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Report Explains How ESG Factors Into Servicer Evaluation Rankings

NEW YORK, Nov. 17, 2020 /PRNewswire/ -- FARMERS BRANCH (S&P Global Ratings) -- There has been a heightened awareness among company leadership teams, investors, and other market participants regarding the importance of environmental, social, and governance (ESG) factors when evaluating company risk and performance. Companies in the loan servicing industry are certainly no exception. In a report published yesterday, titled "Environmental, Social, And Governance Factors Have Consistently Powered Our Servicer Evaluation Rankings," S&P Global Ratings explains the role that ESG plays in its servicer evaluation assessments.

"We are seeing loan servicers place a renewed focus on--or, in some cases, a broader adoption of--practices to address ESG factors as they internally identify the benefits of investing in and further developing these areas," said S&P Global Ratings' servicer analyst Jason Riche. "This is especially so since the start of the COVID-19 pandemic, as servicers across the board implemented employee-focused initiatives to enable the vast majority of employees to work remotely for an extended period."

S&P Global Ratings' servicer evaluation rankings assess a servicer's business governance, management structure and experience, internal controls, and other operational and administrative practices in place to manage risk, while still driving operational performance. There are many factors that we consider in our assessment, some of which are components of ESG.

"ESG components are a significant element in our management and organization subranking and thus are an inherent part of our analysis," added Mr. Riche. "This is particularly the case in areas of governance, which is the most meaningful ESG component in our servicer assessments. Social factors can also have an indirect effect on performance and operational risk; as such, certain social practices factor into our analysis too."

This report does not constitute a rating action.

The report is available to subscribers of RatingsDirect at www.capitaliq.com. If you are not a RatingsDirect subscriber, you may purchase a copy of the report by calling (1) 212-438-7280 or sending an e-mail to research_request@spglobal.com. Ratings information can also be found on S&P Global Ratings' public website by using the Ratings search box located in the left column at www.standardandpoors.com. Members of the media may request a copy of this report by contacting the media representative provided.

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