

Yield Book's ESG framework for securitized assets

Governance themes in MBS

Leverage quantitative ESG-related insights from the market's leading MBS analytics platform and first ESG framework provider for securitized assets

Our proprietary framework for ESG in securitized assets offers 20+ ESG metrics and scores across the thematic areas of Responsible Lending and Responsible Servicing, both key Governance themes for the securitized market.

Behaviors such as loan churning and extending unfair rates to borrowers persist in today's markets. However, using the latest techniques in data science and machine learning, we have derived purely quantitative insights into very large datasets to detect these and provide monthly ESG measures on 560,000+ US Agency RMBS and CMOs, augmenting a range of other socio-economic data, green and ESG flags.

Our approach is both top-down and bottom-up, developed with extensive feedback from the market. We have designed our framework such that ESG thematic scores can be combined flexibly across sub-asset classes, while in parallel building underlying metrics that reflect material concepts within each theme.

40+

Datapoints in MBS across Governance and socio-economic data

560k

Securitized instruments covered, including RMBS and CMBS

~\$6trn+

Notional outstanding with associated ESG measures

Principles of our ESG Framework

OBJECTIVITY

Our purely quantitative approach enabled by innovative techniques in machine learning and data science aids verifiability and avoids common issues caused by subjectivity

ASSET-FOCUSED

All approaches in different asset classes are loan-level based, rolling up to security level to enable application across asset classes

RELEVANT & THEMATIC

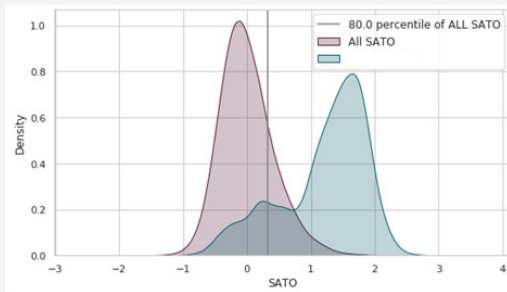
To facilitate flexibility in adoption of given ESG principles across asset classes within securitized; different weights are typically applied based on the goal of the investment

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Wide range of use-cases

Early detection of potentially predatory behaviors

Evidence that each of our proprietary underlying metrics enable early discovery of key behaviors.



Portfolio tilting & screening

Investment selection, optimization, weighting adjustment and positive & negative screening - use the insights to achieve impact goals.



Reporting to stakeholders

Automate daily, weekly or monthly reports to monitor ESG credentials on portfolio and provide regular updates to key stakeholders, or as part of a prospectus.

THE YIELD BOOK Run Date: 03/18/2022 Time: 9:13 PM Page 1 of 1

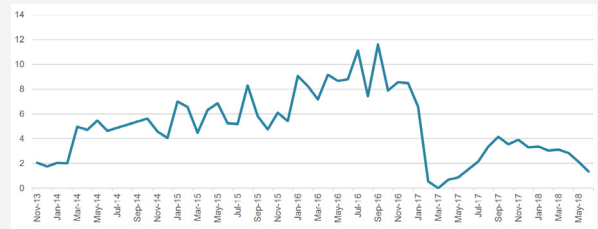
Portfolio ID: MYESG Compounding Frequency: Semi-annual
Description: MYESG Base currency: USD

Pool Detail Report

Index	Pool ID	Comp	WAC	WAM	SCOR	CEY/SL	EPD	RENTYEN	NOYR	RELIEN	REHDFL	LOANCB	Base Rate	WAM Date	Outstanding Balance	Base Amount	Factor	Use	12m	12m	12m	CPB	AAA		
TOTAL		4.07	4.62	22.8	99.20	4.75	NA	1.22	72.10	6.20	NA	10.20			826,890,021	816,154,009									
1	FINMA_GA145X	4.00	4.50	15.8	98.20	4.57	0.02	0.81	96.70	16.70	0.75	0.75	11/1/2006	02/01/2019	0.78879	41,666,021	0.01450	0	0	0	0	25	0	0/2/2022	
2	FINMA_NA0179	4.00	4.75	19.8	99.80	4.73	0.00	1.81	5.00	2.00	22.20	11/1/2010	02/01/2020	0.92051	43,905,011	0.21215	16	24	15	15	15	15	15	0/2/2022	
3	FINMA_GA0117M	3.00	3.52	19.9	99.10	4.03	0.00	0.75	72.00	12.00	0.90	0.90	11/1/2003	05/01/2021	0.8710311	0.148358	16	17	17	17	17	17	17	0/2/2022	
4	FINMA_NA0190	4.00	4.75	22.0	99.40	4.24	0.04	0.50	45.70	7.00	1.02	1.02	11/1/2010	06/01/2020	0.90457	14,707,011	0.21651	20	16	15	15	15	15	0/2/2022	
5	FINMA_GA0491C	4.00	4.75	22.0	99.30	4.24	0.02	0.50	77.00	17.00	1.02	1.02	11/1/2010	02/01/2020	0.90457	14,999,011	0.21651	25	17	17	17	17	17	0/2/2022	
6	FINMA_GA0477E	1.00	1.00	24.0	99.20	4.74	0.00	0.00	0.00	2.00	1.14	0.20	10/1/2011	05/01/2021	0.7710407	10,800,011	0.20709	21	40	39	39	39	39	0/2/2022	
7	FINMA_GA0477M	3.00	3.00	24.0	99.30	4.74	0.00	0.00	0.00	2.00	1.14	0.20	10/1/2011	05/01/2021	0.7710407	10,800,011	0.20709	31	45	45	45	45	45	0/2/2022	
8	FINMA_NA0179	2.00	1.75	24.0	99.20	4.10	0.00	0.00	0.00	2.00	1.14	0.20	10/1/2011	06/01/2021	1.18276	1,480,011	0.01824	4	10	12	12	12	12	12	0/2/2022
9	FINMA_U81701	2.00	3.33	24.0	99.27	4.69	0.00	1.74	75.00	17.00	24.00	24.00	11/1/2011	05/01/2021	0.819103	4,946,021	0.03820	0	0	0	0	0	0	0	0/2/2022

Fundamental research & risk management

Conduct back-testing and enable deep research and risk mitigation strategies using historical data from 2015.

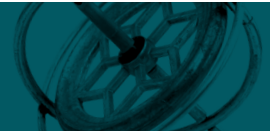


Solves numerous challenges to adoption of ESG

- **Unique third-party ESG provider for complex asset class:** obtain quantitative insights into ESG credentials of MBS with the first dataset of its kind, created by the market's leading analytics platform for US Agency MBS, and with the backing of market participants
- **Wide fixed income coverage:** combined with our offering across corporate and sovereigns, clients can access 550+ ESG measures on 1.1 million fixed income securities with over \$100 trillion in notional outstanding
- **Integrated and flexible delivery:** the dataset can be combined within our API with corporates and sovereigns to enable ESG assessment across your fixed income portfolios to easily satisfy reporting needs to stakeholders, while also accessible via UIs to explore the data for fundamental research and investment selection purposes.

Source: Yield Book. For illustrative purposes only.

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