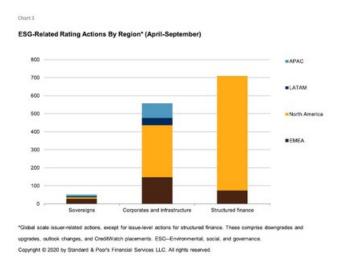
Latest ESG Pulse Report Comments On ESG Rating Impact And COVID-19 Vaccine Hope As Second Wave Sets In

PARIS, Nov. 24, 2020 /PRNewswire/ -- Developments in COVID-19 vaccines are bringing hope but are only the first step toward a return to social and economic normality. Meanwhile, the recent surge in cases--bringing about a second wave of lockdowns in Europe and additional restrictions in many U.S. states--is likely to make things worse for certain industries before they get better.



The latest edition of S&P Global Ratings'<u>The ESG Pulse</u>: COVID-19 Vaccine Hope As Second Wave Sets In published today reports that from April to September we took close to 2,100 ESG-related rating, CreditWatch, and outlook actions. Of these, 775 were downgrades, the bulk (96%) stemming from the COVID-19 pandemic. Governance concerns contributed to downgrades on 23 entities and environmental factors to six.

Sovereigns and international public finance remain percentage-wise among the sectors most directly affected by COVID-19, with 25% and 17% of the rated universe affected.

U.S. public finance entities have seen 4% of total ratings affected by ESG, albeit with a wide disparity between sectors. The most affected subsector is public transportation with 45% of entities affected, including several airport downgrades in September. In higher education, the ratings on 30% of entities have been affected by ESG factors over the six months to September.

For corporates and infrastructure, 15% of total ratings have been affected by ESG factors. Rating actions remain heavily concentrated in COVID-19-exposed sectors such as air travel, restaurants, retail, hotels, and leisure. Also worth noting is that some of the rating actions we took in September resulted from climate change and environmental factors.

In the six months, just 1% of structured finance issue ratings were influenced by ESG (solely due to COVID-19). The percentage is materially higher for some segments: 16% of commercial mortgage-backed securities transactions were affected by revised values on underlying assets (notably U.S. malls and hotels) as well as 16% for non-traditional asset classes. The latter includes whole business, aircraft, small business, and triple-net lease securitizations, with ESG-related downgrades in September concentrated in aircraft asset-backed securities.

This report does not constitute a rating action.

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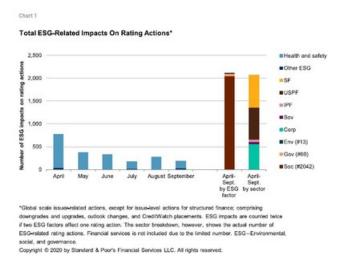
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