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Fitch Ratings Publishes ESG Discovery Tool for Public Finance and Global Infrastructure.

Fitch Ratings-New York/London-21 May 2021: Fitch Ratings' new ESG Sector Discovery Tool for Public Finance and Global Infrastructure provides a top-down view of the credit relevance and materiality of ESG issues across regions and sub-sectors.

The tool shows the distribution of Fitch's ESG Relevance Scores (ESG.RS) for Global Infrastructure and Project Finance, International Public Finance (IPF) Local and Regional Governments (LRG) and Government-Related Entities (GRE), US Public Finance (USPF) Revenue-Supported issuers (Revenue), and USPF Tax-Supported issuers (Tax) with the ability to see changes in ESG scores between 4Q19 and 4Q20.

It highlights trends and allows users to visualise where ESG issues are affecting portfolios. For example, issuers were overwhelmingly assigned a score of '3' for "Biodiversity and Natural Resources Management" but there are increased exposures for issuers in the US, Russia and Argentina, with several entities scored with a '4' and one with a '5'. The elevated scores are mainly due to the impact of natural resources management on the economy and governmental operations.

'Human Rights, Community Relations, Access & Affordability' shows increased impacts for USPF Revenue where eight entities scored a '4' and one a '5'. These were led by product affordability and access concerns, which has a significant rating impact.

'Rule of Law, Institutional & Regulatory Quality, Control of Corruption' in USPF Tax had seven entities scored a '4' due to governmental effectiveness concerns surrounding budget management decisions that created financial strains. Three entities had a score of '5' that was due to events that also impacted capital management.

Fitch recently published a special report entitled 'Where ESG Matters in U.S. Public Finance' and expects to follow this with similar reports for the Global Infrastructure and International Public Finance groups.

The report, 'Public Finance ESG Sector Discovery Tool', is available at [fitchratings.com](https://www.fitchratings.com).

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