How Social Risks And Opportunities Factor Into Global Corporate Ratings

April 11, 2018

Companies around the world are under scrutiny--politically and from the general public--about their environmental, social, and governance (ESG) responsibilities. That's leading lenders and institutional investors to become increasingly interested in how S&P Global Ratings incorporates these factors into its corporate credit ratings and the impact they have had on our ratings. To aid transparency on these issues, we did a two-year review of social factors incorporated into our analyses and how these have affected corporate and infrastructure ratings between July 2015 and August 2017. For that period, we found 346 cases where social factors (as defined below) were explicitly identified as relevant to the rating, and 42 cases where social factors--both event-driven and those occurring over a longer time period--resulted in a change to the rating or outlook, or a CreditWatch action. The cases were spread across multiple sectors, with retail and restaurants, leisure and sports, and regulated utilities being most frequently affected over the two-year review period.

Key Takeaways

- We included in our research social risks and opportunities related to human capital management, safety management, demography, consumer-related factors, and social cohesion.
- Between mid-2015 and mid-2017, we found 346 ratings in which those social risks were an important factor in the analysis and 42 in which those risks were key to a rating action.
- Our study showed that social factors contributed less frequently to rating actions than did environmental and climate factors. However, when social factors were material, they were overwhelmingly negative to credit quality compared to environmental and climate factors.
- We found that risks and opportunities associated with human capital and safety management have affected companies' credit quality more frequently than other social factors.

This report is part of a series of publications that discuss how we incorporate ESG factors in our credit ratings. In November 2017, we published the results of a similar lookback review of environmental and climate factors over the same time span (see "How Environmental And Climate

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Risks And Opportunities Factor Into Global Corporate Ratings - An Update," published Nov. 9, 2017). This study showed that environmental and climate factors contributed more frequently to rating actions than did social factors over the same period. However, when social factors were material, they were overwhelmingly negative to credit quality compared to environmental and climate factors.

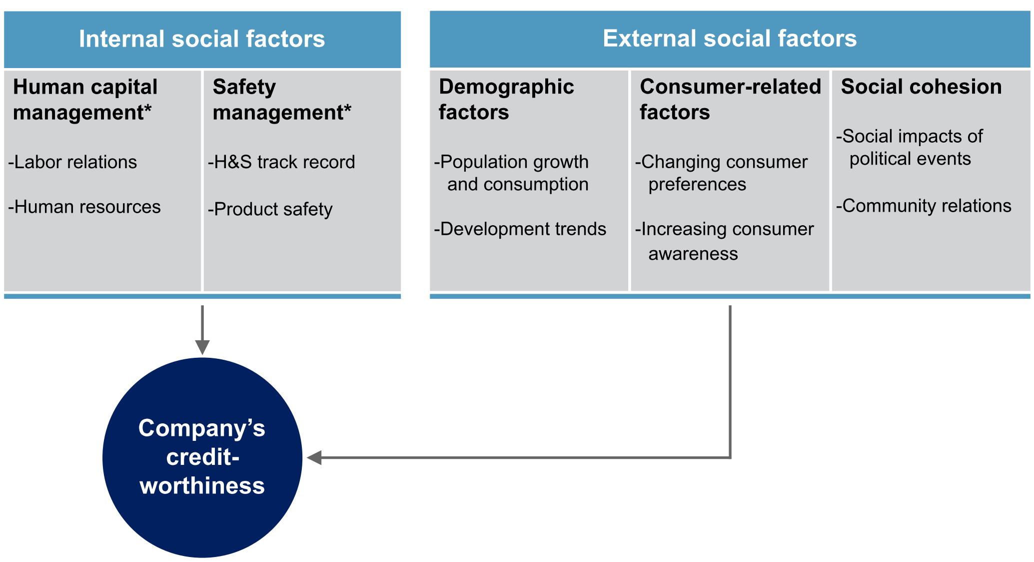
We also identified where social and environmental factors play out in our Corporate Criteria Framework and highlighted how their management and oversight–the "G" in ESG, could affect our corporate credit ratings in November 2015 (see "ESG Risks In Corporate Credit Ratings – An Overview," published Nov. 16, 2015). We will continue to track how we incorporate ESG risks and opportunities into our credit analysis, and we plan to further report on how those factors may affect corporate entities' credit.

Our Definition Of Social Factors

Identifying the social risks and opportunities linked to the complex and dynamic interactions between a company, its stakeholders, and the broader society isn't an easy task. For the purposes of this study, we identified two main categories of social factors relevant to our corporate credit ratings over our two-year review: internal social factors and external social factors (see chart 1). This study framework describes these social risk factors and how they can affect the creditworthiness of corporate entities.

Chart 1

Study Framework Of Social Factors



*In supply chain and direct operations. H&S--Health and safety. Source: S&P Global Ratings.

Internal social factors

In this category, we include risks and opportunities associated with a company's management of human capital and safety. These factors are typically internal to companies or their suppliers, and to a certain extent under their control.

- A company's human capital management relates to its capacity to develop a long-lasting productive workforce while reducing potential operational disruptions from workforce mismanagement. Examples of social factors considered in this category include a company's employee turnover, its vulnerability to strikes, and its ability to manage skill scarcity.
- A company's safety management includes its ability to ensure the safety of its workforce, production process, and its final products. In our opinion, delivering safe products through a safe operational environment reduces the likelihood of a negative impact on a company's employees and customers. In this category, we included factors related to the company's health and safety (H&S) performance–both employee safety and the company's track record on product safety–customer safety.

In most cases, we expect those risks and opportunities to have direct impacts on companies through increased costs, operational disruptions, and lower quality of products and services. However, these factors often have additional indirect impacts such as reputational or regulatory damages. For example, in our credit analysis of Herbalife Ltd., a network marketer of weight-management products, nutritional supplements, and personal-care products, we incorporate its exposure to regulatory risks and reputational damages associated with potential product liability, which may affect the demand for its products and services, in our view (see Herbalife Ltd. Assigned 'BB-' Corporate Credit Rating; Outlook Stable, Jan. 20, 2017).

External social factors

In this category, we include risks and opportunities associated with a company's exposure to external social trends, including demographic factors, changing consumer behaviors, and social cohesion. Unlike human capital management, these external factors are less within the company's control and can be more difficult to manage directly.

- Demographic factors relate to population growth and composition, such as an aging population and urbanization. We also include development-related factors such as rising living standards or a growing middle class. In our view, these demographic trends typically shape the long-term growth and demand dynamics in an industry. For example, urbanization trends in many countries fuel infrastructure investments and result in long-term growth for companies analyzed under our engineering and construction key credit factors (KCFs).
- Consumer-related factors considered in this study include changing preferences and increasing awareness about the environment, health, and privacy. For example, in our analysis of McCormick & Co. Inc, which supplies spices, seasonings, and flavors to the food-service industry, food processors, and retail outlets, we factored its ability to adapt to changes in customer preferences by developing non-genetically modified (GMO) products, gluten-free offerings, and more Bisphenol A (BPA)-free packaging (see McCormick & Co. Rating Lowered To 'BBB', Taken Off CreditWatch On Announced Financing And Expected Acquisition Closing, Aug. 9, 2017). We see changing preferences and increasing awareness as important external social factors shaping industry dynamics and demand. While we recognize that those changes are often the result of complex dynamics that may not be solely social in nature--such as

technological innovations, higher levels of education, or new public policies--we see them as a social factor in itself. We excluded from our analysis cases in which changes in consumer behaviors were purely the result of a company's strategy and practices.

- Social cohesion-related factors include social risks and opportunities stemming from geopolitics and community-related events such as conflicts, community unrests, and terror attacks. These external factors have the potential to disrupt a company's business environment through its supply chain and end market, but they may also result in direct operational disruptions.

External social factors would likely capture some of the risks and opportunities assessed in our country risk assessments (see the "Social Risks In Our Country Risk Assessment" section of this article for further information on the articulation of our study framework with our country risk assessment).

The framework we have used in this study encompasses social factors that were most relevant to credit analysis between mid-2015 and mid-2017. These may change in the future because of new societal, regulatory, or geopolitical developments, and we will continue to update the scope of our study framework accordingly.

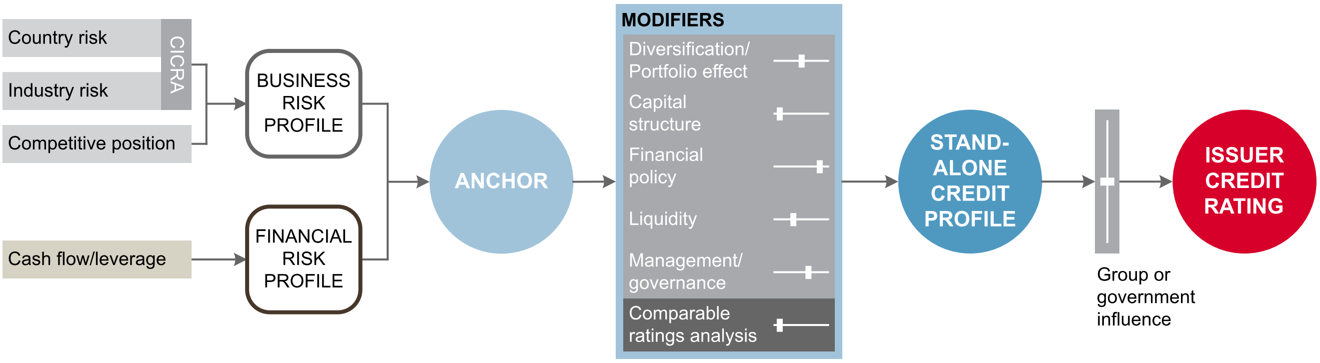
Social Risk And Opportunity Methodology

Corporate Criteria Framework

Our corporate analytical methodology incorporates various elements that, taken together, yield our rating on a given company (see chart 2). Our assessment of a corporate issuer's business risk profile combines our individual assessments of the company's industry risk, country risk, and competitive position, while our financial risk profile assessment reflects our cash flow/leverage analysis. We combine the issuer's business and financial risk profile assessments to determine its anchor. We apply additional factors—namely, diversification/portfolio effect, capital structure, financial policy, liquidity, management and governance, and the comparable ratings analysis—to modify the anchor. Under this framework, we can capture social risks such as access to skilled labor, labor relations, and concerns related to human health through our assessment of a company's competitive position and financial risk profile. Other factors would likely be captured under our KCFs, governance and management criteria, and our country risk assessment (see sections below).

Chart 2

Corporate Criteria Framework



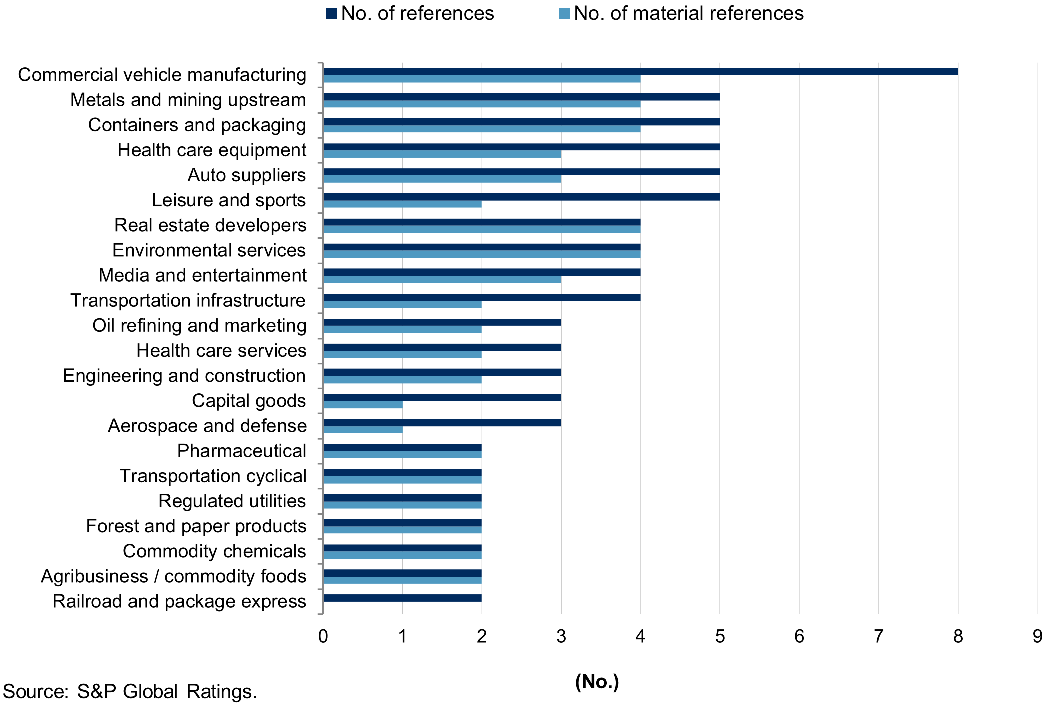
Source:S&P Global Ratings.

Key Credit Factors

We also apply industry-specific criteria--our KCFs-- to complement our corporate methodology. The KCFs in rare circumstances may supersede certain sections of our broader corporate methodology. The KCFs provide complementary detail, such as how we assess any industry-specific risk factors, and they're where social risk references predominantly appear. That usually happens within the industry risk and competitive position portions of the business risk profile assessment and in the management and governance modifier. Social risks factor into our criteria for most industries to some degree (see chart 3), in particular through the "Risk in Industry Growth Trend" subsection of our criteria (see the "Criteria Review Methodology" section of this article).

Chart 3

Number Of Social References In Key Credit Factor Articles And Their Relevance Per Industry



Source: S&P Global Ratings.

Social risk in management and governance assessment

Our assessment of management and governance acts as a modifier in our corporate rating methodology and therefore can directly influence an issuer's credit rating. The modifier is an aggregation of our analysis of eight management and seven governance subfactors.

We incorporate our view of how a company's management deals with social and environmental risks into the "comprehensiveness of risk management standards and tolerances" subfactor, which is part of our general risk management analysis. That is because we believe material unmanaged social and environmental risks can hurt a company's creditworthiness over the rating horizon.

Social risks in our country risk assessment

Our country risk assessment along with our assessment of the industry risk and the entity's competitive position determine a corporate issuer's business risk profile, which we combine with the financial risk profile assessment to derive the anchor (see chart 2). Our country risk assessment evaluates the broad range of economic, institutional, financial, market, and legal risks that arise from doing business with or in a specific country. The company's final country risk assessment draws from our sovereign criteria and includes adjustments to reflect a company's geographic diversity.

In this framework, social factors affect a sovereign's institutional assessment. We believe social factors such as social mobility, social inclusion, the prevalence of civic organizations, the degree of social order, and capacity of political institutions to respond to societal priorities would affect a country's social cohesion and shape the stability and effectiveness of its institutions (see our "Sovereign Postcard: ESG And Sovereign Ratings," published Feb.7, 2018).

We incorporate these broader social factors in the corporate issuer's credit rating through our country risk assessment. These include trends in demographics as well as potential event risks such as war and social unrest. While we may not explicitly reference the social roots of a company's changing business environment in our analysis, we would still factor these into our country risk assessment, and to a certain extent they would contribute to shape the company's business risk profile.

Results Of Our Lookback Analysis

In our lookback analysis we reviewed our research updates, which we publish whenever we assign, affirm, lower, or raise a rating, revise an outlook, or place a rating on CreditWatch, to illustrate where and how social factors have featured in S&P Global Ratings' corporate credit analysis. Over the two-year study period, we found 42 rating actions in which social factors were a key reason we raised or lowered ratings, revised outlooks, or placed ratings on CreditWatch. Social factors were mentioned in the analysis an additional 304 times, meaning they played a part, but not a predominant one, in the rating, outlook, or CreditWatch action.

Social factors were less frequently identified as material to credit ratings than environmental and climate factors

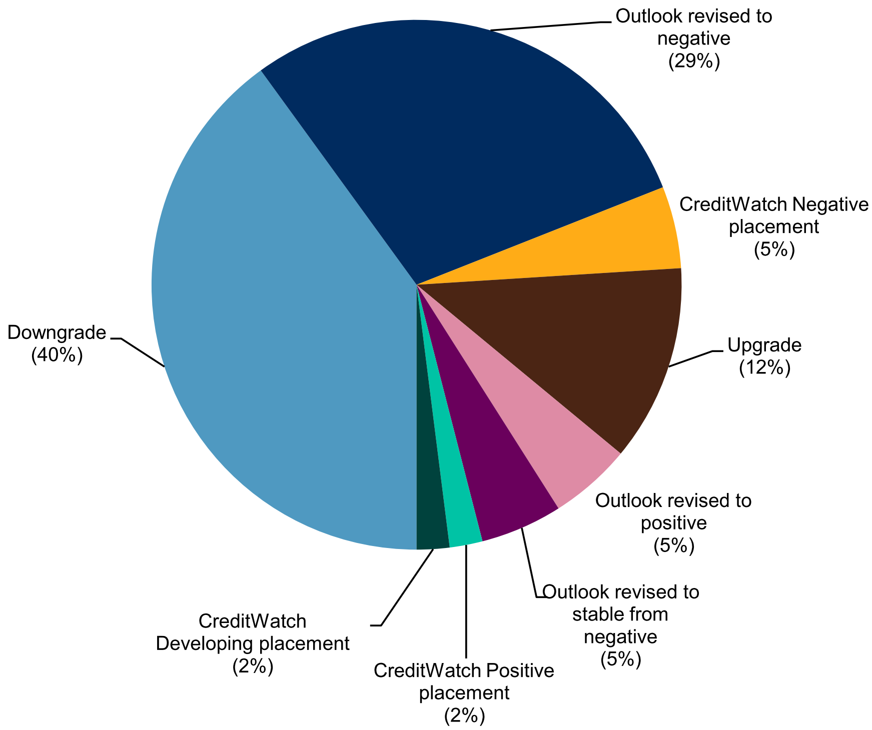
We published nearly 9,000 research updates for global corporate entities from July 2015 to August 2017. Social factors were identified as an important consideration in 346 of those cases. In comparison, we found 717 cases in which we considered environmental and climate (E&C) factors over the same period, which shows that social factors were less frequent considerations than E&C risks. Of the 346 references, 42 listed social risks or opportunities as one of the key reasons for the rating action. In a number of instances in which social factors featured in the analysis, they were considered longer-term risks, even if they weren't a key reason for the particular rating action on that day. This figure was lower than the 106 cases in our E&C research, which also suggests that social factors affected companies' credit quality less frequently than E&C risks and opportunities over the two-year lookback period.

Ratings actions stemming from social factors are mostly negative

Of the 42 research updates that listed a social factor as a key element of the rating, outlook, or CreditWatch action, close to three-quarters were in the negative direction (see chart 4). Of these negative actions, more than half were downgrades (55%), while the rest were split between negative outlook revisions (39%) and negative CreditWatch placements (6%). This result contrasts with our E&C research, in which only 56% of the ratings actions were in the negative direction, the majority of which were downgrades (73%).

Chart 4

Rating Actions Related To Social Risks



Source: S&P Global Ratings.

Table 1

Ratings Actions Where A Social Factor Was Key

Positive rating actions		Negative rating actions		Neutral rating actions	
CreditWatch positive placement	1	CreditWatch negative placement	2	CreditWatch developing placement	1
Outlook revised to positive	2	Outlook revised to negative	12		
Outlook revised to stable from negative	2	Outlook revised to stable from positive	0		
Upgrade	5	Downgrade	17		
Total positive actions	10	Total negative actions	31	Total neutral actions	1
Percentage of total positive actions	24	Percentage of negative total actions	74	Percentage of total neutral actions	2

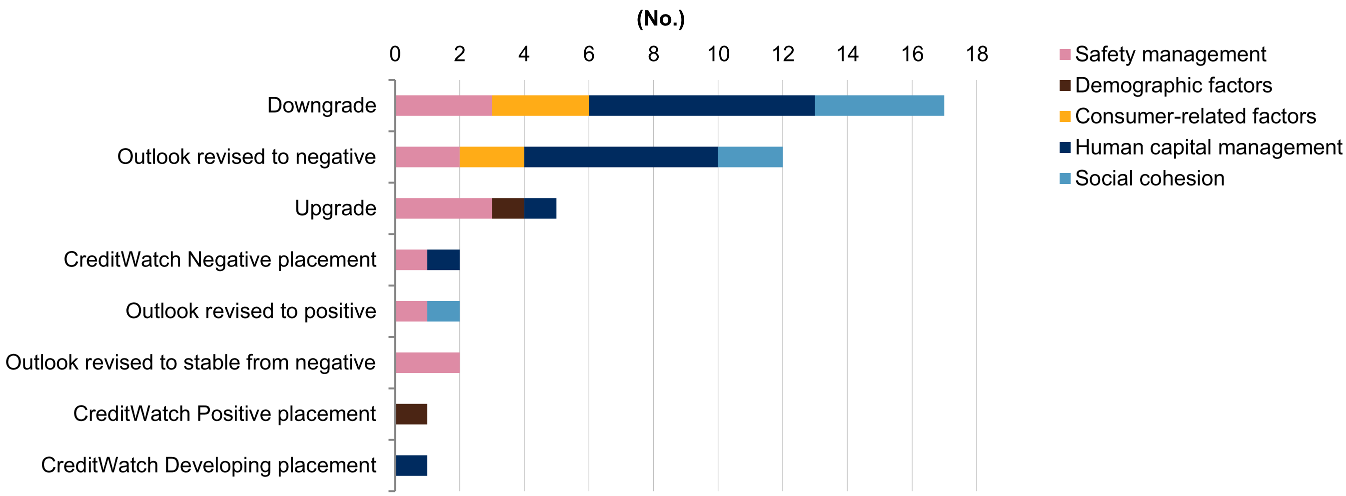
Source: S&P Global Ratings.

The higher proportion of negative rating changes reflects the higher downside potential of some of the social factors considered in our research. This particularly applies to factors related to human capital management and social cohesion, which represent the majority of social factors leading to downgrades and negative outlook revisions (see chart 5). These categories include factors such as strikes, terror attacks, or social unrest.

According to our research, these factors typically present more risks than opportunities for corporate entities' credit quality. Other social factors such as safety management and demography present a more balanced profile between risks and opportunities when material to our credit ratings, reflecting their relatively equal downside and upside potential.

Chart 5

Categories Of Social Reference By Rating Action



Source: S&P Global Ratings.

We also found some instances of companies benefiting from changes in demographic trends and changing consumer preferences, such as an aging population and rising health awareness. For example, in our analysis of Brazil-based private hospital operator Rede D'Or Sao Luiz, we incorporated our view that an aging population in Brazil should further support the company's profitability (see "Rede D'Or Sao Luiz 'BB' Global Scale And 'brAA-' National Scale Ratings Affirmed; Outlook Negative Due To Sovereign Cap", April 19, 2017).

Human capital and safety management are the most material social factors to credit quality

We found that internal social factors--human capital and safety management--are more likely to affect companies' credit quality (see chart 6). Over our lookback period, these two factors led to close to two-thirds of rating actions in which social factors were key. In addition, we found a majority of those rating actions to be negative, typically through direct operational disruptions. We found only a limited number of cases where those factors led to a positive rating change, most of them following a previous negative rating action.

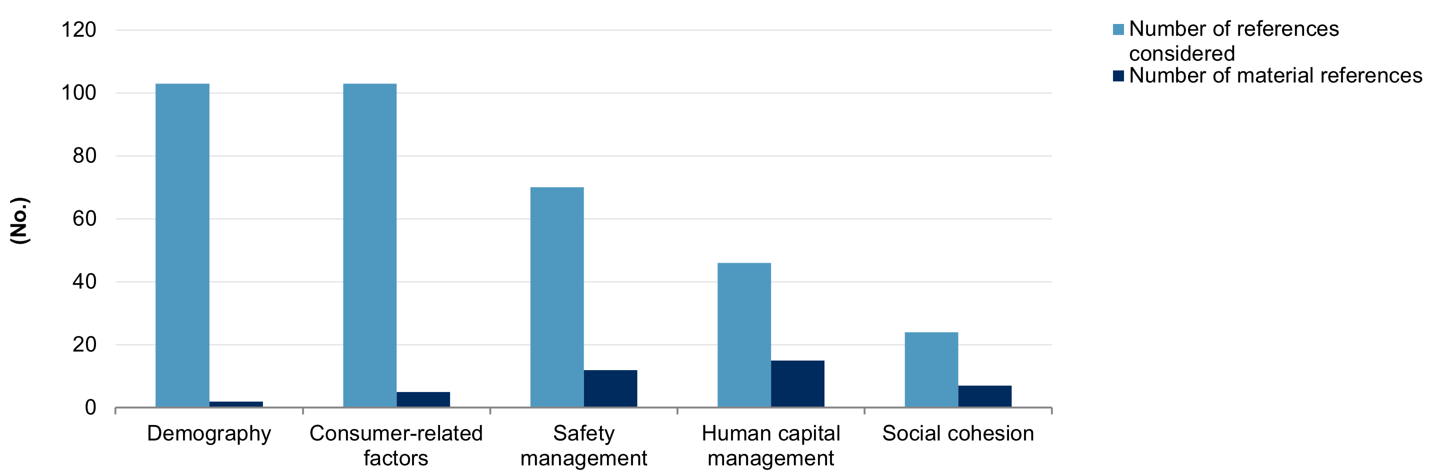
For example, we upgraded Pacific Gas & Electric Co. in 2017 based on the gradual improvement of its business risk profile, including its safety track record. This positive rating action was subsequent to a negative rating action in 2011 because of operational, reputational, and regulatory damages stemming from the 2010 San Bruno, Calif. gas transmission explosion. In our view, the company's strong and consistent safety track record in the years following the accident allowed it to rebuild its reputation and credibility with its stakeholders (see "PG&E Corp. Upgraded To 'A-', Outlook Stable; Debt Ratings Also Raised", May 12, 2017).

The sectors in which safety was most commonly a key driver in a rating, outlook change, or CreditWatch listing were regulated utilities and health care equipment (see chart 7). Human capital management, in particular labor relations, were most material to companies in the retail and restaurants, capital goods, metals and mining, and engineering and construction sectors.

We also found that social factors we most systematically considered in our credit analysis were demographic and consumer-related factors. This is due to the impact those factors have on growth trends and secular changes in multiple industries (see the "Criteria Review Methodology" section of this article). While these are relevant factors across industries, we found that they triggered a rating change only in a limited number of cases due to their generally indirect impact on creditworthiness.

Chart 6

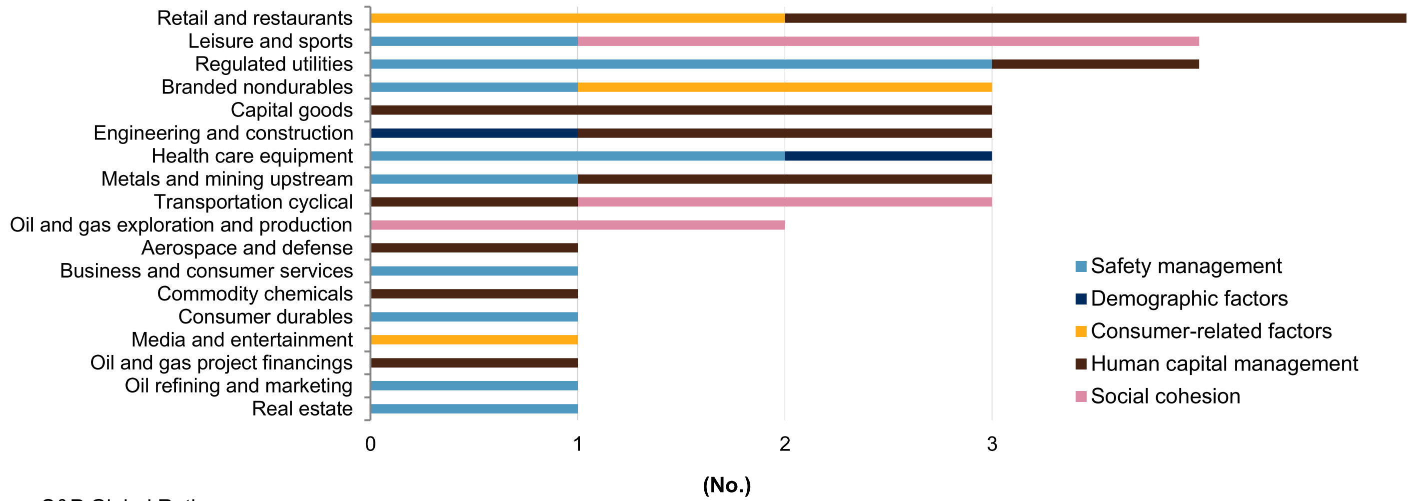
Most Frequently Cited Social Category Considered in A Rating And Key Driver In A Rating Change



Source: S&P Global Ratings.

Chart 7

Most Frequently Cited Social Category Where Social Factors Were A Key Driver In A Rating Change By Sector



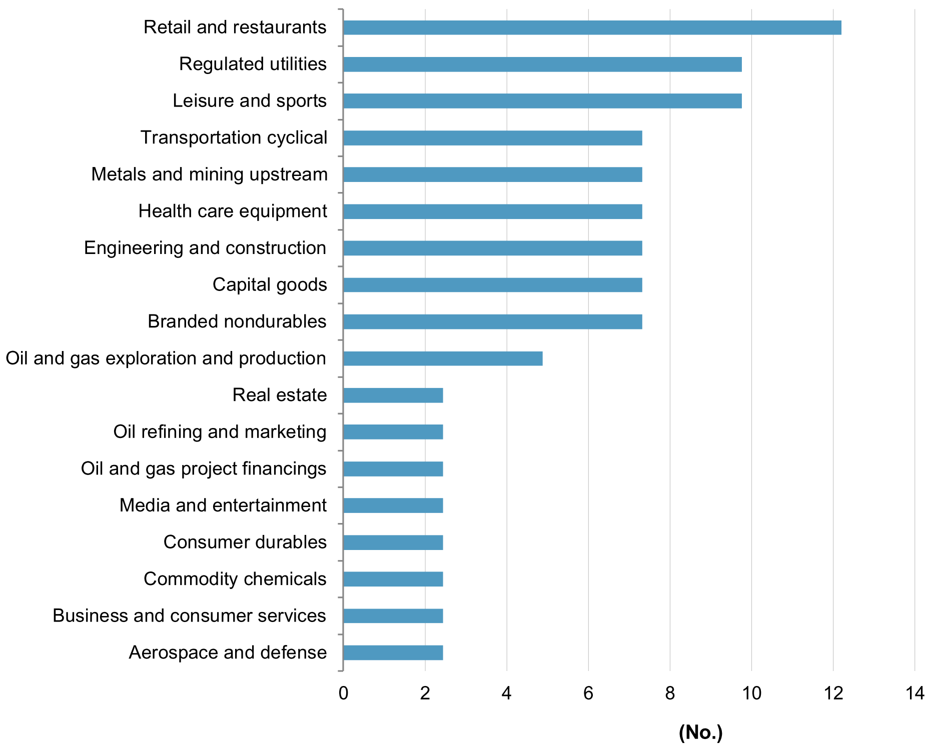
Source: S&P Global Ratings.

We looked at the 42 cases in which social factors were material to the rating action to identify the KCFs referenced in each research update. Research updates using KCFs for the retail and restaurants, regulated utilities, and leisure and sports saw the highest number of rating changes as a result of social risks or opportunities (see chart 8).

That said, we found that social risks and opportunities are material to a broader range of industries than those focused on business-to-consumer activities. Rating actions occurred across 18 industries, with the top three industries accounting for one-third of those rating changes. Our E&C research showed similar results, although we found a higher proportion (48%) of rating actions related to E&C factors in the top-three industries, namely oil refining and marketing, regulated utilities, and unregulated power and gas industries.

Chart 8

Number Of Rating Actions Related To Social Risk By Referenced Key Credit Factor

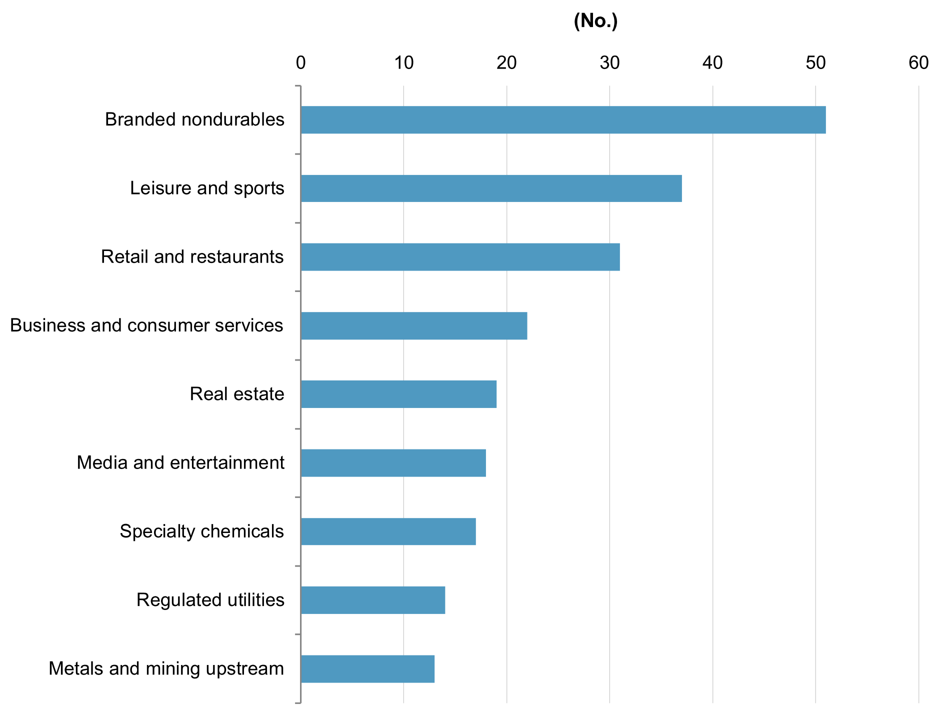


Source: S&P Global Ratings.

We find consistent results when we run the same exercise on the wider pool of 346 research updates in which we considered social factors in our credit analysis, regardless of whether they caused a rating change. We show the results from the top 10 KCFs in terms of references in charts 9 and 10. We found that multiple sectors seem to be exposed to social risks and opportunities, from metals and mining upstream to branded nondurables.

Chart 9

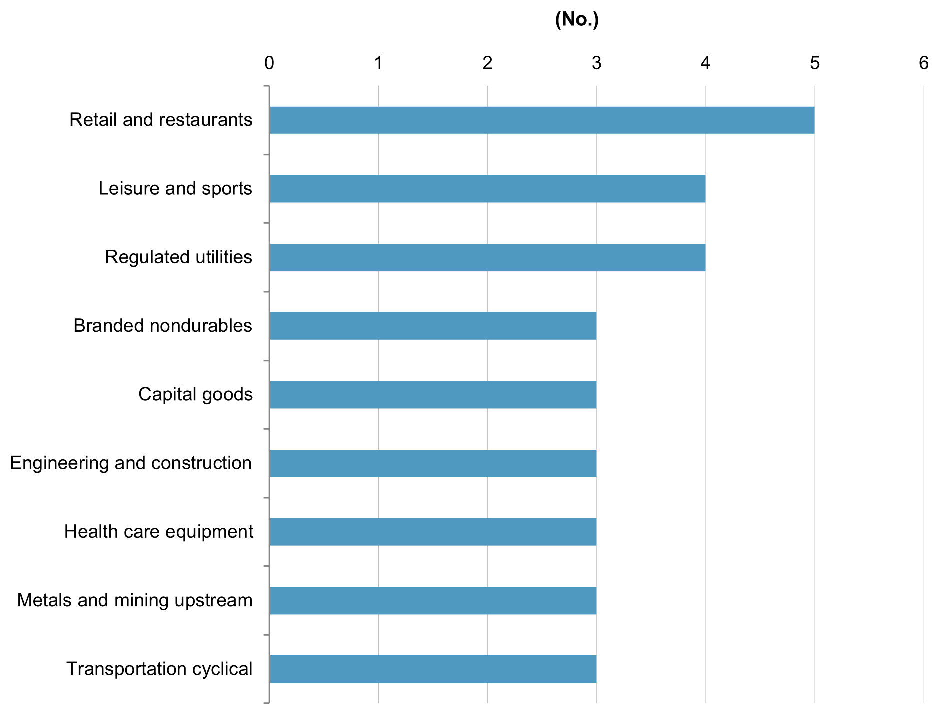
Most Frequently Cited Key Credit Factor Where Social Factors Were Considered In A Rating



Source: S&P Global Ratings.

Chart 10

Most Frequently Cited Key Credit Factor Where Social Factors Were A Key Driver In A Rating Change



Source: S&P Global Ratings.

Case Studies

Here are some concrete examples of how social factors could lead to a rating change in our analysis. We mapped each case study to the category of social factors described in our study framework (see chart 1).

Pacific Gas & Electric Co.

- Date: May. 12, 2017
- Action: Upgrade
- Key rationale: Improved safety track record strengthening the company's business profile
- Category: Safety management
- KCF: Regulated Utilities Industry

The one-notch upgrade reflects a gradual improvement in the company's business risk profile following the 2010 San Bruno gas transmission explosion. The company has since strategically implemented a multi-tier approach to rebuilding its reputation and reestablishing its credibility with all of its stakeholders. This includes demonstrating a safety culture with tangible results, focusing on the needs of its customers, resolving outstanding financial fines, penalties, and obligations to third parties, and issuing sufficient equity to maintain its regulated capital structure. The CPUC's rate orders in the company's 2017 electric and gas general rate cases are only the most recent indication that the actions undertaken by the company to improve its business risk profile are durable and on a forward-looking basis we expect that the company will effectively manage regulatory risk in line with its California peers.

Time Inc.

- Date: May 26, 2016
- Action: Downgrade
- Key rationale: Secular pressures that affect the company's long-term leverage
- Category: Customer-related factors
- KCF: Media And Entertainment Industry

The downgrade reflects our more cautious view of Time Inc.'s ability to deleverage and its business transformation given our belief that secular pressures the magazine industry faces will intensify as consumer preferences shift to digital media from print media. More specifically, the downgrade reflects the revision of our financial risk assessment to significant from intermediate based on our cash flow volatility adjustment. Although we expect adjusted leverage will decline to just within our 2x-3x rating threshold range over the next two years, the volatility adjustment incorporates a cushion of medium-term variance because of stress scenarios not factored into our base-case forecast. Stress scenarios include a recessionary economic environment, greater-than-expected technology or competitive shifts, or material business transformation execution missteps.

We continue to view Time Inc.'s business risk profile as weak based on our view that the structural migration of advertising and readership to digital media from print and the pace of audience fragmentation will accelerate. Time Inc.'s exposure to print advertising and circulation revenue (about 75% of total revenue in 2015 and declining at a high-single-digit percentage rate) threatens the economic viability of its business model over the long term.

Thomas Cook

- Date: Feb. 15, 2017
- Action: Outlook revised to positive
- Key rationale: Resilient operating performance despite terror events
- Category: Social cohesion
- KCF: Leisure And Sports

The outlook revision reflects Thomas Cook's resilient operating performance in 2016, despite disruptions in a number of its markets resulting from terrorist attacks, which required substantial redirection of capacity to safer destinations at short notice. It also reflects improving operating margins due to the company's focus on increasing the quality of product offerings despite operating losses in the airline business Condor, and the implementation of a new operating model based on increasing efficiencies and reducing operating leverage. We think that gradually improving cash flow generation on the back of these measures, and a financial policy aimed at deleveraging, could support an upgrade of Thomas Cook in the next 12-18 months.

Israel Electric Corp. (IEC)

- Date: July 20, 2017
- Action: CreditWatch Negative placement
- Key rationale: Negative implications of the recent strike by IEC's employees.
- Category: Human capital management
- KCF: Oil And Gas Project Financings

Today's CreditWatch placement follows a similar action on Israel Electric Corp. (IEC) on July 20, 2017 (see "Research Update: Israel Electric Corp. Ltd. 'BBB-' Rating Placed On CreditWatch Developing Pending Court Decision"). We placed IEC on CreditWatch following the recent strike by IEC's employees, which led us to revise IEC's liquidity assessment to less than adequate from adequate, exposing the rating to a multi-notch downgrade. The strike ended on July 24 and our rating on IEC remains on CreditWatch. Given Delek's dependency on IEC as a material off-taker, we have placed our ratings on Delek's issuances on CreditWatch with negative implications.

BSN Medical Luxembourg Group Holding S.A.R.L.

- Date: Dec. 20, 2016
- Action: CreditWatch Negative placement
- Key rationale: Strengthened exposure to favorable demographic trends through acquisition
- Category: Demography
- KCF: Health Care Equipment Industry

The CreditWatch placement follows the recent announcement that Svenska Cellulosa Aktiebolaget (SCA) has agreed to acquire BSN for €2.74 billion. The acquisition will be fully debt-funded. We assume that BSN will be integrated with SCA Hygiene, which is currently 100% controlled by SCA. As a result of the proposed transaction, today we also lowered our preliminary long-term corporate credit rating and preliminary issue-level ratings on SCA hygiene to 'BBB+' from 'A-'. The outlook is stable. The preliminary 'A-2' short-term credit rating and 'K-1' short-term Nordic regional scale rating were affirmed. The downgrade reflected our view that the decision to finance the acquisition entirely through debt triggers deterioration in the credit ratios. Nevertheless, we believe the acquisition expands SCA Hygiene's product offering in the health care segment, which enhances the group's growth prospects for the coming years. In our view, the health care equipment sector will continue to benefit from favorable demographic trends. A growing middle class in developing economies is fostering growth, while in developed economies, long-term demand is fueled by increased elderly population as well as the prevalence and diagnosis of diabetes and hypertension.

Downside Potential Of Social Factors Remains A Key Area Of Our Credit Analysis

While social factors were found to have less of a direct impact on credit ratings than environmental and climate risks and opportunities, our research highlighted the significance they still have on companies' business risks and competitive position. The proportion of negative rating actions related to social factors suggests that those factors typically lead to more downside than upside to corporate entities' credit quality. Opportunities related to social factors mostly stem from companies' ability to anticipate and manage those social risks through robust risk management systems and strategic planning. While we recognize that the complex and changing nature of social factors make them difficult to identify and anticipate, we will continue to track and report on how these factors affect our universe of rated corporate entities.

Criteria Review Methodology

Our industry-specific criteria (or KCFs) cover 40 corporate subsectors and four project finance subsectors, and contain numerous social risk-related references, such as those related to human capital management, safety management, and demography. Out of these references, we identified 94 as directly relevant to the way we consider social risk in our analysis.

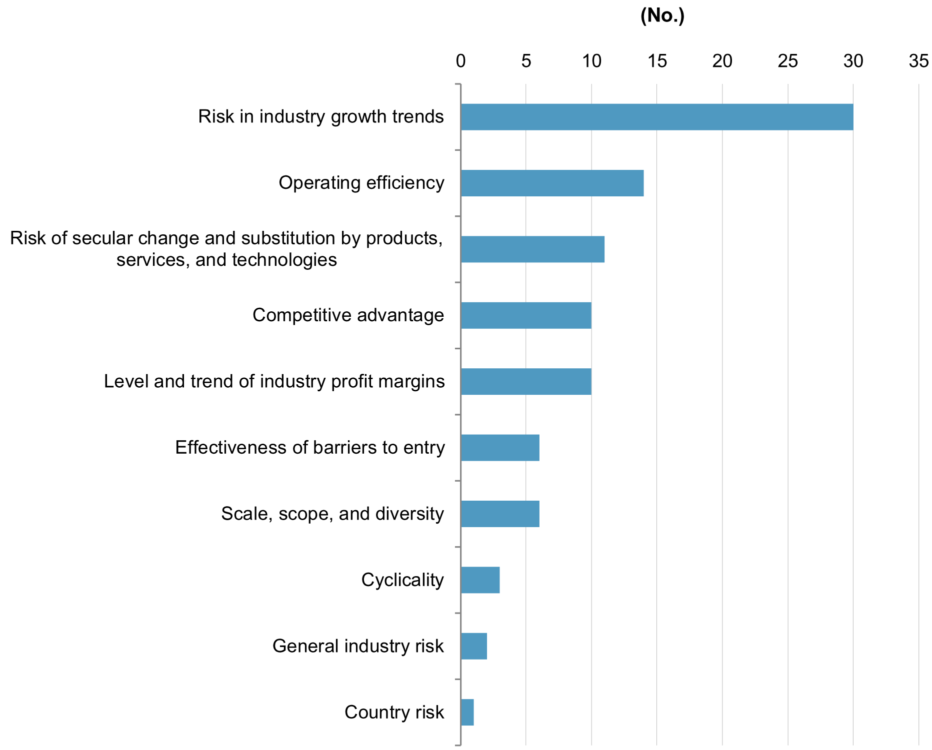
For illustrative purposes, we further subdivided these 94 references in our criteria in order to rank their credit relevance (high, medium, or low). We based our assessment of the relevance of a given social-related criteria reference on whether it would have a significant effect on a company's business or financial profile, i.e. whether it has a high credit relevance. For instance, references related to factors such as rapid changes in consumer tastes or frequent labor strikes would likely have greater credit relevance than general references to social policies or an industry's safety requirements.

After assessing the relevance and impact of the 94 KCF references, we ranked more than two-thirds (65) in the "high" relevance category, with the greatest number found in the auto and commercial vehicle manufacturing, containers and packaging, metals and mining upstream, environmental services, and homebuilder and real estate developer KCFs.

Similar to E&C risks, we incorporate social risks primarily into our assessments of companies' business risk profile, and they have the biggest influence on the industry risk and competitive factors aspects of this analysis (see charts 12 and 13). However, we found that social and E&C factors are referenced in different subsections of our KCFs. While references to E&C factors would likely be in the "Level and trend of industry profit margins" and "Risk of secular changes and substitution by products, services and technologies" subsections of our criteria, references to social factors would typically be in the "Risk in industry growth trends" and "Operating efficiency" (see chart 11) subsections. The impact of social-related opportunities, costs, and risks may also be factored into our financial forecasts.

Chart 11

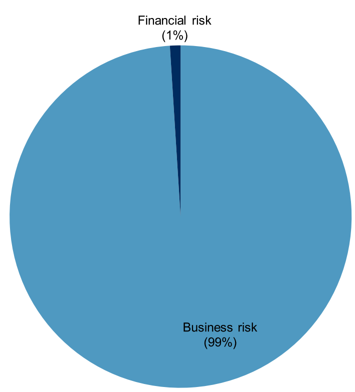
References Per Business Risk Determinant--Subsections



Source: S&P Global Ratings.

Chart 12

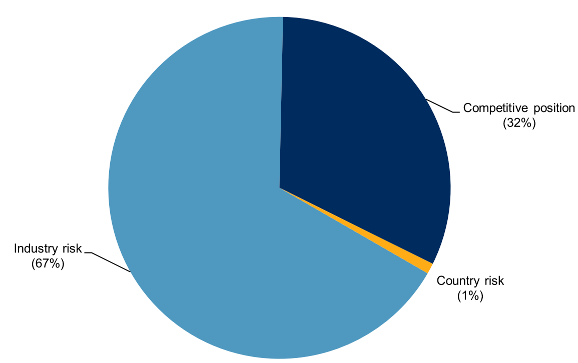
Section Of The Corporate Framework Where Social Factor Is Referenced



Source: S&P Global Ratings.

Chart 13

Area Of Business Risk Profile Where Social Factor Is Referenced



Source: S&P Global Ratings.

Lookback Analysis Methodology

The lookback analysis involved using the advanced search function on the Capital IQ platform to identify corporate research updates where particular words relating to social risk factors had been used. When the research update related to a rating change (as opposed to a new rating assignment or an affirmation), an analyst determined whether the social factor had been a driver of the rating change by reviewing the research update.

We excluded incidences that had the search word incorporated in a name (either of a company or a criteria document) but not in the analysis. We also excluded results if the word being searched for was used in a context that didn't qualify as a social risk or opportunity consideration. For example, we excluded cases in which changing consumer preferences were the result of the company's strategy and practices. We acknowledge that some incidences that incorporated social factors into our ratings could have been missed using this approach if the search words below didn't feature in the research update. However, we believe the 69 words that were used capture the vast majority of incidences in which social factors featured in our analysis.

Table 2

Search References Used In Analysis

Consumer-related factors	Demography	Human capital management	Safety management	Social cohesion	Multiple
Audience	Aging population	Absenteeism	Accident	Community	Class Action
Boycott	Cultural	Child labor	Complaints	Conflict	Investigation
Circular economy	Demographic	Demonstration	Danger	Ethnic minority	Relations
Consumer action	Inequalities	Dispute	Death	Fighting	Reputation
Consumer behavior	Literacy	Education	Fatal	Indigenous population	Social
Consumer preferences	Migration	Gender	Hazard	License to operate	Workforce
Customer preferences	Old	Human capital	Hazardous	Protest	
Health	Population growth	Human rights	Product liability	Racial	
Privacy	Poverty	Pay Gap	Product recalls	Terror	
Tastes	Quality of life	Qualification	Safety	Tribal	
	Standards of living	Restructuration	Suicide	Unrest	
	Urbanization	Skills		Violence	
	Young	Slave labor			
		Staff Turnover			
		Strike			
		Union			
		Working conditions			

Source: S&P Global Ratings.

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Related Criteria

- Sovereign Rating Methodology, Dec. 18, 2017
- Key Credit Factors For The Leisure And Sports Industry, March 5, 2014
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- Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013
- Key Credit Factors For The Retail And Restaurants Industry, Nov. 19, 2013
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Related Research

- Sovereign Postcard: ESG And Sovereign Ratings, Feb.7, 2018
- How Does S&P Global Ratings Incorporate Environmental, Social, And Governance Risks Into Its Ratings Analysis, Nov. 21, 2017
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