Unipol Gruppo S.p.A. and UnipolSai Assicurazioni S.p.A.

Key Rating Drivers

Reducing Investment Concentration Risk: Fitch Ratings' assessment of Unipol Gruppo S.p.A. and UnipolSai Assicurazioni S.p.A.'s (together Unipol) investment and asset risk is driven by the group's large, albeit reducing, exposure to Italian sovereign debt. Unipol's exposure to Italian sovereign debt creates large concentration risk and potential volatility in capital adequacy, which is a rating weakness. However, Unipol has reduced its exposure to Italian bonds over the past four years to protect its solvency capital from the volatility of Italian government spreads.

Exposure to Sovereign Bonds Eases: The group's exposure to Italian bonds significantly decreased to EUR18 billion at end-2022 (end-2021: EUR24 billion). This corresponded to 2.3x the group's consolidated shareholders' equity, down from 2.5x at end-2021. This improvement was partly offset by a decrease in the group's shareholder equity as the market value of fixed-interest assets declined amid rising interest rates.

Unipol's exposure to Italian bonds was stable at EUR18 billion at end-1H23, leading to pro-forma end-1H23 sovereign investments at 1.6x shareholders' equity, calculated under IFRS 17. We expect Unipol's sovereign investments to remain below 2x shareholders' equity in 2023 and 2024.

Strong Capitalisation: Unipol's capital, as measured by Fitch's Prism Factor Based Model (Prism FBM), was stable at 'Strong' based on end-2022 data, albeit deteriorating within that category. This was largely reflecting a lower capital base due to unrealised fixed-income losses. Fitch added back 50% of unrealised losses on bonds to available capital, reflecting its view that a large portion of those losses will be captured in shareholders' equity due to bonds approaching their par value as their maturity nears.

We expect Unipol's Prism FBM score to at least be in the high range of 'Strong' in 2023 under IFRS 17. Unipol's solvency coverage was very strong at 218% at end-1H23, improving from 200% at end-2022.

Stable Financial Leverage: Fitch views Unipol's financial leverage ratio (FLR) as moderate for its rating. In 2022, the FLR slightly improved to 30.8% (2021: 31.6%). Fitch expects the FLR to improve under IFRS 17 at end-2023.

Most Favourable Business Profile: Unipol is the largest motor and health underwriter in Italy and the European leader in the use of telematics in motor insurance. It also has a strong market position in the Italian life insurance sector. The group has a strong franchise and can exploit its pricing power and strong distribution capabilities through its network of agencies and bancassurance agreements.

Strong Underlying Insurance Profitability: Fitch assesses Unipol's profitability as 'Strong'. The Fitch-calculated combined ratio was stable at 95% in 2022, as higher tariffs in motor offset the effect of rising inflation on claims cost. In 1H23, Unipol's combined ratio deteriorated to 97.1%, based on published IFRS 17 financial statements (1H22: 90.5%), primarily due to an increase in claims frequency and higher average costs in motor, as well as the impact of weather-related events. Fitch expects Unipol's underlying and net profitability to remain strong in 2023.

Ratings

Unipol Gruppo S.p.A.	
Long-Term IDR	BBB+
Subsidiaries	
Insurer Financial Strength	A-

Note: See additional ratings on page 8.

Outlooks

Long-Term IDR	Stable

Debt Ratings

Senior Unsecured Long-Term Rating	BBB

Financial Data

Unipol Gruppo S.p.A.

(EURm)	End-2022	End-2021
Total assets	73,777.8	79,427.2
Total equity and reserves	7,662.3	9,721.5
Total gross written premiums	12,012.3	12,328.4
Net income	683.0	626.7
Solvency II (%)	200	214

Note: Reported on a yearly basis.
Source: Fitch Ratings, Unipol Gruppo S.p.A.

Applicable Criteria

Insurance Rating Criteria (July 2023)

Related Research

Italian Insurance Dashboard: 1H23 (October 2023)

Italian Insurer Surrender Rates Still High but May Have Peaked (September 2023)

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Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- A further reduction in Unipol's sovereign investment concentration risk and an improvement in Unipol's capitalisation, both on a sustained basis.
- An upgrade of Italy's Long-Term Local-Currency Issuer Default Rating (IDR).

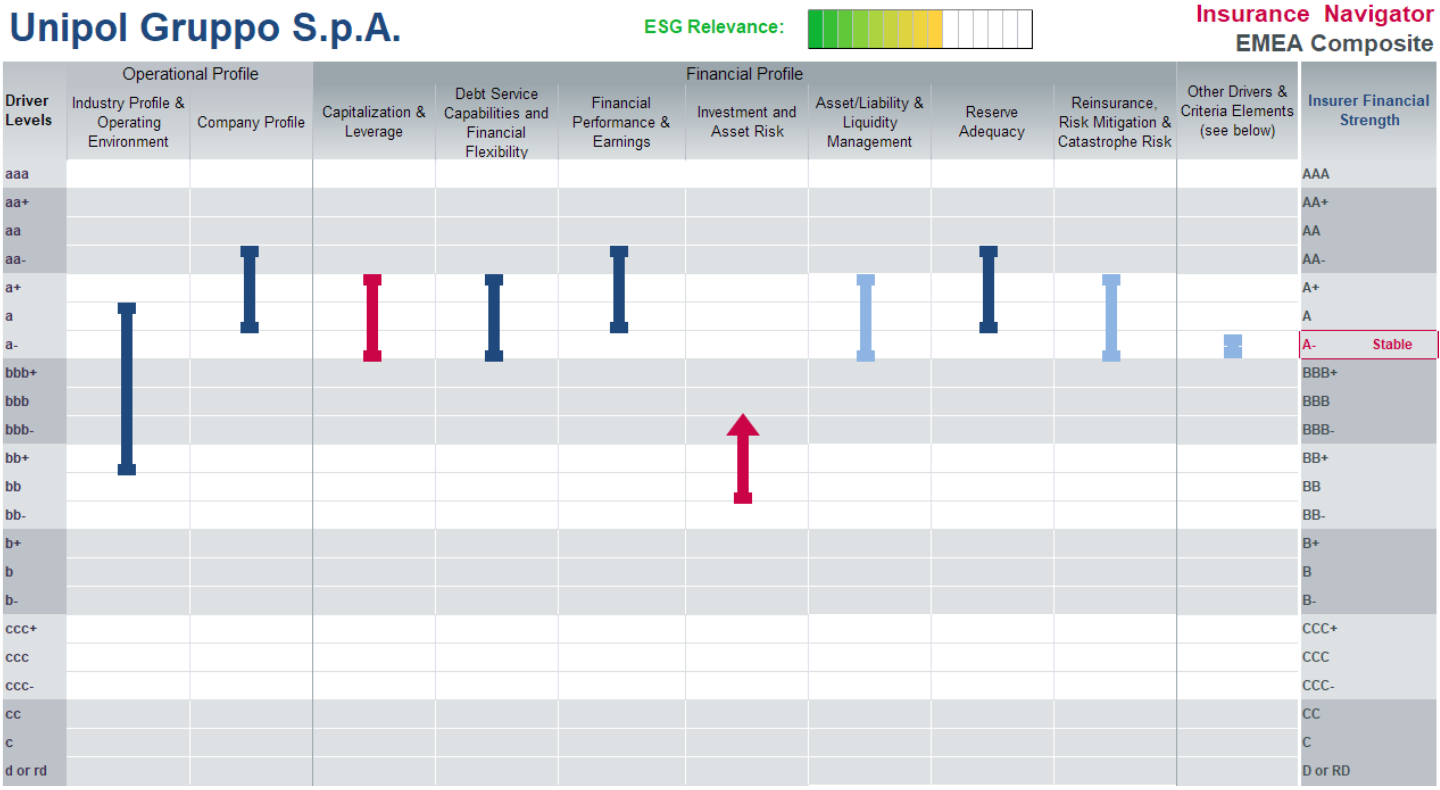
Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- A downgrade of Italy's Long-Term Local-Currency IDR.
- A sustained increase in Unipol's sovereign investment concentration risk.
- A deterioration in Unipol's capitalisation or the FLR, both on a sustained basis.

Latest Developments

In June 2023, Unipol joined four other Italian insurers and 25 distributing banks in an agreement to support Eurovita Assicurazioni S.p.A., an Italian life insurer. The rapid rise in interest rates led Eurovita's Solvency II ratio to significantly reduce and caused the intervention by IVASS, the Italian insurance regulator. Based on the agreement, existing Eurovita contracts will be transferred to a new entity that will be owned by the five insurers.

Key Rating Drivers – Scoring Summary



Other Drivers & Criteria Elements				
Provisional Insurer Financial Strength Rating				A-
Non-Insurance Attributes	Positive	**Neutral**	Negative	+0
Ownership / Group Support	Positive	**Neutral**	Negative	+0
Transfer & Convertibility / Country Ceiling	Yes	**No**	AA	+0
Insurer Financial Strength Rating			Final:	A-
IFS Recovery Assumption	**Good**			-1
Issuer Default Rating (IDR)			Final:	BBB+

Bar Chart Legend:
Vertical Bars = Range of Driver
Bar Colors = Relative Importance
- Higher Influence
- Moderate Influence
- Lower Influence

Bar Arrows = Driver Outlook
- ⇧ Positive
- ⇩ Negative
- ⇳ Evolving
- ☐ Stable

Company Profile

Strong Franchise in Italy Supports Rating

Fitch considers Unipol's business profile as 'Most Favourable'. The group has a well-diversified business mix and is the second-largest non-life insurer in Italy, with a market share of 20% by premiums in 2022. Unipol's share in life insurance was 5% in 2022. It is also the largest company in health insurance with a share of 25%. In Italy, Unipol has a strong franchise and can exploit its comprehensive distribution capabilities through its agency network, bancassurance agreements and direct channels.

Unipol is the largest motor underwriter in Italy and is a leader in the use of telematics in motor insurance. The use of telematics is core to Unipol's strategy to improve pricing and claims handling, as it can provide data on the circumstances of an accident, such as location, speed, impact and fault of the parties involved. Fitch views Unipol's leadership in telematics as a key competitive advantage.

We believe Unipol's 'Beyond Insurance' activities, which include the mobility, property and welfare ecosystem, help the group consolidate its leading position in the Italian market.

Diversified Product Mix

Unipol has a balanced and diversified product mix. Consolidated non-life premiums totalled EUR8.2 billion in 2022 (2021: EUR8.2 billion), while life premiums were EUR5.3 billion (EUR4.1 billion). In non-life, Unipol's motor business still accounts for 47% of premiums underwritten, albeit progressively reducing. Unipol aims to increase the share of non-motor premium income through new products and good underlying growth in accident and health. In life insurance, traditional savings products remain Unipol's core offering, representing 54% of life premiums in 2022 (2021: 64%). Guarantees on new business are set at close to 0%. Unipol also distributes unit-linked products, emphasising hybrid products (a mixture of traditional savings and unit-linked products) and savings policies that simultaneously meet clients' demands for safety and are capital-light.

Corporate Governance – 'Moderate/Favourable'

The business profile score is not adjusted given the 'Moderate/Favourable' corporate governance ranking. Our favourable assessment of the group's corporate governance is driven by its diverse ownership structure and its governance and disclosures being in line with regulatory standards and peers.

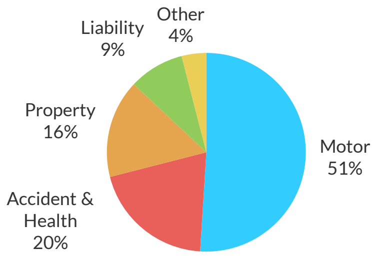
Company Profile Scoring

Business profile assessment	Most Favourable
Business profile sub-factor score	a+
Corporate governance assessment	Favourable
Corporate governance impact (notches)	0
Company profile factor score	a+

Source: Fitch Ratings

Premium Split - Non-Life

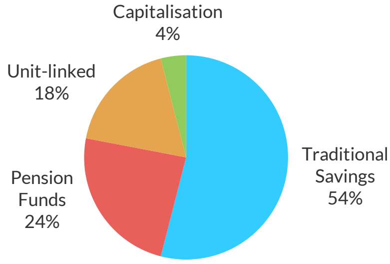
2022: EUR8.5bn



Source: Fitch Ratings, company data

Premium Split - Life

2022: EUR3.5bn



Source: Fitch Ratings, company data

Ownership

Publicly traded Unipol Gruppo is UnipolSai's ultimate holding company. Its shares are listed on the Milan Stock Exchange; it had a market capitalisation of EUR3.8 billion at end-September 2023. Coop Alleanza 3.0 (29.987%) and Holmo S.p.A. (9.006%) are Unipol's largest shareholders. UnipolSai, Unipol Gruppo's main insurance operating entity, is also listed on the Milan Stock Exchange. Unipol Gruppo held 85.243% of UnipolSai's shares at end-2022.

Capitalisation and Leverage

Strong Capitalisation, Moderate Leverage

Unipol's Prism FBM score, based on end-2022 financials, was stable at 'Strong' (end-2021: 'Strong'), albeit deteriorating within the category. This was primarily due to a lower capital base due to unrealised fixed-income losses. Fitch added back 50% of unrealised losses on bonds to available capital, reflecting Fitch's view that a large portion of those losses will be captured in shareholders' equity over time due to bonds approaching their par value as their maturity nears. We expect Unipol's Prism FBM score to at least be in the high range of 'Strong' in 2023 under IFRS 17. Unipol's consolidated Solvency II ratio deteriorated to 200% sat end-2022 (end-2021: 214%), predominantly due to a decrease in own funds and stable solvency capital requirement. The ratio is calculated using a partial internal model. However, Unipol's solvency coverage improved again to 218% at end-1H23, supported by strong earnings.

Fitch views Unipol's financial leverage as moderate for its ratings with an FLR of 31% at end-2022 (end-2021: 32%).

Financial Highlights

(x)	End-2022	End-2021
TFC/total equity	0.7	0.5
Net leverage	4.3	3.5
Gross leverage	4.5	3.7
Asset leverage	17.1	13.7
Net financial leverage (goodwill supported) (%)	30.8	31.6
Regulatory capital ratio (%)	200	214

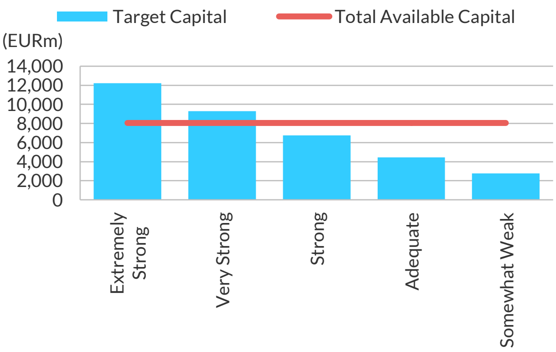
Note: Reported on a yearly basis.
Source: Fitch Ratings, Unipol Gruppo S.p.A.

Fitch's Expectations

- Unipol's capitalisation, both in terms of Prism FBM score and solvency coverage, to remain strong in 2023. Fitch expects Unipol's financial leverage to improve under IFRS 17 at end-2023.

Capitalisation Adequacy

PRISM FBM



Source: Fitch Ratings

Financial Highlights

(EURm)	2022	2021
Prism score	Strong	Strong
Prism total AC (EURm)	8,058	10,294
Prism AC/TC at Prism score (%)	120	137
Prism AC/TC at higher Prism score (%)	87	98

AC – Available capital. TC – Target capital
Source: Fitch Ratings

Debt Service Capabilities and Financial Flexibility

Strong Coverage and Financial Flexibility

Fitch views Unipol's coverage ratio as commensurate with its current ratings with or without realised and unrealised gains and losses. Fitch believes that Unipol's credit profile is adequate to access the debt markets, as shown by its record of subordinated and senior debt issuances. Unipol maintained EUR1.8 billion of cash at the holding company level at end-2022.

Financial Highlights

(x)	End-2022	End-2021
Fixed-charge coverage ratio (including gains and losses)	7.5	6.3
Fixed-charge coverage ratio (excluding gains and losses)	14.4	4.5

Note: Reported on a yearly basis.
Source: Fitch Ratings, Unipol Gruppo S.p.A.

Fitch's Expectations

- No changes to Unipol's financing structure.

Financial Performance and Earnings

Very Strong Technical Profits

In 2022, Unipol's Fitch-calculated combined ratio in the non-life business was broadly stable at 95%, as higher tariffs in motor offset the effect of rising inflation on claims cost. In non-life, written premiums increased in 2022 by 4.5%, with mostly stable motor volumes and significantly growing welfare and property lines' premiums.

In the life sector, Unipol reported a slight fall in premiums by 0.8%, with notable decreases in both traditional savings premiums (-17% vs. 2021) and in unit-linked products (-15%). In 1H23, Unipol further cut the minimum average guarantee on traditional products by 3bp to 88bp, leading to the spread remaining stable at 209bp (204bp at end-2022). This reduces balance-sheet risk and improves the profitability of the life segment.

Financial Highlights

(%)	End-2022	End-2021
Net income return on equity	9.8	8.1
Pre-tax operating profit return on equity	32.1	9.5
Pre-tax operating ROA (excluding realised and unrealised gains)	3.1	1
Pre-tax operating ROA (including realised and unrealised gains)	1.6	1.4
Net combined ratio	94.6	94.9
Operating ratio	76.8	89.4
Gross loss ratio	64.1	65.6

Source: Fitch Ratings

Fitch's Expectations

- Unipol to maintain a strong profitability in 2023 and 2024 fuelled by strong underwriting and healthy investment income.

Investment and Asset Risk

Reduced Investment Concentration Risk

Fitch views Unipol's investment policy as prudent, with 79% of the investment portfolio invested in good-quality fixed-income instruments at end-2022. The quality of Unipol's asset allocation is affected by its high, but reducing, exposure to Italian sovereign debt, which equalled EUR17.5 billion at end-2022 (end-2021: EUR23.9 billion) or 2.2x consolidated shareholders' equity (end-2021: 2.5x). The decrease is part of a publicly announced de-risking plan aimed at protecting the group's solvency capital from government spreads.

Unipol's exposure to Italian bonds was stable at EUR18 billion at end-1H23, leading to pro-forma end-1H23 sovereign investments at1.6x shareholders' equity, calculated under IFRS 17. The still high exposure to Italian debt reflects the group's strong market position in Italy, but means that any deterioration in Italy's creditworthiness could significantly erode the group's capital.

Unipol's risky-assets ratio (RAR), which measures the ratio between the company's risky assets and its shareholders' capital, deteriorated to 147% at end-2022 (end-2021: 130%), mostly as a result of the fall in shareholders' equity in 2022 as interest rates rose, turning unrealised gains into unrealised losses. We expect Unipol's RAR to improve as we expect unrealised losses to be recaptured in shareholder equity.

Financial Highlights

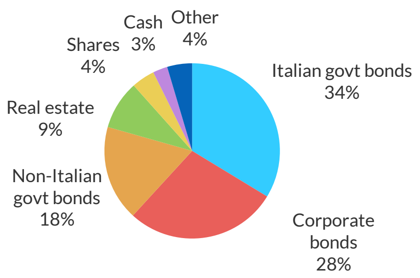
(%)	End-2022	End-2021
Risky assets/capital (total)	147.4	129.8
Unaffiliated shares/capital (total)	30.2	24.5
Non-investment-grade bonds/capital (total)	62.0	47.8
Investments in affiliates/capital (total)	9.8	6.6
Sovereign investments/capital	228.4	245.7
Total liquid assets/non-life loss reserves	364.4	439.7

Note: Reported on a yearly basis.
Source: Fitch Ratings, Unipol Gruppo S.p.A.

Fitch's Expectations

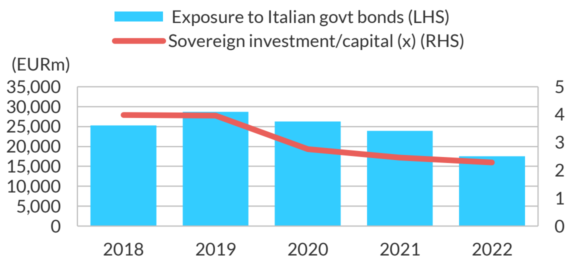
- Unipol to maintain a prudent investment policy, although exposure to Italian debt will remain significant.

Investment Split
1H23



Source: Fitch Ratings, company data

Sovereign Exposure
2018-2022



Source: Fitch Ratings, company data

Asset/Liability and Liquidity Management

Low Liquidity and Interest-Rate Risk

Unipol's liquidity is adequate, with more than 90% of technical reserves invested in bonds. The liquidity is adequate given the composite nature of the business and it allows the group to meet cash calls in case of higher surrender rates or increases in non-life claims, which has been the case in 2022 and 1H23.

Minimum guarantees on new sales were close to 0% in 2022 and the legacy portfolios with higher guarantees are gradually running off. Unipol reduced the average of its minimum guarantees to 0.88% at end-1H23 (end-2022: 0.91%). The portion of capital-light reserves increased to 49% from 47%, supporting our assessment.

Financial Highlights

(%)	End-2022	End-2021
Liquid assets/net technical reserves – excluding unit linked (total)	85.4	93
Liquid assets/net technical reserves (total)	87.7	94.0
Total liquid assets/non-life loss reserves	364.4	439.7
Duration gap (years)	0.4	0.8

Note: Reported on a yearly basis.
Source: Fitch Ratings, Unipol Gruppo S.p.A.

Reserve Adequacy

Strong Reserving Practice

Fitch views the non-life reserve adequacy of Unipol as strong. Reserve experience has been positive for more than five years. Reserve leverage relative to capital and to incurred losses is a key element of Unipol's reserving profile due to its exposure to long-tail lines, such as motor third-party and general liability. Fitch views the non-life reserve adequacy of Unipol as strong. The ratio of technical reserves/premiums was 173% at end-2022, a level that Fitch views as prudent given Unipol's business mix.

We consider Unipol's approach to reserving as adequate. The group uses generally accepted actuarial methods for projecting ultimate losses and calculating reserves for claims incurred, but not yet reported. The analysis of the outstanding reserve development triangles in 2022 will have a positive development equivalent to 7% of equity (2021: 1.7%).

Financial Highlights

(%)	End-2022	End-2021
Reserve development/prior year capital	-7	-1.7
Reserve development/prior year loss reserve	-6.4	-1.6
Net technical reserves/net written premiums	173.0	179.4
Net loss reserves/incurred losses (x)	2.1	2.1

Note: Reported on a yearly basis.
Source: Fitch Ratings, Unipol Gruppo S.p.A.

Reinsurance, Risk Mitigation and Catastrophe Risk

Reinsurance and Risk Management Adequate

Fitch views Unipol's reinsurance programme as comprehensive and adequate for its ratings. The credit quality of Unipol's reinsurers is high, as cover is provided by reinsurers mostly rated in the 'A' or 'BBB' category. Fitch views the group's credit risk in this area to be limited.

The group makes use of reinsurance to protect the motor and property books against any large increase in claims. Reinsurance operations are centralised to realise synergies and economies of scale. Unipol's reinsurance strategy is supported by UnipolRe Riassicurazioni, which offers reinsurance services to medium-sized and large companies in Europe. This provides Unipol with first-hand intelligence on developments of rates and coverage within the reinsurance sector. UnipolRe will merge by incorporation into UnipolSai Assicurazioni effective from 31 December 2023 after having received all necessary approvals by the Italian insurance supervisor in September 2023.

Financial Highlights

(%)	End-2022	End-2021
Reinsurance recoverables/ capital	9.6	8.3
Net written premiums/gross written premiums	93.8	94.4
Reinsurers' share of earned premiums	6.2	5.5

Note: Reported on a yearly basis.
Source: Fitch Ratings, Unipol Gruppo S.p.A.

Appendix A: Peer Analysis

Peer Comparison

Click here for a report that shows a comparative peer analysis of key rating driver scoring.

Appendix B: Industry Profile and Operating Environment

Industry Profile and Operating Environment (IPOE)

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

Appendix C: Other Rating Considerations

Below is a summary of additional ratings considerations that are part of Fitch's *Insurance Rating Criteria*.

Group Insurance Financial Strength (IFS) Rating Approach

Unipol Gruppo is the holding company of the Unipol group. All group data are consolidated at this level. UnipolSai is the main operating entity of the Unipol group and, therefore, is viewed as core to the group under Fitch's *Insurance Rating Criteria*. Its IDR is aligned with the implied IDR of the group as a whole.

Name	Type	Rating	Outlook
Unipol Gruppo S.p.A.	Long-Term IDR	BBB+	Stable
	Senior unsecured notes	BBB	
UnipolSai Assicurazioni S.p.A.	Long-Term IDR	BBB+	Stable
	IFS	A-	Stable
	Senior unsecured notes	BBB+	
	All subordinated notes except perpetual subordinated restricted Tier 1 (RT1) notes (XS2249600771)	BBB-	
	Perpetual subordinated RT1 notes (XS2249600771)	BB	

Source: Fitch Ratings, Unipol

Notching

For notching purposes, Fitch views Italian regulatory environment 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 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 Unipol's senior unsecured debt. Standard notching relative to the IDR was used.
Hybrids
For the dated subordinated notes XS1784311703 and for the perpetual subordinated notes XS1078235733 issued by UnipolSai, a baseline recovery assumption of 'Below Average' and a non-performance risk assessment of 'Moderate' were used. A notching of '2' was applied relative to the IDR, which was based on '1' for recovery and '1' for non-performance risk. For the perpetual subordinated RT1 notes XS2249600771 issued by UnipolSai, a baseline recovery assumption of 'Poor' and a non-performance risk assessment of 'Moderate' were used. A notching of '4' was applied relative to the IDR, which was based on '2' for recovery and '2' for non-performance risk.

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

Debt Maturities

As of end-October 2023	(EURm)
2024	750
2025	1,000
2027	500
2028	500
2030	1,500
Total	**4,250**

Note: First call year shown for perpetual bonds.
Source: Fitch Ratings; Unipol.

Short-Term Ratings

Not applicable.

Hybrids Treatment

Hybrid	Amount	CAR Fitch (%)	CAR reg. override (%)	FLR debt (%)
UnipolSai				
Perpetual subordinated debt (XS1078235733)	750	0	100	100
Dated subordinated debt (XS1784311703)	500	0	100	100
Perpetual subordinated debt (XS2249600771)	500	100	n.a.	0

CAR – Capitalisation ratio. FLR – Financial leverage ratio
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

Recovery Analysis and Recovery Ratings

Not applicable.

Transfer and Convertibility Risk (Country Ceiling)

None.

Criteria Variations

None.

Appendix D: Environmental, Social and Governance Considerations

FitchRatings **Unipol Gruppo S.p.A.** **Insurance Navigator** **EMEA Composite**

Credit-Relevant ESG Derivation

Unipol Gruppo S.p.A. has 7 ESG potential rating drivers

- Unipol Gruppo S.p.A. has exposure to underwriting/reserving exposed to environmental and natural catastrophe risks; impact of catastrophes on own operations or asset quality; credit concentrations but this has very low impact on the rating.
- Unipol Gruppo S.p.A. has exposure to compliance risk; treating customers fairly; pricing transparency; privacy/data security; legal/regulatory fines; exposure to insured and own cyber risk but this has very low impact on the rating.
- Unipol Gruppo S.p.A. 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.

			ESG Relevance to Credit Rating
key driver	0	issues	5
driver	0	issues	4
potential driver	7	issues	3
not a rating driver	2	issues	2
	5	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
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	2	Underwriting/reserving exposed to asbestos/hazardous materials risks	Capitalization & Leverage; Financial Performance & Earnings; Reserve Adequacy; Reinsurance, Risk Mitigation & Catastrophe Risk	2
Exposure to Environmental Impacts	3	Underwriting/reserving exposed to environmental and natural catastrophe risks; impact of catastrophes on own operations or asset quality; credit concentrations	Capitalization & Leverage; Financial Performance & Earnings; Reserve Adequacy; Reinsurance, Risk Mitigation & Catastrophe Risk; Investment & Asset Risk	1

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
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 insured and own cyber risk	Industry Profile & Operating Environment; Company Profile; Reserve Adequacy	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Company Profile	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	Company Profile; Investment & Asset Risk; Financial Performance & Earnings; Reinsurance, Risk Mitigation & Catastrophe Risk	1

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy	3	Operational implementation of strategy	Company 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	Company Profile	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Company Profile; Ownership	3
Financial Transparency	3	Quality and timing of financial reporting and auditing processes	Company Profile	2
				1

How to Read This Page

ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to result in a negative impact unless indicated with a '+' sign for positive impact.

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), the Sustainability Accounting Standards Board (SASB), and the World Bank.

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

The highest level of ESG credit relevance, if present, is a score of '3'. This means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or to the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit http://www.fitchratings.com/esg.

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