



SFA ESG Industry Engagement
Survey

SFA ESG Industry Engagement Survey

SFA is conducting a market-wide survey to assess the implemented or planned integration of ESG (environmental, social and governance) considerations in structured finance issuance and investing activities. We are also gathering information on various strategies, philosophies, and the extent to which firms operating in the structured finance market have already implemented ESG frameworks.

All responses will be anonymized and aggregated for publication, and in no case will survey responses be made attributable to a specific respondent or firm.

In an effort to capture information on companies' overall ESG approaches – in addition to the approach and engagement specific to structured products – we ask that you coordinate internally with colleagues to answer questions posed in the “General Questions” section from a high-level firm perspective. In addition to the general questions, some sections are targeted specifically to ABS issuers and investors: for these questions we seek input that reflects your firm's plans, views, and preferences specific to your involvement in the structured finance market, both in the U.S. and abroad.

Please reach out to Hunter.Hamrick@structuredfinance.org or Jennifer.Wolfe@structuredfinance.org with any questions about the survey or your approach to answering the survey. **The survey will be open through Friday, September 11th.**

Respondent Profile Questions

1. What is your firm name?
2. What is your name?
3. What is your email address? (Please note that we require this information so that SFA staff may contact you to clarify responses.)
4. Please indicate your market participant type (Please select your firm's market role)

ABS Issuer

Service Provider

Bank/Financial Intermediary

Other (please specify) _____

Investor/Asset Manager

Rating Agency

Law Firm

General ESG Questions

5. Which segments of the securitization market is your firm principally engaged in? (Please select all that apply)

US Consumer ABS

US CMBS

US Commercial ABS (includes ABCP)

European ABS (includes ABCP)

US CLO

European CLO

US RMBS

European RMBS/CMBS

Other (please specify) _____

6. At the **enterprise level**, does your firm have a defined ESG program or strategy?

Yes

No

Unknown

7. Is your firm taking steps to develop a defined ESG program or strategy at the **enterprise level**?

Yes

No

Unknown

8. Does the ESG program or strategy include target dates for the completion of certain goals at the **enterprise level**? (For example: board of directors and senior leadership representation, company operations, investment holdings guidelines.)

Yes

No

Unknown

9. At the **enterprise level**, does your firm have full-time employees (FTE) dedicated to ESG?

Please **select one** of the options below:

No

No, but some employees are responsible for covering/implementing ESG in their job function

No, but we have contracted with consultants to cover/implement ESG

Yes, and I can estimate # of FTE (indicate # in cell)

Yes, but # of FTE is unavailable

Yes, we have ESG team(s) in place Unknown

Please elaborate on any clarifying comments

10. At the **structured finance** level, does your firm have a defined ESG program or strategy?

Yes

No

Unknown

11. Is your firm taking steps to develop a defined ESG program or strategy at the **structured finance** level?

Yes

No

Unknown

12. Does the ESG program or strategy include target dates for the completion of certain goals at the **structured finance** level? (For example: board of directors and senior leadership representation, company operations, investment holdings guidelines.)

Yes

No

Unknown

Provide description if available

13. At the **structured finance level**, does your firm have full-time employees (FTE) dedicated to ESG? Please select **one of** the options below:

No

No, but some employees are responsible for covering/implementing ESG in their job function

No, but we have contracted with consultants to cover/implement

ESG Yes, and I can estimate # of FTE (indicate # in space below)

Yes, but # of FTE is unavailable

Yes, we have ESG team(s) in place

Unknown

Please elaborate on any clarifying comments.

14. Does your firm's ESG program have a dedicated budget or other resources (other than employees as discussed in previous question) in order to support implementation? Select from the below options:

Unknown

No

Yes

Yes, and budget is expected to increase in the next 5 years. If you can share the current budget and expectations of increase in dollar or % terms, please provide this information in the comment box:

Provide any clarifying information here

Questions on SFA Work Product

15. Which ESG-focused work product should SFA work to develop? (Please select your **top** choice.)

Publish a market primer on ESG in structured products. This may include information such as: ESG-focused asset originators and ABS issuers, top areas of investor interest for ESG analysis in structured products, summary of ESG data availability and key providers of ESG analysis/evaluation, and market preferences on direction of ESG disclosures.

Note: This would be a short-term deliverable (2-3 months)

Develop a disclosure framework that is BROADLY APPLICABLE for structured products.

Note: This would be a long-term deliverable (6+ months)

Develop multiple disclosure frameworks that are ASSET CLASS specific.

Note: This would be a long-term deliverable (6+ months).

None of the above. Please provide your suggestion in the space below:

16. In developing asset class specific disclosure frameworks, which asset types should SFA start with? Please select a **maximum of 3** from the options below:

- | | |
|--------------------------|--|
| Auto lease/loan | Single family rental |
| Commercial real estate | Small business |
| Consumer loans | Solar/PACE |
| Leveraged loans | Student Loans |
| Credit card | Mobile/handset |
| Equipment | Other (Please indicate in the next question) |
| Equipment (small ticket) | |
| Multifamily loans | |
| Residential mortgages | |

17. If you selected “Other”, please indicate the asset classes below.

Issuer Respondent Questions (Questions 18 - 36)

Note: Please respond to Questions 18 - 36 only if you indicated in Question 4 that you are an ABS Issuer. If you are an **Investor/Asset Manager** please skip ahead to Question 37 on page 16.

18. Are any ESG factors currently part of your organization's overall business operations.

Yes

No

Unknown

19. If you indicated ESG factors are currently part of your organization's business operations, select all that apply.

Environmental (examples: climate risk/impact, resource management, energy, waste)

Social (examples: affordability, community focus, values alignment)

Governance (examples: transparency, diversity and inclusion, incentive alignment)

Sustainability/Other (pandemic, supply chain, other)

List specific factors that drive your ESG approach

20. If you indicated ESG factors are **not** currently part of your organizations business operations, select the response that applies to your current status:

We have plans to do so by year-end 2021

We are still evaluating

We are not currently developing an ESG plan (please provide an explanation in comment box)

21. What are your firm's top motivations for ESG integration? (Please select all that apply)

Align with corporate values

Reputation and brand

Board directive

Reduced funding costs

Demand from underlying investors

Part of response to the current pandemic

Improved long-term returns

Anticipating future regulatory requirements for ESG disclosure

Decreased corporate risk

Other (please describe)

22. Does your asset origination and underwriting framework include an ESG philosophy or principles? Please select one:

Yes (Please describe below)

No

Unknown

23. Since you have indicated your asset origination and underwriting framework includes an ESG philosophy and/or principles, can you identify which broad categories are factored in currently? Select all that apply:

Environmental (examples: climate risk/impact, resource management, energy, waste)

Social (examples: affordability, community focus, values alignment)

Governance (examples: transparency, diversity and inclusion, incentive alignment)

Sustainability/Other (pandemic, supply chain, other)

Please list specific factors that are unique to your business model or key to your business' ESG approach

24. Since you have indicated your asset origination and underwriting framework does **not** include an ESG philosophy and/or principles, which of these options best describe your status? Please select one:

We have plans to do so in the near future

We are still evaluating

ESG is not a factor at this time

25. Do you currently report ESG-specific information for your securitization transactions? Please select one:

Yes

No

We are evaluating or developing. Please provide an explanation below.

26. In which formats do you do you currently provide ESG data **specific to your securitization program**? Select all that apply:

Company website/corporate sustainability report

10K/Q

ABS/offering document

Third party reports (e.g., reports or other information published by credit rating agencies)

Investor presentations, direct engagement

Other (please describe)

27. Do you plan to report ESG information **in the next two years** in any of these formats? Select all that apply:

Company website/corporate sustainability report

10K/Q

ABS/offering document

Third party reports (e.g., reports or other information published by credit rating agencies)

Investor presentations, direct engagement

Other (please describe)

28. Whether or not you report ESG information for your securitizations, does your company currently report ESG information at the parent company level? Please select one:

Yes

No

We are evaluating or developing. Please provide an explanation below.

29. In which formats does your company report parent company ESG information? Please select all that apply:

Company website/corporate sustainability report

10K/Q

ABS/offering document

Third party reports (e.g., reports or other information published by credit rating agencies)

Investor presentations, direct engagement

Other (please describe)

30. If your company currently does not report ESG information, does your company plan to report in the next two years? Please select one:

Yes

No

Unknown

31. Does your firm currently sponsor a securitization issuance program that was **developed specifically to be targeted to ESG investors?** (i.e. green bond, social bond, sustainability bonds, etc.)

Yes

No

32. If not, is your firm developing or considering developing such a program? Please select one option:

Yes

No

Unknown

33. In which asset class(es) do you issue? Select all that apply:

- | | |
|--------------------------|----------------------|
| Aircraft Lease | Multifamily |
| Auto lease/loan | RMBS |
| Commercial real estate | Single family rental |
| CLOs | Small business |
| Consumer Loans | Solar/PACE |
| Credit Card | Student Loans |
| Equipment | Mobile/Handset |
| Equipment (small ticket) | |
| Other (please specify) | |

34. Please indicate all types of qualitative and quantitative ESG data that is disclosed in your transaction offering materials, select all that apply.

- | | |
|--|-----------------|
| Company/sponsor level information | Replines |
| Broad program origination/underwriting information | Loan level data |
| Collateral pool level ESG collateral data | |
| Other (Please describe) | |

35. Do you also provide this qualitative and quantitative ESG data in any other formats?

Select all that apply:

Company website/corporate sustainability report

10K/Q

ABS/offering document

Third party reports (e.g., reports or other information published by credit rating agencies)

Investor presentations, direct engagement

Other (please describe)

36. Would you be willing to supply your program's most recent offering documents to SFA?

Yes (SFA will contact you)

No

Investor Respondent Questions (Questions 37 – 52)

Note: Please only respond to Questions 37 – 52 if you indicated in Question 4 that you are an **Investor/Asset Manager**.

37. Does your firm apply an ESG framework to investment decisions? Please select one option:

Yes, across all managed funds and portfolios

Yes, on selected managed funds, portfolios, or client-directed funds (i.e., ESG-targeted investments or funds focused in certain markets or sectors)

No

38. If your firm does not currently apply an ESG framework to investment decisions, is one in development? Please select one option:

Yes, it is expected to be in place by the end of 2021

Yes, it is expected to be in place **after** 2021

No

If you selected “No”, please describe why.

39. What is your firm's **top** barrier to ESG integration? (Please select **one** option from below.)

Lack of available and/or comparable data

Cost of technology and operational integration

The risk of “greenwashing”

Need for additional resources with specific ESG expertise

Lack of management buy-in to importance of ESG

ESG is not a factor

40. Please describe the nature of your ESG framework. Please select one option:

In early stages

Developing

Advanced, but still developing

Fully operational and enhancements are undertaken on a regular basis

Other (Please describe)

41. What are your firm's top motivations for ESG investing? (Select all that apply)

Improved long-term returns

Diversification of product offering

Risk management/Decreased investment risk

Aligns with firm values

Reputation and brand

Anticipating future regulatory requirements for ESG disclosure

Client demand

42. Which of the following best describes your organization's strategy when it comes to ESG? (Select all that apply)

Negative screening

Positive screening

Thematic investing

ESG integration

Impact investing

Investment stewardship

Other (Please describe)

43. Which inputs and analysis do you consider in your ESG evaluations for structured products? Select all that apply:

Sponsor level ESG information

Collateral Pool ESG information for securitizations

Financially material information with respect to ESG factors

Third party ESG ratings (aside from credit ratings)

Other (please describe below)

44. Do you send an ESG due diligence questionnaire to issuers? If yes, would you be willing to provide?

No

Yes

Yes and I am willing to provide to SFA (SFA staff will contact you)

45. Does your firm assess and assign internal ESG scores to investments? Please select one option:

No

Yes, to all investments

Yes, but only for positions held within ESG-targeted funds/portfolios investments

It depends, please describe:

Please clarify your response

46. For your evaluation of **structured products**, what is your firm's selected approach to evaluating an investment opportunity from an ESG perspective? Select one from below:

Rely on third-party data sources to assess transactions

Bespoke/tailored to your specific ESG targets and preferences

Synthesize data from all sources available to independently score/rate transaction

47. What metrics do you track to quantify ESG in **structured products**? Select all that apply at this time:

Environmental: Greenhouse gas emissions

Environmental: Waste & pollution Environmental: Water use

Environmental: Land use

Social Factors: Workforce & diversity

Social Factors: Safety management

Social Factors: Customer engagement

Social Factors: Communities

Governance Factors: Structure & oversight

Governance Factors: Code and values

Governance Factors: Transparency & reporting

Governance Factors: Financial & operational risks

48. Do existing credit rating agency criteria adequately address ESG-related risks/opportunities for **structured products**? Please select one option:

Yes

No

Unknown

If you selected No, please indicate why.

49. Have credit rating agencies provided sufficient information for you to understand how ESG factors are incorporated into credit ratings for **structured products**? Please select one option:

Yes

No

Unknown

If No or Unknown, how could these disclosures be improved?

50. Should credit rating agencies comment on ESG factors **beyond those relevant to credit quality** for **structured products**? Please select one option:

Yes

No

If Yes, what types of analysis or disclosures do you want to see:

51. Is there a need for separate ESG scoring on structured finance transactions? (For example, MSCI ESG Rating or SAM Corporate Sustainability Assessment) Please select one option:

Yes

No

Please provide any additional thoughts.

52. Are you updating your standards or operations with the changes reflected in the EU Sustainable Finance Taxonomy? Please select one option:

Yes

Yes, when asked by EU accounts

Still evaluating

No

Thank you for completing the survey.