

# Structured Finance Fireside Chat: ESG for CLOs

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# Speakers



**Carlos Castro**

Director – Solutions Specialist  
Moody's Analytics



**Alan Packman**

Director  
Moody's Analytics



**David Altenhofen**

Senior Portfolio Manager  
PensionDanmark

# ESG Is Important Investment Factor

## Environmental – Social - Governance

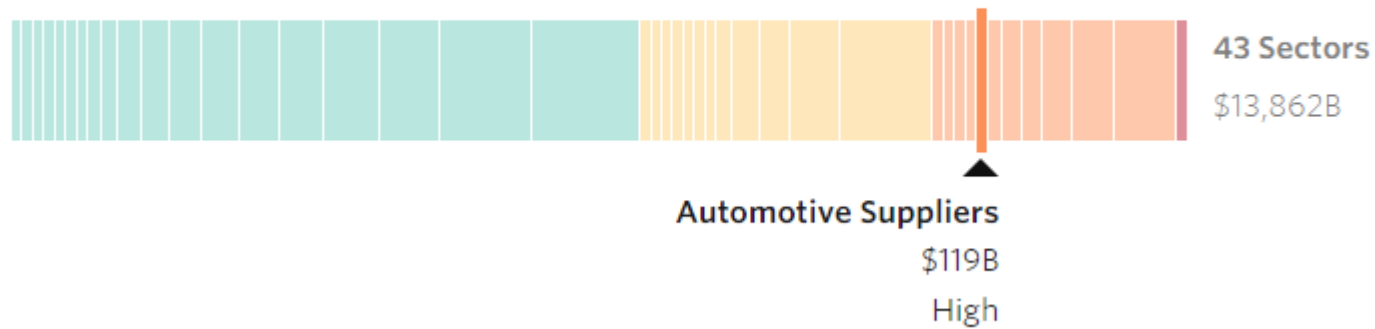
- » CLO/CBO managers & investors incorporated ESG into the investment process.
- » Certain investors/deals require an ESG component in their investment guidelines.
- » Others prefer to maintain ESG even though if they do not have specific investment guidelines.
- » Consistent ESG methodology regardless of deal or manager is important for trading and deal/manager comparisons.

# MIS Currently Provides Sector Scores

## Example – Automotive Suppliers

### Environmental Heat Map Sectors: Corporates

Risk Classification By 2020 Rated Debt in Billions

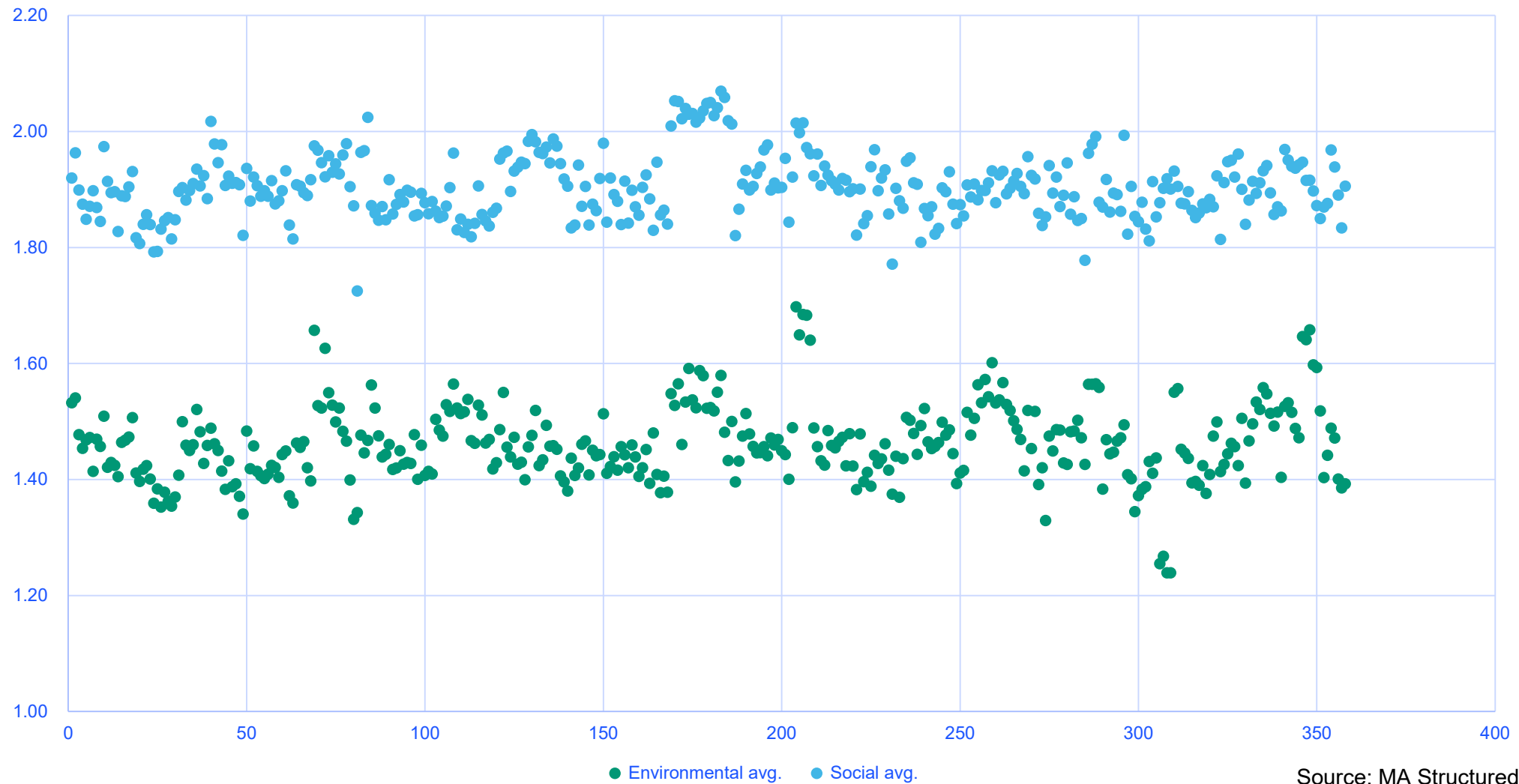


### Social Heat Map Sectors: Corporates

Risk Classification By 2019 Rated Debt in Billions

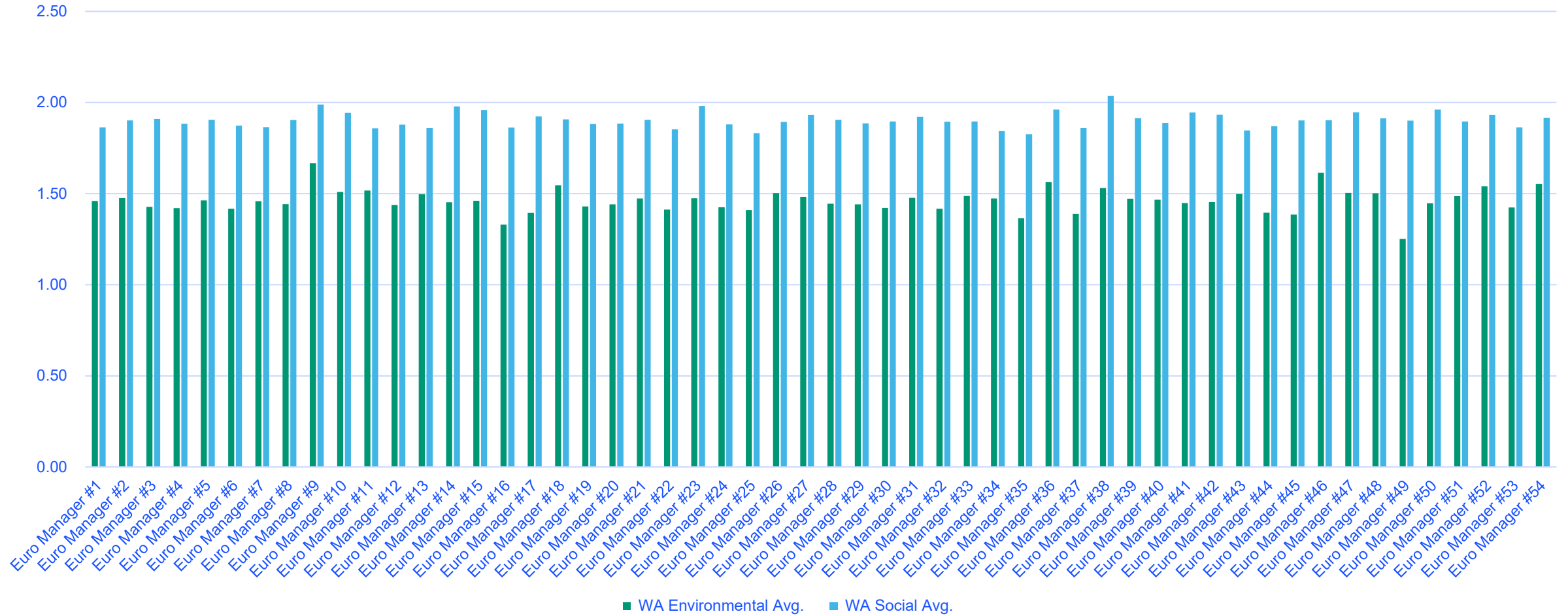


# European CLOs



Source: MA Structured Finance Portal

# European CLO Managers



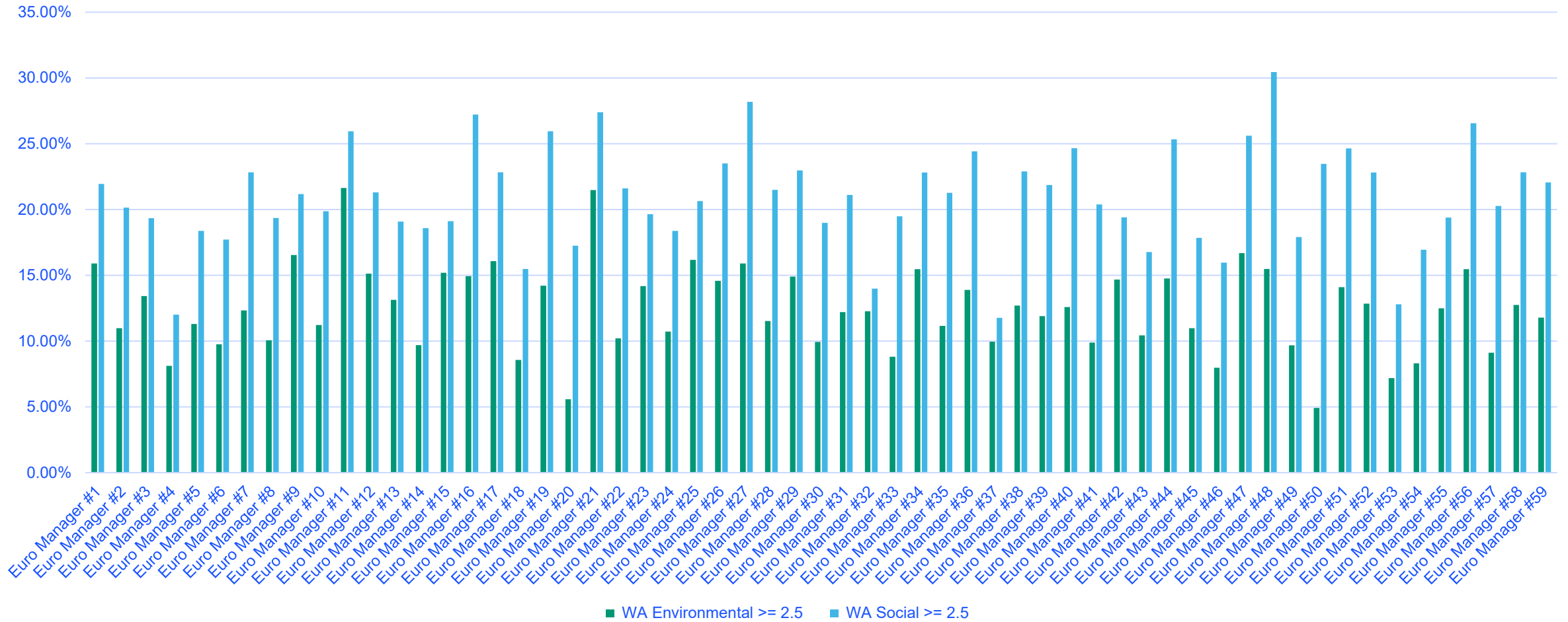
Source: MA Structured Finance Portal

# Key Findings

1. Top 10 deals score 27% better than bottom 10 in Environmental
2. Top 10 deals score 14% better than bottom 10 in Social
3. The top deal in Environment scores 37% better than the worst
4. Top 5 managers score 18% better than bottom 5 in Environmental
5. Top 5 managers score 8% better than bottom 5 in Social
6. The top manager in Environment scores 33% better than the worst

Source: MA Structured Finance Portal

# % of Assets above 2.5 threshold



Source: MA Structured Finance Portal



Carlos Castro  
[Carlos.Castro@moodys.com](mailto:Carlos.Castro@moodys.com)  
+44 (207) 772-1231

Alan Packman  
[Alan.Packman@moodys.com](mailto:Alan.Packman@moodys.com)  
+44 (207) 772-5406

David Altenhofen  
[dal@pension.dk](mailto:dal@pension.dk)  
+45 33856053

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