FitchRatings

Insurance
Life Insurers
United States

New York Life Insurance Company

Key Rating Drivers

Leading Market Position: New York Life Insurance Company and its insurance subsidiaries are leading producers of whole life insurance and guaranteed income annuities, and is also a leading presence in the group life and disability insurance market. New York Life's market position is strengthened 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: New York Life's mix of individual and group life insurance, annuities and asset management products provide diversification of mortality, longevity and interest rate risks, which Fitch views favorably. New York Life has modest exposure to some product lines that Fitch considers as carrying significant risks, such as long-term care (LTC) insurance. However, the company is well reserved and has demonstrated strong risk management practices with regards to those lines.

Extremely Strong Capital Levels: New York Life's statutory capitalization continues to be viewed as extremely strong based on a 2022 Prism capital model score of 'Extremely Strong', a YE 2022 RBC ratio of 448% and conservative operating leverage. In addition, the company utilizes the New York regulator's prescribed reserve calculations that reflect more conservative reserving practices relative to the NAIC-based calculation. New York Life's use of financial leverage remains relatively modest and was flat relative to the prior year at 14% as measured by surplus notes to total adjusted capital.

Stable Operating Results: New York Life's diversity of earnings and participating nature of its core products drive strong and relatively stable earnings. New York Life's financial performance is partially suppressed by extremely strong capital levels and the company's focus on returning profits to policyholders, with New York Life paying $2.1 billion in dividends to policyholders in 2022.

Statutory results in 2022 were affected by declines in net investment income, driven by lower limited partnership distributions and new business strain, but benefited from higher interest rates.

Above-Average Risky Assets: New York Life's risky assets ratio exceeds the average of broader life industry average at 102% at YE 2022. However, the ratio remains in line with similarly rated mutual peers with participating products and remained relatively steady over recent years. Credit impairments remain low, and Fitch expects them to remain below historical averages, although a prolonged or severe downturn could negatively affect investment performance.

Uncertain Macroeconomic Environment: The current higher rate environment is expected to be broadly positive for underlying investment performance, but has the potential to drive some adverse policyholder behavior, although the participating nature of New York Life's life policies will somewhat mitigate that effect.

Continued turbulent markets may also lead to lower assets under management, and, therefore, lower earnings from New York Life Investment Management. However, Fitch does not expect a material impact to New York Life's earning or capital outside of a prolonged or severe recession.

Ratings

New York Life Insurance Company	
Insurer Financial Strength	AAA
Long-Term IDR	AA+
Subsidiaries	
Insurer Financial Strength	AAA

Note: See additional ratings on page 7.

Outlook

Insurer Financial Strength	Stable
Long-Term IDR	Stable

Surplus Notes

Subordinated Long-Term Rating	AA

Financial Data

New York Life Insurance Co.

($ Mil.)	2021	2022
Total Adjusted Capital (TAC)	31,203	31,125
Surplus Notes Outstanding	4,231	4,232
Statutory Net Income	277	-1,127
Operating Return on TAC (%)	2.7	-3.0
RBC (%)	463	448

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

Applicable Criteria

Insurance Rating Criteria (July 2023)

Related Research

Global Insurance Mid-Year Outlook 2023 (June 2023)

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Rating Sensitivities

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

- New York Life achieved Fitch's highest rating level, and, as such, there are no positive rating sensitivities.

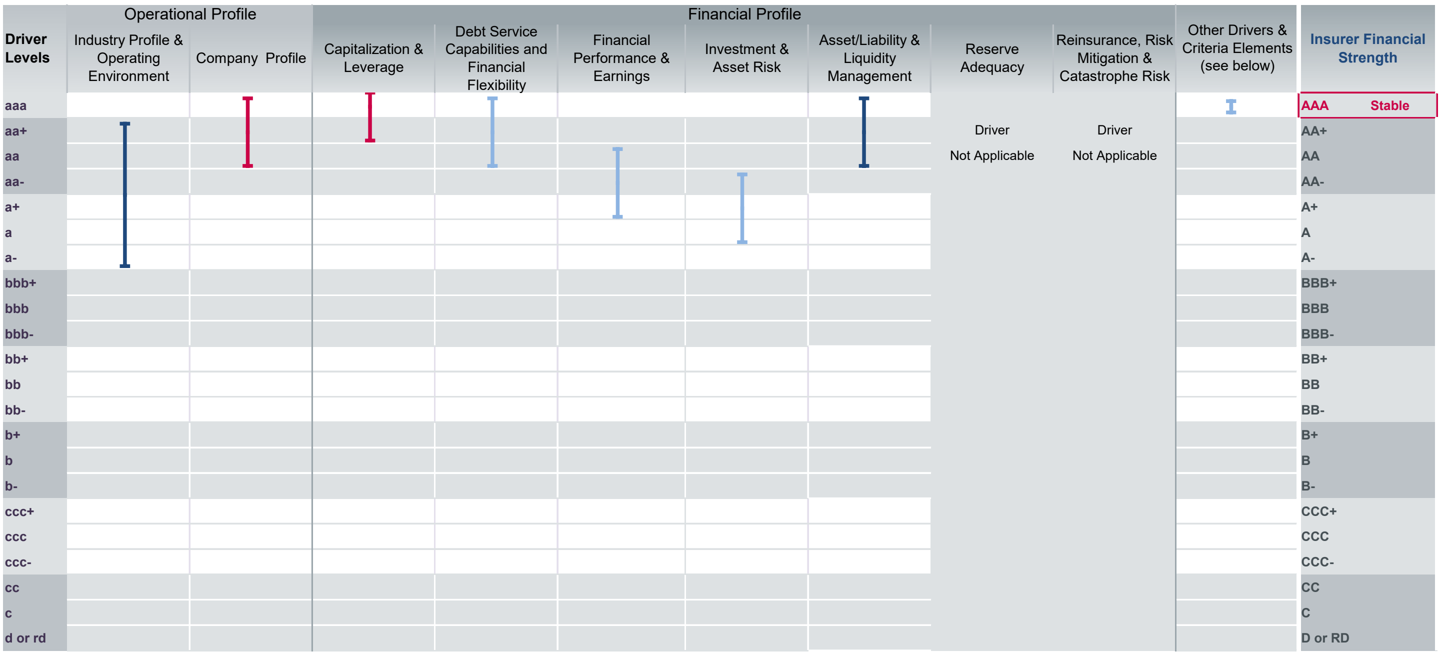
Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- A decline in capitalization that includes a Prism capital model score below 'Extremely Strong' or an NAIC RBC ratio below 450%;
- A sustained increase in surplus notes to total adjusted capital (TAC) above 15% could result in wider notching between New York Life's Insurer Financial Strength (IFS) rating and the ratings of the surplus notes, while an increase in surplus notes to TAC to above 20% could result in a downgrade of all ratings;
- Statutory based fixed-charge coverage below 4.5x;
- Material adverse performance in the group life and disability business, or an unexpected shift in tax, regulatory or market dynamics that weakens its competitive strengths.

Latest Developments

In April 2022, New York Life announced that Craig DeSanto assumed the role of CEO after being name CEO-elect in November 2021, succeeding Ted Mathas, CEO of 14 years. Mr. DeSanto retained his position as president of the company, and was named chairman of New York Life's board of directors in early 2023.

Key Rating Drivers — Scoring Summary



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

Bar Chart Legend:	
Vertical Bars = Range of Rating Factor	Bar Arrows = Rating Factor Outlook
Bar Colors = Relative Importance	⇧ Positive
Higher Importance	⇩ Negative
Average Importance	⇳ Evolving
Lower Importance	□ Stable

Company Profile

Large, Well-Diversified Mutual Insurer

Fitch views New York Life as having a most favorable business profile relative to the broader North American life insurance market, and scores New York Life's company profile at 'aa+' based on the application of Fitch's insurance criteria and the belief that no insurance company will be scored above the 'aa' category.

One of New York Life'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.

New York Life is one of the largest life insurance companies in the U.S. and Mexico, with approximately $407 billion in total assets and $31 billion in TAC as of Dec. 31, 2022. The company is one of the leading producers of whole life insurance and guaranteed income annuities, and is a leading presence in the group life and disability insurance market with New York Life Group Benefit Solutions (GBS) accounting for 6.2% of total statutory revenue. New York Life also offers fixed annuities, variable annuities (VAs) with minimal living benefit exposure and participating individual LTC.

New York Life 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. New York Life'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. New York Life's mix of life insurance, disability, annuities and asset management products provides diversification of mortality, longevity and interest rate risks.

Moderate/Favorable Corporate Governance and Management

New York Life's corporate governance and management is scored as moderate/favorable, and, as such, no adjustment is made to New York Life's business profile subscore when scoring company profile overall. New York Life's board follows industry standard practices regarding composition and committees, and 11 of the 12 board members are independent. PricewaterhouseCoopers is New York Life's auditor, and the audit opinion for 2022 was unqualified.

New York Life and its insurance subsidiaries report results under statutory accounting principles permitted as prescribed by their respective states of domicile. There are no known criminal or civil matter that would affect Fitch's view of corporate governance and management.

Company Profile Scoring Summary

	Assessment	Subscore/Impact
Business Profile Assessment	Most Favorable	aa+
Corporate Governance Assessment	Moderate/ Favorable	0 notches
Company Profile Factor Score	—	aa+

Source: Fitch Ratings

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.

Capitalization and Leverage

Extremely Strong Capitalization

Fitch considers New York Life's capitalization to be extremely strong as demonstrated by its score in Fitch's Prism capital model, which was maintained at the 'Extremely Strong' level at YE 2022, continuing a multiyear trend. The company continues to demonstrate long-term statutory capital growth, despite a modest decline in 2022, and maintains a cushion for extreme adverse scenarios. Nonrisk-based leverage metrics remain very strong and consistent with prior years.

The company's use of financial leverage increased as a result of the GBS acquisition in 2020, but remains relatively modest and in line with rating expectations. As of YE 2022, New York Life's financial leverage was 14%, and Fitch expects that financial leverage will decline as a result of growth in statutory capital.

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

New York Life's reliance on capital markets funding is low, as demonstrated by its below industry average total financing and commitments ratio of 0.4x at YE 2022 and extremely strong capital levels.

Financial Highlights

($ Mil.)	2021	2022
Total Adjusted Capital	31,203	31,125
RBC (%)	463	448
Asset Leverage (x)	13	13
Operating Leverage (x)	10	11
Surplus Notes/Total Adjusted Capital (%)	14	14

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

Fitch's Expectations

- Based on expected capital growth, New York Life's overall capital position is expected to remain extremely strong, as measured by risk- and nonrisk-adjusted metrics.

2022 Prism Score — New York Life Insurance Group

(%)	2022
Prism Score	Extremely Strong
AC/TC at Prism Score	112
Target Capital Contributors	
Life Insurance	34
Annuity	62
Accident and Health	8
Portfolio Scaling Adjustment	0
Operational Risk	9
Diversification Benefit	-14

AC – Available capital. TC – Target capital. Note: Shaded area represents the high and low of AC due primarily to unrealized gain/loss on fixed-income securities.
Source: Fitch Ratings

Debt Service Capabilities and Financial Flexibility

Very Strong Interest Coverage

Fitch views New York Life's coverage metrics as very strong, offset slightly by the company's somewhat limited financial flexibility, although Fitch notes New York Life is active in the capital markets.

In addition to the company's historical access to funding through surplus note issuances, New York Life's wholly owned indirect subsidiary, New York Life Capital Corp., is authorized to issue up to $3.5 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 $499 million at YE 2022.

Additionally, New York Life maintains a $1.75 billion bank line of credit. There were no outstanding balances as of Dec. 31, 2022. New York Life Insurance Company has approximately $11.1 billion of borrowing capacity with the Federal Home Loan Bank (FHLB) of New York, while its subsidiary New York Life Insurance and Annuity Corporation (NYLIAC) is a member of the FHLB of Pittsburgh with $6.8 billion of borrowing capacity. As of Sept. 30, 2021, Life Insurance Company of North America became a member of the FHLB of Pittsburgh and had $0.5 billion of borrowing capacity at YE 2022.

As a mutual company, New York Life's ability to raise equity capital is somewhat limited due to its inability to issue common stock. However, the company maintains an active medium-term note program domestically and internationally. Additionally, liquidity from New York Life's entire general account is available to service the company's outstanding surplus notes.

Financial Highlights

	2021	2022
Adjusted Interest Expense ($ Mil.)	217	218
Statutory Interest Coverage (x)	6	-3

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

Financial Performance and Earnings

Mutual Structure Dampens Returns

New York Life's diversity of earnings and participating nature of its core products drive strong and relatively stable earnings. New York Life's financial performance is partially suppressed by extremely strong capital levels and the company's focus on returning profits to policyholders.

Beginning in 2022, the company ceased reporting results on a U.S. GAAP basis and began reporting key operating metrics on an adjusted statutory basis. At YE 2022, New York Life reported $2.8 billion of adjusted statutory operating earnings, which was up 25%, compared with the prior year. New York Life continues to report complete statutory financial statements in accordance with statutory accounting principles as prescribed its state of domicile.

The current higher rate environment is expected to be broadly positive for underlying investment performance, although continued volatility in capital markets may lead to modest asset outflows in New York Life's asset management business which would affect earnings from New York Life Investment Management. However, Fitch does not expect a material impact to New York Life's earnings or capital outside of a prolonged or severe recession.

New York Life's large life insurance business consistently accounts for the largest share of the company's earnings, with smaller contributions from annuities, asset management, and the group life and disability business. The participating nature of New York Life's large block of in-force whole life business allows the company to adjust dividend rates in times of severe stress to maintain strong targeted capital levels, while also providing a buffer that can be used to share investment performance with policyholders.

Other factors enabling New York Life 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.

Financial Highlights

($ Mil.)	2021	2022
Pretax Gain from Operations	1,015	-785
Net Income	277	-1,127
Pretax Operating ROA (%)	0.3	-0.2
Operating Return on Total Adjusted Capital (%)	2.7	-3.0
Growth in Revenues Before Realized Gains (%)	-4.0	13.0

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

Fitch's Expectations

- Earnings are expected to benefit from improving investment performance in the higher rate environment.

Investment and Asset Risk

Above-Average Risky Assets

New York Life manages a well-diversified, liquid investment portfolio that has continued to perform well through recent market turbulence. The company's exposure to risky assets is above the industry average but in line with similarly rated mutual peers, with participating products that are structured to pass a portion of the company's investment performance on to policyholders.

New York Life'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. New York Life's above-average allocation to equities supports its participating whole life policies.

New York Life's $38 billion commercial mortgage loan portfolio, comprised of approximately 11% of total statutory cash and invested assets at YE 2022, is well diversified by both geography and property type. Loan quality remains favorable, as demonstrated by attractive loan-to-value ratios and debt service coverage. and Fitch does not expect the portfolio to generate meaningful losses for the company in the current environment.

Financial Highlights

($ Mil.)	2021	2022
Cash and Invested Assets	298,911	319,094
Below-Investment-Grade Bonds/ TAC (%)	39	41
Risky Assets Ratio (%)	96	102
Investment Yield (%)	4.2	3.9

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

Fitch's Expectations

- Fitch does not expect New York Life's commercial loan portfolio to generate meaningful losses despite material stress on the broader commercial real estate market.

Asset/Liability and Liquidity Management

Very Strong Asset/Liability and Liquidity Management

New York Life's asset/liability management and liquidity are considered very strong, with assets and liabilities well matched and varied sources of contingent liquidity available. Fitch believes that New York Life 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. Fitch believes that the company is well positioned to manage the impact of rising rates.

New York Life 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 2022. Overall, Fitch does not expect the current rate environment to put any pressure on New York Life's liquidity position absent an additional sudden, material upward shift in rates.

New York Life 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 New York Life's VA business as more favorable than industry peers due to the limited amount of living benefit guarantees.

Financial Highlights

	2021	2022
Liquidity Ratio (%)	60	60
Operating Cash Flow Coverage (x)	1.2	1.4
Public Bonds/Total Bonds (%)	58	57
Total Adjusted Liabilities and Deposits ($ Mil.)	364,172	377,171
Risk-Weighted Liquidity Ratio (%)	192	186

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

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 summarizes 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

Fitch considers New York Life Insurance Company and its wholly owned subsidiaries, NYLIAC, New York Life Group Insurance Company of NY and Life Insurance Company of North America to be Core based on their relative size and operating performance, as well as their history and expectation of contributing to the group's financial goals. As such, Fitch utilizes a group rating methodology, and all of the entities are assigned the same rating based on the combined group assessment.

Additional Ratings

	Rating Type	Rating
New York Life Insurance and Annuity Corporation	IFS	AAA
New York Life Group Insurance Company of NY	IFS	AAA
Life Insurance Company of North America	IFS	AAA
New York Life Global Funding	FABN	AAA
New York Life Funding	FABN	AAA
NYL Capital Corporation	CP	F1+

IFS – Insurer Financial Strength. FABN – Funding agreement-backed notes.
Source: Fitch Ratings

Notching

For notching purposes, the regulatory environment of the U.S. 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.

Debt Maturities

($ Mil., as of Dec. 31, 2022)	
2023	0
2024	0
2025	0
2026	0
2027 and Beyond	4,232
Total	**4,232**

Source: Fitch Ratings, New York Life Insurance Company

Short-Term Ratings

New York Life'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.

New York Life's subsidiary New York Life Capital Corp. (NYL CapCo) is authorized to issue $3.5 billion in CP and serves solely as a funding vehicle for the organization. At Dec. 31, 2022, the company had $499 million of CP outstanding.

NYL CapCo's CP rating is directly related to the credit quality of its parent, New York Life, which provides explicit support to its subsidiary through a support agreement. The support agreement states that New York Life 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.

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 New York Life with cash flow structures that enable the trustees to pay the principal and interest on the notes. Thus, the note programs are dependent on New York Life's credit quality and are assigned a rating equal to the company's IFS rating.

Hybrid – Equity/Debt Treatment

Fitch rates New York Life Insurance Company's surplus notes in line with the hybrid issue guidelines laid out in its *Insurance Rating Criteria*, and the securities are included as 100% debt in Fitch's calculation of financial leverage.

Hybrids Treatment

Hybrid	Amount ($ Mil.)	CAR Fitch (%)	CAR Reg. Override (%)	FLR Debt (%)
New York Life Insurance Company				
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: 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

Optional section 'Recovery Analysis and Recovery Ratings (text, manual input)' has been hidden. It can be displayed and enabled for authoring by re-enabling it via the side-bar.

Transfer and Convertibility Risk (Country Ceiling)

None.

Criteria Variations

None.

Appendix D: Environmental, Social and Governance Considerations

FitchRatings New York Life Insurance Company

Insurance 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.

			ESG Relevance to Credit Rating
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) 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	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

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.

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 own cyber risk	Industry Profile & Operating Environment; Company Profile	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

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 is a score of '3', unless otherwise disclosed in this section. A score of '3' means 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. 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 https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.

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