

KBRA's responsibility as an ESG-focused firm is to deliver the highest-quality credit analysis and research.

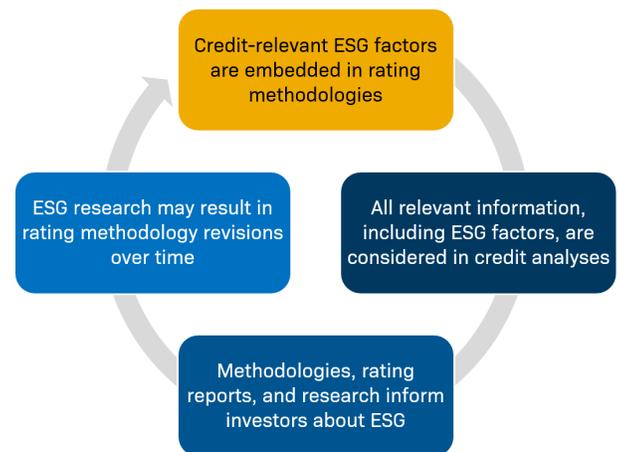
WHAT IS ESG?

ESG factors are broad and diverse, and there is no precise definition as to what constitutes an ESG investment. The factors, metrics, and data used in assessing ESG risks can vary. See below for examples of ESG factors that KBRA may consider:

ENVIRONMENTAL	SOCIAL	GOVERNANCE
<ul style="list-style-type: none"> Climate change Greenhouse gas emissions Land use Resource depletion Energy efficiency Waste management Air and water pollution Natural disasters Technology and sourcing Contamination 	<ul style="list-style-type: none"> Diversity and inequality Human rights Labor standards and worker safety Population and demographic changes Employment Income Terrorism and political safety Education Housing 	<ul style="list-style-type: none"> Organizational and ownership structure Board size, composition, and independence Board Committee structure Transparency and accountability Policies and "practices" Tax responsibility Cybersecurity Commitment to compliance

KBRA'S ESG OVERVIEW

KBRA's ratings incorporate all material credit factors including those that relate to ESG considerations when they are credit relevant. While ESG factors may influence ratings, it is important to underscore that the ratings issued by KBRA do not incorporate value-based judgments around credit factors. Rather, the company's ratings incorporate expectations for the credit impact of such factors, which include an evaluation of risk management and mitigation efforts. KBRA's analytical approach intends to capture all meaningful factors in our ratings when we believe there will be an impact on the credit after considering risk mitigation efforts. Factors that may influence credit analysis are not always static and require ongoing surveillance. As credit factors develop more clarity, they are incorporated into KBRA's surveillance reviews and KBRA will modify its credit analysis if and when it becomes appropriate to do so. As new information becomes available and as future expectations evolve, the information and expectations may trend in a way that could meaningfully impact KBRA's credit analyses and ratings.



ESG RESEARCH ACROSS MULTIPLE SECTORS

Access for free at <https://www.krollbondratings.com/understanding-ratings/esg>.



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