in place. Pricewaterhouse Coopers is NYL's auditor. The audit opinion for 2019 was unqualified.

Although not a Securities and Exchange Commission registrant, NYL voluntarily complies with section 302 of Sarbanes-Oxley Act of 2002. NYL annually reports consolidated results publicly under U.S. GAAP. NYL and its insurance subsidiaries report results under statutory accounting principles permitted as prescribed by their respective states of domicile.

Transfer and Convertibility Risk (Country Ceiling)

None.

Criteria Variations

None.

Appendix C: Environmental, Social and Governance Considerations

FitchRatings **New York Life Insurance Company**

Insurance Ratings Navigator
Life Insurance (US)

Credit-Relevant ESG Derivation

New York Life Insurance Company has 6 ESG potential rating drivers

- New York Life Insurance Company has exposure to compliance risk; treating customers fairly; pricing transparency; privacy/data security; legal/regulatory fines; exposure to own cyber risk but this has very low impact on the rating.
- New York Life Insurance Company has exposure to social responsibility and its effect on brand strength; increased vulnerability due to credit concentrations but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

			Overall ESG Scale
key driver	0	issues	5
driver	0	issues	4
potential driver	6	issues	3
not a rating driver	2	issues	2
	6	issues	1

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Impact of extreme weather events/natural catastrophes on operations or asset quality; credit concentrations	Financial Performance & Earnings; Investment & Asset Risk	1

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference	S Scale
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risk; treating customers fairly; pricing transparency; privacy/data security; legal/regulatory fines; exposure to own cyber risk	Industry Profile & Operating Environment; Business Profile	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Corporate Governance & Management	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	3	Social responsibility and its effect on brand strength; increased vulnerability due to credit concentrations	Business Profile; Investment & Asset Risk; Financial Performance & Earnings; Reinsurance, Risk Mitigation & Catastrophe Risk	1

Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference	G Scale
Management Strategy	3	Operational implementation of strategy	Corporate Governance & Management; Business Profile	5
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Corporate Governance & Management	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Corporate Governance & Management; Ownership	3
Financial Transparency	3	Quality and timing of financial reporting and auditing processes	Corporate Governance & Management	2
				1

How to Read This Page
ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Priniciples for Responsible Investing (PRI) and the Sustainability Accounting Standards Board(SASB).

Sector references in the scale definitions below refer to Sector as displayed in the Sector Details box on page 1 of the navigator.

CREDIT-RELEVANT ESG SCALE
How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

ESG Considerations

Unless otherwise disclosed in this section, the highest level of Environmental, Social and Governance (ESG) credit relevance is a score of ‘3’. ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch’s ESG Relevance Scores, visit www.fitchratings.com/esg.

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The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.