Moody’s Approach to Assessing ESG in Credit Analysis

Environmental, Social and Governance considerations are an important component of our corporate credit and sovereign analysis.

**CREDIT ANALYSIS**

Assess potential impact on:
- Product Demand
- Reputation
- Cost of Production
- Financial Strength

Assess material impact under methodology scorecard:
- Profitability
- Leverage
- Cash Flow
- Business Profile
- Financial Policy
- Scale (revenues/assets)

Assess material impact on:
- Economic Competitiveness
- Government Effectiveness
  - Rule of Law
  - Political Risk
  - Control of Corruption

Assess material impact on:
- Other considerations not captured in methodology scorecard

**RATING**

Aaa Aa A Aaa Ba Ba B Caa Ca C

Source: Moody's Investors Service

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