

CREDIT RATINGS EMBRACE MORE SYSTEMATIC CONSIDERATION OF ESG

STRONG SUPPORT FROM FIXED INCOME INVESTORS FUELS MOMENTUM

LONDON, 26 MAY 2016— Leading credit ratings agencies are joining an initiative to look at ESG in a more systematic way, the PRI announced today. To kick-start that initiative, 100 investors managing US\$16 trillion AuM, and six credit rating agencies have signed a *Statement on ESG in Credit Ratings and Analysis*.

See link to Statement here: www.unpri.org/download_report/17360

The credit ratings agencies taking part in the initiative include S&P Global Ratings, Moody's, Dagong, Scope, RAM Ratings and Liberum Ratings.

The launch of the Statement marks the start of a two-year programme funded by The Rockefeller Foundation to bring investors and credit ratings agencies together in a series of 'ratings forums' around the world to discuss the links between ESG and creditworthiness. The project has been initiated by the PRI with support from the UNEP Inquiry and a committee of PRI signatories, which include some of the world's largest fixed income investors.

"Credit rating agencies are a crucial part of the puzzle for identifying systemic ESG risks in debt capital markets," said Fiona Reynolds, managing director of the PRI. "By signing this Statement, these organisations are affirming their commitment to more systematic and transparent consideration of sustainability and governance factors in credit ratings and analysis."

"This joint statement by ratings agencies and investors marks another important step towards a sustainable financial system," said Nick Robins, co-director of the UNEP Inquiry.

There is no doubt that strong support from the investor community shows they realise the materiality of ESG issues in relation to issuer creditworthiness.

"Investors are paying close attention to how ESG factors are considered in the credit rating process—that's clear from the number of investors who have signed this statement," said Michael Wilkins, managing director and head of environmental and climate risk research at S&P Global Ratings. "We're keenly aware of this growing interest in quantifying environmental, social and governance factors, and we're focused on closing the information gap and deepening our analysis on these issues."

“We support PRI’s goal of developing a market dialogue to ensure the transparent consideration of ESG factors in the assessment of creditworthiness,” said Raymond McDaniel, President and Chief Executive Officer of Moody’s Corporation. “This is an increasingly important issue for market participants, and aligns with Moody’s work to incorporate evaluations of all relevant and material factors that could affect an issuer’s ability to repay its debt obligations – including assessments of environmental risks.”

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About the Principles for Responsible Investment (PRI)

The [United Nations-supported Principles for Responsible Investment](#) (PRI) Initiative is an international network of investors working together to put the six Principles for Responsible Investment into practice. Its goal is to understand the implications of sustainability for investors and support signatories to incorporate these issues into their investment decision making and ownership practices. In implementing the Principles, signatories contribute to the development of a more sustainable global financial system.

About The Rockefeller Foundation

For more than 100 years, [The Rockefeller Foundation’s](#) mission has been to promote the well-being of humanity throughout the world. Today, The Rockefeller Foundation pursues this mission through dual goals: advancing inclusive economies that expand opportunities for more broadly shared prosperity, and building resilience by helping people, communities and institutions prepare for, withstand, and emerge stronger from acute shocks and chronic stresses.

The Rockefeller Foundation’s Revalue Ecosystems portfolio of investments seeks to account for the significant – yet overlooked – role that nature plays in promoting economic and social well-being. To this end, we pursue market-based solutions that harness the importance of ecosystems as an asset for smart development, economic and social progress, and long-term resilience.

About the UNEP Inquiry

The [UNEP Inquiry into the Design of a Sustainable Financial System](#) was established in January 2014 with a mandate to advance policy options that would improve the effectiveness of the financial system in supporting sustainable development.

Supported by a high-level Advisory Council of financial leaders, the Inquiry has looked in-depth at practice in more than 15 countries as well as across key segments of the financial system, such as banking, bond and equity markets, institutional investment, insurance as well as monetary policy.

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