FitchRatings

Insurance
Composite Insurers
Spain

MAPFRE, S.A. and MAPFRE Asistencia Compania Internacional de Seguros Y Reaseguros, S.A.

Ratings

MAPFRE, S.A.	
Long-Term IDR	A-/Stable
Senior Unsecured	BBB+
Subordinated	BBB-

MAPFRE Asistencia Compania Internacional de Seguros Y Reaseguros, S.A.	
Insurer Financial Strength	A+/Stable

Financial Data

MAPFRE, S.A.

(EURm)	31 Dec 22	31 Dec 21
Total assets[a]	53,410	57,770
Total equity and reserves	8,360	9,667
Total gross written premiums	24,541	22,155
Net income	642	765
Solvency II (%)	201	206

[a]Excluding reinsurance assets
Note: Reported on a yearly basis.
Source: Fitch Ratings, MAPFRE, S.A.

Key Rating Drivers

Very Strong Business Profile: Fitch Ratings ranks MAPFRE Group's (MAPFRE) business profile as 'Most Favourable' compared with other Spanish insurance groups and scores its business profile at 'aa'. MAPFRE, S.A. is the holding company for MAPFRE, which has a very strong market position in Spain, where it is a leader in the non-life segment, and in Latin America, particularly Brazil. MAPFRE's market share in Spain was 14% in non-life and 7% in life in 2022. MAPFRE was the 10th-largest European and largest Latin American insurer in 2021.

Very Strong Capitalisation and Leverage: Fitch considers MAPFRE to be well-capitalised, based on a 'Strong' score from Fitch's Prism Factor-Based Capital Model (FBM). The group's regulatory Solvency II (S2) ratio was very strong at 201% at end-2022 (end-2021: 206%). Own funds backing the S2 ratio largely consisted of unrestricted Tier 1 capital. The Prism FBM score and the S2 ratio exclude MAPFRE's goodwill of EUR1.4 billion at end-2022 from available capital.

MAPFRE's financial leverage was broadly stable at 26% at end-2022 (end-2021: 24%), which is commensurate with its ratings. We view MAPFRE's leverage as 'Strong', comparing well with similarly rated peers.

Strong, Resilient Profitability: MAPFRE's overall profitability remained strong in 2022 despite inflationary pressures and market volatility, as reflected in the net result, excluding minorities, of EUR642 million, which equals a return on equity of 8.2% (2021: 9.0%). Its target combined ratio (excluding natural catastrophe events) is 96% on average for 2023-2024.

The group's underwriting performance was resilient in 2022 and 1Q23, but deteriorated compared with prior relevant periods. MAPFRE's combined ratio slightly increased in 2022 to 98.0% (2021: 97.5%) and 98.5% in 3M22, mainly due to inflationary pressures in the motor line in Iberia and North America, and the impact of the earthquake in Turkiye in 1Q23. MAPFRE is responding with underwriting actions and tariff increases in the affected areas.

High Exposure to Sovereign Risk: Fitch's assessment of MAPFRE's asset risk takes into account the group's significant, albeit reducing, exposure to Spanish sovereign debt at 106.5% of total equity at end-2022 (end-2021: 124.6%). MAPFRE is also substantially exposed to the Spanish economy, as about 60% of its attributable result originates from Spain (A-/Stable). However, Fitch believes that MAPFRE's capital is resilient against potential stress from substantial exposure to Spanish sovereign debt.

Applicable Criteria

Insurance Rating Criteria (July 2022)

Related Research

Spanish Insurance Outlook 2023 (December 2022)

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Rating Sensitivities

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

- Material improvement to the group's financial performance, as measured by a net income return on shareholders' equity of 10% or more and a combined ratio of 96% or less on a sustained basis, providing that S2 ratio remains above 180% and financial leverage below 25%.
- An improvement in Fitch's assessment of asset risk as measured by a risky-assets ratio below 70% (2022: 83%) and a reduction in sovereign risk, as measured by, for example, a sovereign investments/capital ratio below 100% on a sustained basis.

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

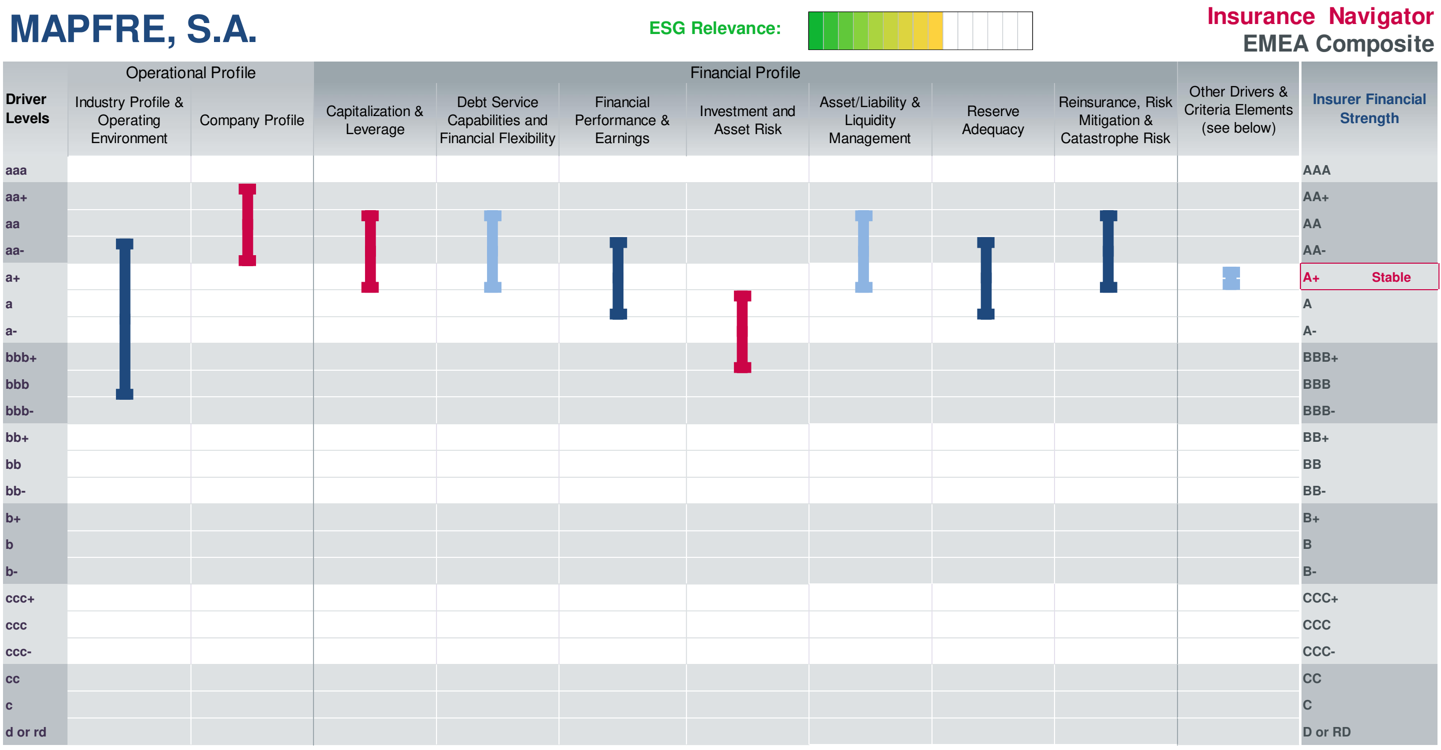
- Deterioration to the group's capital position, as measured by the Prism FBM score falling below 'Strong'.

Latest Developments

In 1Q23, MAPFRE's premiums grew by 19% supported by strong growth in savings products in Iberia. Non-life premiums rose by 10% supported by higher tariffs and new business growth.

The impact on MAPFRE's performance from the earthquake in Turkiye was EUR77 million.

Key Rating Drivers — Scoring Summary



Other Factors & 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:	n.a.

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

Very Strong Company Profile

Fitch ranks MAPFRE's business profile as 'Most Favourable' compared with other Spanish insurance groups due to its most favourable competitive position and its favourable business risk profile and diversification. Given this ranking, we score MAPFRE's business profile at 'aa' under its credit factor scoring guidelines.

With EUR24.5 billion of gross written premiums in 2022, MAPFRE has a strong franchise in Spain and Latin America. It is a market leader in Spain and has a strong presence in Latin America. In non-life and life insurance in Spain, MAPFRE's market shares are 14% and 7%, respectively. MAPFRE was the 10th-largest European insurer and the leading insurer in Latin America in 2021. Both Spain and Latin America are core regions for MAPFRE and a profitable source of growth.

MAPFRE's business risk profile compares favourably with other European insurance groups. This is because MAPFRE matches its investments well with respect to the duration and currencies of its liabilities, the group's strong capital position and very strong liquidity, as well as life insurance premiums making up a fairly small share of total premium income.

The company underwrites life, which, including savings, accounted for 18% of premiums in 2022. It also underwrites non-life business, which, excluding reinsurance, accounted for 66% of premiums in 2022. Most of its business is primary insurance, but MAPFRE also acts as a reinsurer through MAPFRE RE, Compania De Reaseguros, S.A., which accounts for 16% of total premiums.

MAPFRE has multichannel distribution comprising its own branch network, agents, brokers and bancassurance agreements, and a wide geographical presence within Spain and Latin America. Non-life business is predominantly distributed through agents. Life business is distributed through agents and bancassurance partnerships (such as Bankinter, Banco Santander and Banco do Brasil). Digital distribution also has an important role in MAPFRE's multi-channel strategy.

Outside Spain and Latin America, MAPFRE's international insurance operations comprise subsidiaries in North America and throughout EMEA. Most of these operations were acquired by MAPFRE to strengthen its presence in these regions.

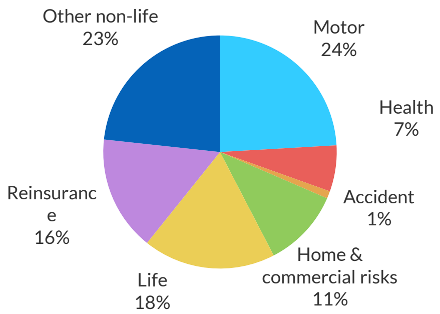
Company Profile Scoring

Business profile assessment	Most Favourable
Business profile sub-factor score	aa
Corporate governance assessment	Moderate/Favourable
Corporate governance impact (notches)	0 notches
Company profile factor score	aa

Source: Fitch Ratings

Premium Split by Business Line

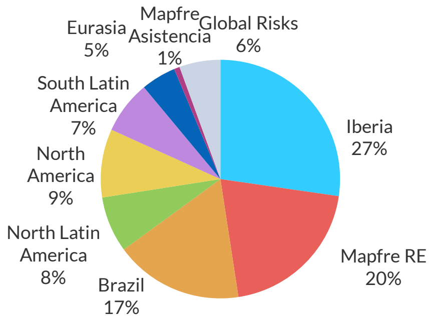
2022



Source: Fitch Ratings, company data

Premium Split by Business Unit

2022



[a] Before consolidation adjustment
Source: Fitch Ratings, company data

Ownership

Ownership Neutral to Ratings

MAPFRE, S.A., the holding company of the MAPFRE group, is listed on the Madrid and Barcelona stock exchanges. MAPFRE is a subsidiary of Cartera MAPFRE S.L. Sociedad Unipersonal, which is 100% controlled by Fundacion MAPFRE (FM). At end-2022, FM held 69.8%, of MAPFRE's capital. The rest is a free float held by local and foreign shareholders. MAPFRE itself holds 0.6% of its shares as treasury stock.

FM is a non-profit institution created by MAPFRE in 1975, the main purpose of which is to promote the well-being of society and citizens across the company's geographical footprint. FM works to drive economic, social and cultural improvements for society's most disadvantaged people and groups. Its operations focus on five areas: accident prevention and road safety, insurance and social protection, culture, social action and health promotion.

Capitalisation and Leverage

Very Strong Capital and Leverage

Fitch regards capitalisation and leverage as 'Very Strong' and as having a high influence on MAPFRE's ratings.

Fitch believes MAPFRE is well-capitalised, as reflected in the 'Strong' Prism FBM score. The group's regulatory solvency position is also very strong, as shown in the 201% reported S2 ratio at end-2022 (end-2021: 206%). MAPFRE uses the standard formula calculation approach, with the exception of the longevity risk capital calculation for the Spanish life business, which is calculated using an internal model. The group uses transitional measures for technical provisions and for equity as well as the matching adjustment and volatility adjustment. Own funds backing the S2 ratio largely consist of unrestricted Tier 1 capital.

MAPFRE's financial leverage was broadly stable at 26% at end-2022 (2021: 24%), which Fitch considers to be moderate and in line with MAPFRE's rating. MAPFRE issued EUR500 million Tier 3 bond in April 2022, while reducing the amount drawn under the syndicated credit facility.

Financial Highlights

	31 Dec 22	31 Dec 21
TFC/total equity (x)	0.6	0.6
Net leverage (x)	4.3	3.5
Net written premium/equity (x)	2.1	1.7
Net financial leverage (goodwill supported) (%)	26	24
Regulatory capital ratio (%)	201	206

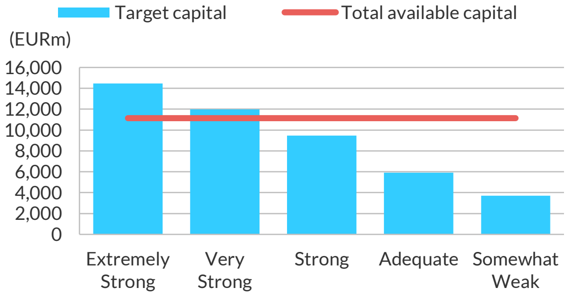
Note: Reported on a yearly basis.
Source: Fitch Ratings, MAPFRE, S.A.

Fitch's Expectations

- MAPFRE's capitalisation to remain strong in 2023, given its strong earnings generation and conservative risk management practices.
- Prism to remain in 'Strong'/'Very Strong' range and financial leverage to be around 25% over the next 12-24 months.

Capitalisation Adequacy

Prism FBM



Source: Fitch Ratings

Financial Highlights

	2022	2021
Prism score	Strong	Strong
Prism total AC (EURm)	11,135	11,711
Prism AC/TC at Prism score (%)	118	127
Prism AC/TC at higher Prism score (%)	93	100

AC – Available capital. TC – Target capital
Note: Reported on a yearly basis.
Source: Fitch Ratings, MAPFRE, S.A.

Debt Service Capabilities and Financial Flexibility

Very Strong Debt Service Capabilities and Financial Flexibility

Fitch views debt service and financial flexibility as 'Very Strong' and as having a low influence on MAPFRE's ratings.

MAPFRE's fixed-charge coverage ratio remained very strong at 15x in 2022 (2021: 17x). The five-year average (2018-2022) is exceptionally strong at 16x.

Fitch considers MAPFRE's market access and diversity of funding to be strong. The group has a EUR1 billion syndicated loan facility, of which EUR237 million were drawn at end-2022, and has proven its ability to access capital markets with three subordinated bond issues of EUR500 million (2018), EUR600 million (2017) and EUR500 million (2022) following a EUR1 billion senior bond issue in 2016.

MAPFRE's refinancing risk is low. The group's syndicated loan facility matures in 2025, senior bond in 2026 (of which MAPFRE bought back EUR143 million in 2021), and the subordinated bonds in 2030, 2047 (first call 2027) and 2048 (first call 2028), respectively.

Financial Highlights

	31 Dec 22	31 Dec 21
Fixed-charge coverage ratio (including gains and losses)	15	17

Note: Reported on a yearly basis.
Source: Fitch Ratings, MAPFRE, S.A.

Fitch's Expectations

- MAPRE's fixed-charge coverage ratio to remain 'Very Strong' given its strong earnings and stable level of debt.

Financial Performance and Earnings

Resilient Financial Performance

Fitch regards MAPFRE's financial performance as 'Strong' and as having a moderate impact on the group's ratings.

MAPFRE's overall profitability remained strong in 2022, despite the inflationary pressures and volatile financial markets. The group's 2022 net result, excluding minorities, of EUR642 million equals a return on equity of 8.2% (2021: 9.0%).

MAPFRE's underwriting performance remained resilient in 2022 and 1Q23, however somewhat deteriorated compared with prior relevant periods. MAPFRE's combined ratio increased in 2022 to 98.0% (2021: 97.5%) and 98.5% in 1Q23, mainly due to inflationary pressures affecting the motor line in Iberia and North America, and to the impact of the earthquake in Turkiye in 1Q23. MAPFRE responded with underwriting actions and tariff increases in the impacted areas, however there is a time lag between price increases and increase in the earned premiums, hence we expect the combined ratio to remain elevated.

Fitch believes the reporting volatility resulting from currency fluctuations in some of MAPFRE's main markets is manageable.

Financial Highlights

(%)	31 Dec 22	31 Dec 21
Net income (EURm)	642	766
Net income return on equity	8.2	9.0
Net income on assets	1.2	1.3
Net combined ratio	98	98
Loss ratio	71	68

Source: Fitch Ratings

Fitch's Expectations

- MAPFRE will be able to deliver strong earnings in 2023 following several remediating actions it is taking across main lines of business and geographies and also supported by stronger investment income.
- Underwriting profitability to remain resilient in 2023, but in light of recent increases in claims costs, the combined ratio is likely to remain in high 90s.

Investment and Asset Risk

Prudent Investment Strategy Offset by Concentration

Fitch regards MAPFRE's investment and asset risk as 'Strong' and as having a high impact on the group's ratings.

Our assessment of this factor is constrained by the group's significant exposure to Spanish sovereign debt at 106.5% of total equity at end-2022 (end-2021: 124.6%), which results in a 'A-' score cap being applied to this credit factor. However, Fitch believes MAPFRE's capital is resilient against potential stress from substantial exposure to sovereign debt.

Fitch assesses MAPFRE's overall investment portfolio as well-balanced and prudent, with more than 92% of total investments in fixed income and cash allocated to investment-grade instruments. However, fixed-income assets have a high degree of concentration in Spanish sovereign debt, which accounted for about 45% of total government bonds at end-2022. Most of MAPFRE's fixed income and cash investments are allocated to 'A' or higher-rated instruments; however, 23% of the fixed income portfolio was allocated to 'BBB' rated instruments at end-2022.

MAPFRE has continued to increase its exposure to equities, but this remains low at 51% of total equity, including minorities, at end-2022, according to Fitch's calculations (end-2021: 51%). We consider this to be prudently low. The ratio of risky-assets/shareholders' equity was 83% at end-2022, which Fitch also considers as strong and supportive of the ratings. It has increased in comparison to 2021 due to lower shareholders' equity.

Financial Highlights

(%)	31 Dec 22	31 Dec 21
Risky assets/capital (total)	83	68
Unaffiliated shares/capital (total)	50	51
Non-investment-grade bonds/capital (total)	22	10
Investments in affiliates/capital (total)	11	7
Sovereign investments/capital	106.5	124.6

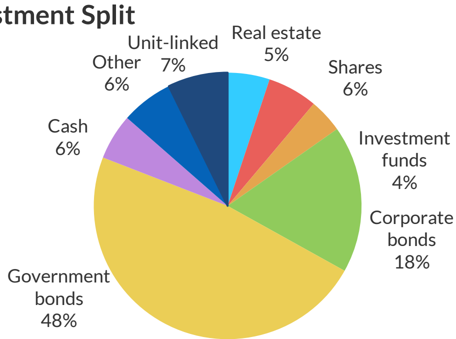
Note: Reported on a yearly basis.
Source: Fitch Ratings, MAPFRE, S.A.

Fitch's Expectations

- MAPFRE to maintain prudent asset allocation in 2023-2024.

Investment Split

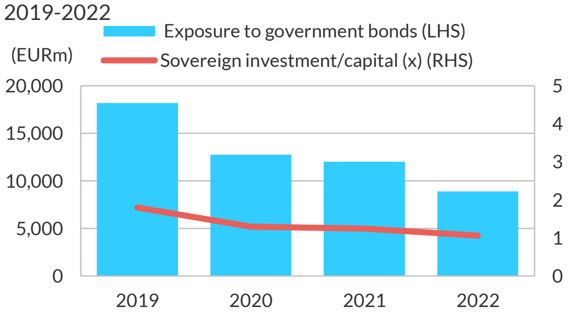
2022



Source: Fitch Ratings, company data

Sovereign Exposure

2019-2022



Source: Fitch Ratings, company data

Asset/Liability and Liquidity Management

Strong Liquidity and Asset/Liability Management

Fitch regards MAPFRE's asset-to-liability and liquidity management as 'Strong' and as having a low impact on the group's ratings. MAPFRE manages its exposure to interest-rate risk through close matching of the life assets and liabilities exposed to interest-rate fluctuations. At group level, asset and liability durations have little mismatch, protecting the company against fluctuations in interest rates.

Fitch considers MAPFRE's balance sheet as liquid and able to support its policyholder liabilities. The agency also considers the investment portfolio liquid as supportive of the rating with over 92% of its fixed-income and cash portfolio allocated to investment-grade, fixed-income instruments. Fitch believes these are likely to be readily tradeable. Exposure to lapse risk is low.

MAPFRE has a favourable debt maturity profile – its EUR1 billion senior bond (the amount was reduced to EUR857 million in December 2021 through buyback) matures in 2026 and its three subordinated bonds (of EUR500 million, EUR600 million and EUR500 million) mature in 2030, 2047 (first call 2027) and 2048 (first call 2028), respectively. MAPFRE's holding company liquidity also has a syndicated loan facility of EUR1 billion, of which EUR237 million was drawn down at end-2022 (end-2021: EUR621 million), due in 2025.

MAPFRE has some exposure to currency volatility. Its principal foreign-currency risk arises because its functional currency is the euro, whereas the currencies of a large part of its operations include the Brazilian real, US dollar and other Latin American currencies.

Reported premiums and earnings are exposed to exchange rates but capital and shareholders' equity are also exposed. MAPFRE closely matches its assets and liabilities by currency exposure, which, in Fitch's opinion, keeps the risks relating to changes in exchange rates manageable. The group has translation risks because of its reporting currency, even though currency-mismatch risk is minimised in its operations.

Financial Highlights

(%)	31 Dec 22	31 Dec 21
Liquid assets/net technical reserves (non-life)	219	242
Liquid assets ratio (life)	97	107

Note: Reported on a yearly basis.
Source: Fitch Ratings, MAPFRE, S.A.

Reserve Adequacy

Strong Reserve Adequacy

Fitch regards MAPFRE's reserve adequacy as 'Strong' and as having a moderate influence on the group's ratings.

MAPFRE uses generally accepted actuarial techniques for projecting ultimate losses and calculating reserves for claims incurred but not yet reported. MAPFRE's corporate actuarial area sets guidelines for reserves setting at the group's business unit level and monitors reserve adequacy for non-life business on a regular basis. MAPFRE's reserve adequacy is also subject to external independent actuarial reviews, showing an excess over best estimate.

The Fitch-calculated reserves ratio (net technical reserves to net earned premiums) was 101% at end-2022. Fitch views this level as adequate. We believe the ratio adequately reflects the group's high claims settlement speed and the short-tail nature of its non-life business. The vast majority of the outstanding provision is released one year after the event.

Financial Highlights

(%)	31 Dec 22	31 Dec 21
Net technical reserves/net earned premiums	101	107
Net loss reserves/incurred losses (x)	0.7	0.8
Non-life loss reserves/equity	0.8	0.7

Note: Reported on a yearly basis.
Source: Fitch Ratings, MAPFRE, S.A.

Reinsurance, Risk Mitigation and Catastrophe Risk

Efficient Centralised Reinsurance Programme

We view MAPFRE's reinsurance, risk management and catastrophe risk as 'Very Strong' and as having a moderate influence on the ratings.

MAPFRE RE provides the group with catastrophe risk management expertise and has a central procurement role in defining and arranging the group's outwards reinsurance programme, and monitoring and controlling catastrophe risk exposure across the group. MAPFRE RE acts as a reinsurer on 100% of all treaty reinsurance in the group and also participates in facultative reinsurance placements, which local subsidiaries place individually.

MAPFRE RE also writes external reinsurance business and is ranked 18th in the global reinsurance rankings. This exposes MAPFRE to natural catastrophe risks. However, the group has a strong record of withstanding natural catastrophe events, which is also a reflection of its effective reinsurance programme. The Spanish insurance industry also benefits from the presence of the Consorcio de Compensacion de Seguros (Insurance Compensation Consortium in Spain) – the Spanish government scheme set up to cover the costs of the direct damage from domestic natural hazards and political and social risks such as terrorism or riots.

Fitch views the credit quality of MAPFRE's reinsurance panel as strong with the main providers rated within the 'AAA', 'AA' and 'A' categories. MAPFRE's reinsurance buying philosophy favours placing contracts with traditional reinsurers with whom the company has developed a long-term relationship.

Financial Highlights

(%)	31 Dec 22	31 Dec 21
Reinsurance recoverables/capital	60	52
Net written premiums/gross written premiums	77	76

Note: Reported on a yearly basis.
Source: Fitch Ratings, MAPFRE, S.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

MAPFRE is rated on a consolidated group approach. MAPFRE Asistencia Compania Internacional de Seguros Y Reaseguros, S.A. is considered 'Core' as it is material in size and supports the group's strategic objectives. As a result, MAPFRE Asistencia's rating has been aligned with Fitch's view of the financial strength of the group as a whole.

Name	Type	Rating	Outlook
MAPFRE, S.A.	Long-Term IDR	A-	Stable
Senior unsecured			
EUR1bn, 1.625%, maturity 19 May 2026 (ES0224244071)	Long-Term	BBB+	
Subordinated debt			
EUR600m, 4.375%, maturity 31 March 2047 (ES0224244089)	Long-Term	BBB-	
EUR500m, 4.125%, maturity 7 September 2048 (ES0224244097)	Long-Term	BBB-	
EUR500m, 2.875%, maturity 13 April 2030 (ES0224244105)	Long-Term	BBB-	
MAPFRE Asistencia Compania Internacional de Seguros y Reaseguros, S.A.	IFS	A+	Stable

Source: Fitch Ratings; MAPFRE, S.A.

Notching

For notching purposes, Fitch assesses the Spanish 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
Notching between the implied insurance operating company and holding company IDRs is expanded by one notch relative to standard notching for a group solvency regulatory environment due to foreign earnings and/or capital being greater than 30% of consolidated group totals.
Holding company debt
A baseline recovery assumption of 'Below Average' was applied to senior unsecured debt issued by MAPFRE, S.A. Standard notching relative to the IDR was used.
Hybrids
For the EUR600 million Tier 2 subordinated bond issued by MAPFRE, S.A. in March 2017, a baseline recovery assumption of 'Poor' and a non-performance risk assessment of 'Moderate' were used. Notching of three notches was applied relative to the IDR, based on two for recovery and one for non-performance risk. For the EUR500 million Tier 2 subordinated bond issued by MAPFRE, S.A. in September 2018, a baseline recovery assumption of 'Poor' and a non-performance risk assessment of 'Moderate' were used. Notching of three notches was applied relative to the IDR, based on two for recovery and one for non-performance risk. For the EUR500 million Tier 3 subordinated bond issued by MAPFRE S.A. in April 2022, a baseline recovery assumption of 'Poor' and a non-performance risk assessment of 'Moderate' were used. Notching of three notches was applied relative to the IDR, based on two for recovery and one for non-performance risk.

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

Debt Maturities

End-2022	(EURm)
Short-term bank debt	444
2026	857
2027 (first call)	600
2028 (first call)	500
2030	500
Total	**2,902**

Source: Fitch Ratings, MAPFRE, S.A.

Short-Term Ratings

Not applicable.

Hybrids Treatment

Hybrid	Amount	CAR Fitch (%)	CAR reg. override (%)	FLR debt (%)
MAPFRE, S.A.				
ES0224244089	600	0	100	100
ES0224244097	500	0	100	100
ES0224244105	500	0	100	100

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 **MAPFRE, S.A.**

Insurance Navigator
EMEA Composite

Credit-Relevant ESG Derivation

MAPFRE, S.A. has 7 ESG potential rating drivers

- MAPFRE, S.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.
- MAPFRE, S.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.
- MAPFRE, S.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.

			Overall ESG Scale
key driver	0	issues	5
driver	0	issues	4
potential driver	7	issues	3
not a rating driver	2	issues	2
not a rating driver	5	issues	1

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale
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)

General Issues	S Score	Sector-Specific Issues	Reference	S Scale
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)

General Issues	G Score	Sector-Specific Issues	Reference	G Scale
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 scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

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) and the Sustainability Accounting Standards Board (SASB).

Sector references in the scale definitions below refer to Sector as displayed in the Sector Details box on page 1 of the navigator.

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. For more information on Fitch's ESG Relevance Scores, visit http://www.fitchratings.com/esg.

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.