FitchRatings

Athora Holding Ltd.

And Core Subsidiaries of the Athora Group

Key Rating Drivers

Improved Business Profile: Athora Holding Ltd.'s business profile improved following the completion of the acquisition of VIVAT N.V. (now Athora Netherlands N.V.) in April 2020. The business profile is now strong in Fitch Ratings' analysis.

With total assets of around EUR86 billion at end-2020, Athora's operating scale is now favourable compared to other European insurance groups. We also view the group's geographical diversification as favourable in our assessment of the business profile. However, Athora's risk profile is moderate because of the group's focus on traditional life insurance products with relatively high guarantees, relatively high investment risk, and risks arising from the integration of acquired businesses.

Profitability Good: We expect profitability to benefit from Athora's strategic asset allocation favouring investments with higher expected returns. In 2020 Athora reported a strong Fitch-calculated return on equity (ROE) of 28%, which was supported by one-off gains from the below-book value purchase of VIVAT, investment gains stemming from tactical changes to asset allocation and the base effect of a significantly lower group equity position at end-2019 than at end-2020. Athora's own long-term return on equity (ROE) target is in the mid-teens.

Strong Capitalisation and Leverage: Athora's Prism Factor-Based Capital Model (Prism FBM) score was 'Extremely Strong' at end-2020. Fitch expects capitalisation to decline somewhat as the group grows, but that the group's Prism FBM score will remain at least 'Very Strong'.

The group's financial leverage ratio (FLR) improved to 26% at end-2020 from 30% at end-2019, including Athora Netherlands on a pro-forma basis. This level also included pro-forma EUR300 million subordinated debt issued in April 2021, and the repayment of EUR250 million of subordinated debt in April. The yoy improvement was largely driven by a capital injection and debt reduction.

High Investment Risk: Fitch regards Athora's investment risk as fairly high, but manageable. Most of Athora's investments are holdings of investment-grade corporate and sovereign bonds. Athora also invests in private credit assets, alternative investments and commercial mortgage loans (CMLs).

Strong ALM and Liquidity: Fitch views Athora's asset liability management (ALM) and liquidity as strong. This view is based on the group's sophisticated ALM frameworks, duration-matched assets and liabilities and an investment strategy that seeks to minimise capital volatility.

'Core' to Group: Fitch Ratings regards the rated entities Athora Life Re Ltd. (Athora Re), Athora Ireland plc, Athora Netherlands N.V. and SRLEV N.V. as 'core' to Athora Holding Ltd. (Athora), the top holding company of the Athora group. Athora acquires and reinsures traditional life portfolios in European markets. Athora Re and Athora Ireland provide intra-group reinsurance to these portfolios, and external reinsurance coverage.

Rating Sensitivities

Sustained Improved Profitabilty: A consolidation of financial performance reflected in a ROE in excess of 8% on a sustained basis could lead to an upgrade – assuming a minimum Prism FBM score of 'Very Strong'.

Weaker Profitabilty: ROE falling to below 6% on a sustained basis would lead to a revision of the rating Outlook to Stable.

Weaker Capitalisation and Leverage: The ratings could be downgraded if Athora's FLR worsens to above 35%.

Ratings

Athora Holding Ltd.	
Long-Term IDR	BBB+
Athora Life Re Ltd.	
Insurer Financial Strength Rating	A-
Athora Ireland plc	
Insurer Financial Strength Rating	A-
Athora Netherlands N.V.	
Long-Term IDR	BBB+
Senior unsecured notes	BBB
Subordinated notes	BB+
Junior subordinated notes	BB
SRLEV N.V.	
Insurer Financial Strength Rating	A-
Long-Term IDR	BBB+
Subordinated notes	BBB-

Outlooks

Long-Term IDR	Positive
Insurer Financial Strength Ratings	Positive

Financial Data

Athora Holding Ltd. (Consolidated)

(EURm)	2019	2020
Total assets[a]	16,591	86,303
Total shareholders' funds	608	3,999
Debt (including hybrids)	465	2,194
Net earned premiums	392	1,549
Net income	-6	641

[a] Excluding reinsurance assets
Source: Fitch Ratings; Athora Holding

Applicable Criteria

Insurance Rating Criteria (April 2021)

Related Research

Dutch Insurance Dashboard: 2020 Results (May 2021)

Eurozone Life Insurers Face Mounting Earnings Pressure Amid Ultra-Low Rates (April 2021)

European Life Insurance Consolidation: Fundamentals Support Further Consolidation (February 2021)

COVID-19 Mortality Assumptions (Fitch Updates Stress Values for Life Insurers/Reinsurers) (October 2020)

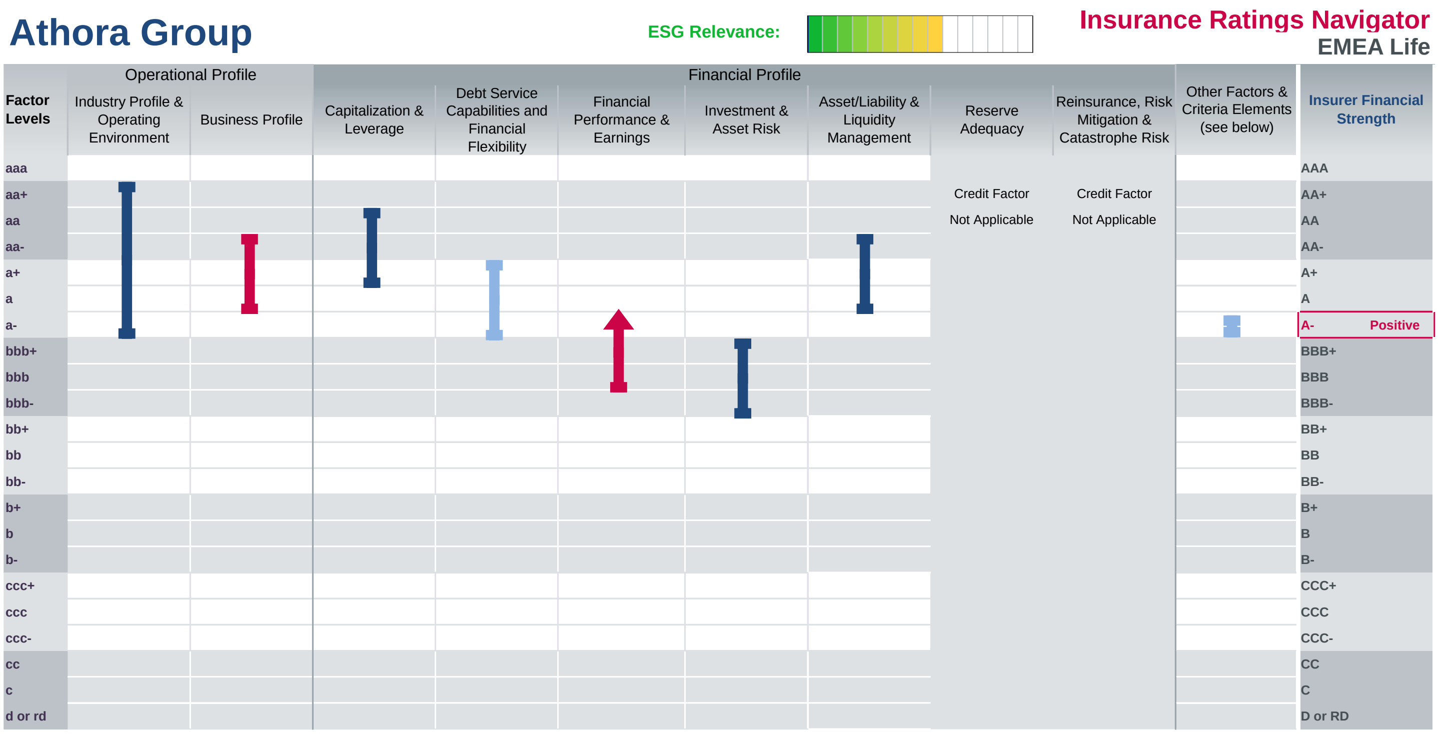
Analysts

Ralf Ehrhardt
+49 69 768076 163
ralf.ehrhardt@fitchratings.com

Willem Loots
+44 20 3530 1808
willem.loots@fitchratings.com

Eugene McGeown
+44 20 3530 1767
eugene.mcgeown@fitchratings.com

Key Credit Factors – Scoring Summary



Other Factors & Criteria Elements				
Provisional Insurer Financial Strength				**A-**
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**	NR	+0
Insurer Financial Strength (IFS)			Final:	**A-**
IFS Recovery Assumption	**Good**			-1
Issuer Default Rating (IDR)			Final:	**n.a.**

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

- In November 2020, we raised our assessment of Athora's business profile to 'a' from 'bbb' (see Ratings Navigator published on 10 November 2020). This reflected the acquisition of VIVAT, which led to increased size and proved Athora's favourable competitive position in the European life insurance M&A market.
- Athora Re announcing its first external reinsurance transaction in December 2020 explains the further improvement of the business profile score to 'a+'.
- The positive outlook on financial performance and earnings reflects our expectation that Athora's earnings will stabilise at a level commensurate with the 'a' category over the next one to two years despite current uncertainties stemming from the coronavirus pandemic.

Peer Comparison

Click here for a report that shows a comparative peer analysis of key credit factor scoring.

Business Profile

Strong Business Profile

The Athora group is domiciled in Bermuda, but its main operations are in Europe. We therefore assess the group's business profile based on a comparison with other European life insurance groups. We view the Athora group as having a 'moderate' business profile versus those groups, reflecting favourable competitive positioning (including operating scale), moderate business risk profile and moderate diversification, leading to an 'a+' business profile score.

Fitch believes that Athora is well positioned to successfully acquire insurance portfolios in the ongoing restructuring of the European insurance industry. This is shown by the acquisition of Generali Belgium (not rated; now Athora Belgium), which was announced in April 2018 and completed in January 2019, and the acquisition of VIVAT, which was announced in June 2019 and completed in April 2020.

Athora had total assets of around EUR86 billion at end-2020. Its operating scale improved to favourable compared to other European life insurance groups after the acquisition of VIVAT.

Fitch views the Athora group as having a moderate risk profile. This is because of the group's focus on traditional life insurance products with fairly high guarantees and fairly high investment risk, and because of the risks arising from the operational integration of acquisitions into the group.

Athora group's diversification is moderate compared to other European life insurance groups. Product diversification is quite limited as the group focuses on traditional life insurance products, and the share of unit-linked and term life products is relatively small. However, geographical diversification is increasing with operations in Bermuda, Belgium, Germany, Ireland and the Netherlands.

Ownership

Fitch regards ownership as neutral to Athora's ratings.

Athora is approximately 17% owned by Athene Holding Ltd. (Long-Term IDR: BBB+/Stable), 6% by Apollo Management, L.P. (Long-Term IDR: A/Stable) and 77% by other institutional investors and management. Fitch views the links to Athene, which includes a reinsurance cooperation agreement and knowledge-sharing, and Apollo, which provides asset-management services, as supportive to Athora's business profile and its ability to source assets to back acquired insurance liabilities.

Capitalisation and Leverage

Strong Capitalisation and Leverage

Fitch views Athora's capitalisation and leverage as very strong and as having a moderate influence on the ratings.

Athora's Prism FBM score remained 'Extremely Strong' at end-2020. It had improved in 2019 on a pro-forma basis, including VIVAT, from 'Strong' at end-2018. This reflects the additional capital raised in advance of the acquisition.

The group's financial leverage ratio (FLR) improved to 26% at end-2020 from 30% at end-2019, including VIVAT on a pro-forma basis. This level also included pro-forma EUR300 million subordinated debt issued in April 2021, and the repayment of EUR250 million of subordinated debt in April. The yoy improvement was largely driven by a capital injection and debt reduction.

Athora's total financing and commitments ratio of 0.6x at end-2020 is neutral to the ratings.

Fitch Expectations

- We expect capitalisation to decline slightly as the company grows its reinsurance business and continues to implement its strategic asset allocation, but that the Prism FBM score to remain at least 'Very Strong' in the medium term.
- We expect FLR to remain close to the group's internal target of 25%.

Financial Highlights

	2019	2020
Prism FBM score	Extremely Strong[a]	Extremely Strong
Financial leverage (%)	30[a]	26[b]
Bermuda solvency capital requirement coverage (%)	n.a.	242
Asset leverage (x)	20	14
Operating leverage (x)	16	10
Total financing and commitments ratio (x)	0.8	0.6

[a] Including VIVAT on a pro-forma basis
[b] Including Athora's new EUR300 million subordinated debt issued in April 2021 and repayment of EUR250 million of subordinated debt, on a pro-forma basis.
Source: Fitch Ratings; Athora Holding

Debt Service Capabilities and Financial Flexibility

Strong Financial Flexibility, Improved Coverage

Fitch views debt service capabilities and financial flexibility as strong and as having a low influence on the ratings.

Athora's strong financial flexibility is evidenced by the group raising additional paid-in equity in 2019 and in 2020 as part of the acquisitions of Athora Belgium (2019) and Athora Netherlands (2020). The group also received additional capital commitments from its shareholders in 2020. At end-2020, EUR500 million of these capital commitments remained undrawn and available to the group,

As part of the financing of both acquisitions Athora also accessed bank debt in the form of a five-year EUR175 million term loan in 2019, of which EUR25 million were repaid in 2019, a five year EUR500 million term loan in 2020, and set up a secured revolving credit facility in 2019, which was fully repaid in 2020. In February 2021 Athora set up a new EUR500 million unsecured revolving credit facility.

In April 2021 Athora issued EUR300 million of subordinated Tier 2 notes via Athora Netherlands N.V. refinancing EUR250 million of subordinated Tier 2 notes issued by SRLEV N.V., which the group repaid at its call date in April 2021.

Athora reported an improved fixed-charge coverage of 8x in 2020. The group's fixed-charge coverage benefitted in 2020 from increased operating income and a reduced fixed-cost basis, but remains negatively affected by integration costs from acquired businesses.

Fitch Expectations

- Fitch believes that Athora will be able to issue debt or raise new equity should the need arise.
- Fitch expects Athora to report fixed-charge coverage of at least 5x in the medium term.

Financial Highlights

(EURm)	2019	2020
Fixed-charge coverage ratio (x)	-3	8

Source: Fitch Ratings; Athora Holding

Debt Maturities

(As of May 2021)	(EURm)
2023	61
2024	150
2025	500
2031	300
Perpetual debt	1,234
Total	**2,245**

Source: Fitch Ratings; Athora Holding

Financial Performance and Earnings

Good Financial Performance and Earnings

Fitch regards Athora's profitability as good and as having a high influence on the rating.

In 2020 Athora reported a strong Fitch-calculated ROE of 28%, which was supported by one-off gains from the below-book value purchase of VIVAT, investment gains stemming from tactical changes to asset allocation and the base effect of a significantly lower group equity position at end-2019 than at end-2020. Athora's own long-term ROE target is in the mid-teens.

Athora Re uses a strict pricing policy for the reinsurance of in-force blocks of business. This includes business originating from entering into a reinsurance agreement with a third party, from M&A activities, and instances where Athora Re's subsidiary Athora Ireland acts as the reinsurer and typically retrocedes a portion of the insured risk to Athora Re. The reinsurance pricing process includes a review of profitability and pricing metrics to ensure the transactions meet minimum income thresholds.

Fitch Expectations

- We expect profitability to benefit from the implementation of Athora's strategic asset allocation favouring investments with higher expected returns and from expected cost savings.

Financial Highlights

(%)	2019	2020
Net income return on equity	-1	28
Net income return on assets	-0.2	-1.1

Source: Fitch Ratings; Athora Holding

Investment and Asset Risk

Investment Risk Commensurate with Rating

Fitch regards Athora's Investment and Asset Risk as fairly high, resulting in a 'good' score, and as having a moderate influence on the ratings.

The majority of Athora's investments are holdings of investment-grade corporate and sovereign bonds. The group also invests in private credit assets, alternative investments and CMLs through Apollo, and emerging-market debt. Apollo has a strong record in managing these asset classes.

Athora's risky assets ratio improved to 122% at end-2020, reflecting the acquisition of VIVAT, which followed a more conservative investment strategy.

Fitch Expectations

- Fitch expects Athora's risky assets ratio to increase to over 150%, which equals the high end of the 'bbb' score under our credit factor scoring guidelines, by end-2022, reflecting the continued implementation of the strategic asset allocation at SRLEV.

Financial Highlights

(%)	2019	2020
Non-investment-grade bonds to capital	211	72
Equity investments to capital	108	50
Risky assets[a] to capital	319	122

[a] Risky assets is the sum of non-investment-grade bonds, unaffiliated equity and affiliates
Source: Fitch Ratings; Athora Holding

Asset Liability and Liquidity Management

Strong ALM and Liquidity Management

Fitch regards Athora's asset liability and liquidity management as strong and as having a moderate influence on the ratings.

This view is based on the group's sophisticated ALM frameworks, duration-matched assets and liabilities and an investment strategy that seeks to minimise capital volatility.

Athora Re's and Athora Ireland's liquidity and duration matching for reinsured blocks is set in line with the group's internal risk appetite, and is managed by repositioning assets into the target strategic asset allocation following receipt from the cedent.

Fitch Expectations

- Fitch expects Athora to maintain a liquid balance sheet and the group's assets and liabilities to continue to be well duration matched.

Financial Highlights

(%)	2019	2020
Liquid assets/net technical reserves (excluding unit-linked)	87	79

Source: Fitch Ratings; Athora Holding

Reinsurance, Risk Mitigation and Catastrophe Management

Adequate Reinsurance Programme Mitigates Insurance Risks

Fitch views external reinsurance, risk mitigation and catastrophe risk as neutral to the ratings. Retrocession of biometric and selected other risks to well-established reinsurers of a strong credit quality are a core part of Athora's risk and capital management policy.

Athora's risk management also benefits from the group's close links to its shareholders Athene and Apollo.

Fitch Expectations

- Fitch doesn't expect significant changes to Athora's reinsurance and risk management.

Appendix A: Other Ratings Considerations

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

Group IFS Rating Approach

Athora Re's, Athora Ireland's and SRLEV's ratings are based on an analysis of Athora Holding's consolidated accounts. Fitch regards Athora Re, Athora Ireland and SRLEV as 'core' to Athora. They share the same IFS rating based on the combined assessment of the Athora group.

Athora focuses on acquiring or reinsuring traditional life insurance portfolios in various European markets. Athora Re and Athora Ireland provide intra-group reinsurance to these acquired portfolios and external reinsurance coverage. Athora Re and Athora Ireland play an integral role in Athora's capital-management strategy. SRLEV is a market leader in the corporate pension business in the Netherlands and represents aprovimately 80% of Athora's total assets.

Notching

For notching purposes, the regulatory environments in Bermuda, which is the lead regulator of the group, as well as in Ireland and the Netherlands, are assessed by Fitch as being 'Effective', and classified as following a Group Solvency 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 implied operating company IDR.
Operating company debt
Not applicable
Holding company IDR
Standard notching was applied between the implied insurance operating company and holding company IDRs for a group solvency regulatory environment.
Holding company debt
A baseline recovery assumption of 'Below Average' was applied to VIVAT's senior notes. Standard notching relative to the IDR was used.
Hybrids
For Tier 2 subordinated debt issued by Athora Netherlands (formerly VIVAT), a baseline recovery assumption of 'Poor' and a non-performance risk assessment of 'Moderate' were used. Three notches were applied relative to the IDR, which was based on two notches for recovery and one notch for non-performance risk. For restricted Tier 1 subordinated debt issued by Athora Netherlands (formerly VIVAT), a baseline recovery assumption of 'Poor' and a non-performance risk assessment of 'Moderate' were used. Four notches were applied relative to the IDR, which was based on two notches for recovery and two notches for non-performance risk. For the grandfathered restricted Tier 1 subordinated debt issued by SRLEV, a baseline recovery assumption of 'Below Average' and a non-performance risk assessment of 'Moderate' were used. Two notches were applied relative to the IDR, which was based on one notch for recovery and one notch for non-performance risk.

IFS – Insurer Financial Strength. IDR – Issuer Default Rating
Source: Fitch Ratings

Hybrid – Equity/Debt Treatment

Hybrids Treatment

Hybrid	Amount	CAR Fitch (%)	CAR reg. override (%)	FLR debt (%)
Athora Holding Ltd.				
Preference shares	(EUR369m)	100	n/a	0
Athora Netherlands N.V.				
Restricted Tier 1 perpetual callable subordinated	(EUR300m)	100	n/a	0
Tier 2 perpetual callable subordinated	(USD575m)	0	100	100
Tier 2 callable subordinated	(EUR300m)	0	100	100
SRLEV N.V.				
Grandfathered restricted Tier 1 perpetual callable subordinated	(CHF105m)	100	n/a	50

CAR – Capitalisation ratio: FLR – Financial leverage ratio. n.a. – not applicable
For CAR, % shows portion of hybrid value included as available capital, both before (Fitch %) and the regulatory override.
For 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 adequate and neutral to the rating.

Transfer and Convertibility Risk (Country Ceiling)

None.

Criteria Variations

None.

Appendix C: Industry Profile and Operating Environment

This section discusses the key elements that support Fitch's scoring of Industry Profile and Operating Environment (IPOE) for Athora. IPOE is one of the key credit factors defined in Fitch's master criteria for Insurance industry ratings.

Athora is domiciled in Bermuda, but operates via its subsidiaries in the EU, with the Benelux region and Germany being the group's main markets.

The IPOE Score is 'aa+' to 'a-'.

Regulatory Oversight

Fitch considers regulatory oversight in the EU as very strong. The respective insurance markets are highly regulated, with well-developed regulatory practices and supervision processes. All member countries of the EU adopted the risk-adjusted solvency framework, Solvency II, that came into force on 1 January 2016. All insurance regulators are focused on ensuring that insurance organisations are viable and their conduct of business is appropriate. Fitch considers the regulator's enforcement as effective.

Technical Sophistication of Insurance Market; Diversity and Breadth

The insurance markets in Germany and the Benelux region are among the largest in the world. Fitch believes the markets are technically highly sophisticated. This assessment is underpinned by the use of strong and generally accepted actuarial practices for underwriting analysis, calculating claims reserves and products pricing. In addition, the adoption of risk-based solvency frameworks improved the level of sophistication of enterprise risk management in the markets, especially for smaller insurers. The respective insurance markets are also well diversified with very deep product offerings across all categories. As the markets are highly mature, premium growth is low.

Competitive Profile

Fitch believes the insurance markets in Germany and the Benelux region are very competitive in all insurance segments. Market concentration varies across countries with highly consolidated markets in the Netherlands and more dispersed market shares in Germany. Life insurance companies in western Europe have successfully repositioned their business to cope with persistently low interest rates, favouring the distribution of capital-light savings products. In non-life, the high level of competition creates pressure on prices and leads to cyclical underwriting performance. Health and protection business represents an area of strategic growth for all insurers.

Financial Markets Development

The western European financial markets are sophisticated and have considerable breadth and depth. The domestic stock and bond markets are among the largest globally, providing sufficient liquidity in most traded products. Companies' and financial institutions' access to capital markets is strong.

Country Risks

Fitch does not publicly rate the sovereign obligations of Bermuda, but does internally monitor its credit risk profile. Fitch generally views Bermuda-based (re)insurance companies as being highly isolated from country-related risks in Bermuda, as business is typically sourced outside Bermuda. Assets are not invested in, or held by, the Bermuda government or Bermuda-based institutions and banking and other financing counterparties are typically outside of Bermuda.

Appendix D: Environmental, Social and Governance Considerations

FitchRatings **Athora Group** **Insurance Ratings Navigator** EMEA Life

Credit-Relevant ESG Derivation

Athora Group has 6 ESG potential rating drivers

- Athora Group 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.
- Athora Group 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 Principles 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 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 our ESG Relevance Scores, visit www.fitchratings.com/esg.

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.