S&P Global
Ratings

Industry Credit Outlook

# Tariffs cloud corporate earnings

**March 20, 2025**

*This report does not constitute a rating action*

## Key Takeaways

- The Q4 earnings season concluded against the backdrop of intense tariff-related anxiety. Uncertainty around the timing, scope, and duration of U.S. tariffs and retaliatory measures from other countries makes it difficult for companies to assess potential impacts. Against this backdrop, earnings calls comments represent a broad, if imperfect, survey of corporate sentiment regarding tariff-related risks.
- We have assessed comments from 533 rated companies globally with total revenues exceeding $10 trillion.
- Corporate guidance largely does not reflect tariff impacts, so worst case outcomes will cause substantial earnings revisions. Companies appear broadly sanguine and believe price increases, supply chain localization, and inventory movement will soften the blow.
- This round of tariff conflict is best understood as a third wave of supply chain volatility following U.S. tariff measures in 2018 and the COVID-19 pandemic. Many companies, particularly in the U.S., have localized supply chains and lowered exposure to China.
- The greatest risks are likely in sectors with deep supply chain integration across North America, such as autos and aerospace. Some raw material exposures are large enough as to make tariffs difficult to avoid without exemptions.
- The near universal intent to pass through higher tariffs via prices means either inflation will result or, if the pricing environment is more resistant, corporate profit margins will begin to feel pressured.

*Editor's note: S&P Global Ratings believes there is a high degree of unpredictability around policy implementation by the U.S. administration and possible response—specifically with regard to tariffs—and the potential effects on economies, supply chains, and credit conditions around the world. As a result, our baseline forecasts carry a significant amount of uncertainty. As situations evolve, we will gauge the macro and credit materiality of potential and actual policy shifts, and reassess our guidance accordingly (see our research here: www.spglobal.com/ratings).)*

**Tariff and trade policy has overshadowed the Q4 earnings season and the broader corporate outlook.** Financial results have been positive, with accelerating aggregate sales and EBITDA showing a global corporate sector finding its feet again after a mild earnings recession in 2023 (see "Corporate Results Roundup Q4 2024: Growth accelerates and sentiment improves", March 12, 2025). A resumption of growth, an easing of interest rate pressure, favorable refinancing conditions for much of the past year, and declining leverage for speculative-grade entities, suggest a positive trend for credit fundamentals this year (see "Global Nonfinancial Corporate Medians History And Outlook 2025: A positive outlook for corporate credit fundamentals", Dec. 4, 2024).

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However, earnings visibility is under pressure on several fronts. Persistent inflationary pressures are raising questions about the assumed decline in policy rates and geopolitical tensions are forcing a rethink of defense policies and government taxation and spending. A renewed focused on trade and tariff policy by the second Trump administration in the U.S. has added another dimension of uncertainty, amplified by a chaotic rollout (see chart 1), ambiguity as to the final scope and duration of tariffs, and the risk of retaliatory measures.

Tariffs are clouding earnings visibility.

Chart 1

**Key tariff/trade actions since President Trump's second term**

ACTION ● U.S. ○ Non-U.S.

JANUARY 2025

● **Jan. 20**
President Trump issues the "America First Trade Policy" Memorandum ordering several federal agencies to conduct a comprehensive review of U.S. trade and economic policies, with most recommendations due by April 1, 2025.

FEBRUARY 2025

● **Feb. 1**
Trump signs executive orders to levy:
1) 25% tariffs on imports from Canada (10% on Canadian oil and energy products)
2) 25% tariffs on imports from Mexico
3) 10% additional tariffs on imports from China.

○ **Feb. 1**
Canada announces 25% retaliatory tariffs on C$155 billion worth of U.S. goods.

Mexico also declares its intention to impose equivalent tariffs on U.S. goods.

● **Feb. 3**
The new tariffs on Canada and Mexico are suspended for one month.

● **Feb. 4**
The new tariffs on China become effective.

○ **Feb. 4**
China announces tariffs of 10% and 15% on select U.S. goods, effective Feb. 10, 2025. It also expands export controls on critical minerals, adds two U.S. companies to its Unreliable Entity List, and initiates an antitrust investigation into Google.

● **Feb. 11**
Trump signs executive orders to reinstate the full 25% tariff on steel imports, and increase tariffs on aluminum imports to 25%, effective March 12, 2025.

● **Feb. 13**
Trump issues a memorandum laying out the plan to impose reciprocal tariffs, calling on several federal agencies to assess within 180 days whether remedies are necessary to ensure reciprocal trade relations with each trading partner. He also suggests additional tariffs on cars, semiconductors and pharmaceuticals with limited implementation details.

○ **Feb. 13**
The European Commission says the EU will react firmly and immediately against unjustified barriers to free and fair trade.

● **Feb. 26**
Trump suggests 25% tariffs on imports from the EU without implementation details.

● **Feb. 27**
Trump announces additional 10% tariffs on imports from China.

MARCH 2025

● **March 4**
Trump suggests reciprocal tariffs will become effective on April 2, 2025 in his address to a joint session of Congress.

The new tariffs on Canada and Mexico, and the additional 10% tariffs on China become effective.

○ **March 4**
China announces tariffs of 10% and 15% on various U.S. agricultural products, effective March 10, 2025, adds 10 U.S. companies to its Unreliable Entity List, and adds 15 U.S. companies to its export control list.

Canada announces 25% tariffs on C$155 billion of U.S. goods. The tariffs on C$30 billion become effective March 4, 2025, and the tariffs on the remaining C$125 billion are due to become effective in 21 days.

● **March 5**
Trump grants automakers one-month tariff exemption.

● **March 6**
Trump suspends the tariffs on Canada and Mexico imports covered under USMCA until April 2, 2025.

○ **March 7**
Canada delays the retaliatory tariffs on C$125 billion worth of U.S. goods after the suspension by the U.S.

○ **March 10**
Ontario announces 25% surcharge on electricity exported to Michigan, Minnesota and New York, effective March 10, 2025.

○ **March 11**
Ontario suspends the electricity surcharge after Trump threats to double tariffs on steel and aluminum imports from Canada.

● **March 12**
The new tariffs on steel and aluminum products become effective.

○ **March 12**
To counter the steel and aluminum tariffs:
- Canada announces 25% tariffs on C$29.8 billion worth of U.S. goods, effective March 13, 2025.
- The European Commission announces counter tariffs on €26 billion worth of U.S. goods, effective April 2025.

● **March 13**
Trump threatens a 200% tariff on alcohol imports from the EU.

APRIL 2025

● **April 1**
Relevant federal agencies are due to deliver reports to Trump outlining recommendations per the "America First Trade Policy" Memorandum.

● **April 2**
The suspended tariffs on Canada and Mexico are due to become effective.

As of March 14, 2025. Source: S&P Global Ratings.


**For our analytical assessment of what tariffs might mean for the corporate sector**, please see "Chilling Effects: Tariffs Hit Canadian Corporates" (March 5, 2025), "What Looming Tariffs Could Mean for U.S. Corporates" (Feb. 27, 2025), and "A 25% Tariff Would Create New Trade Challenges for Mexican Corporations" (Feb. 3, 2025). The related research section of this report has a full list. To supplement these reports, here we take a deep dive into the comments companies have made about tariffs.

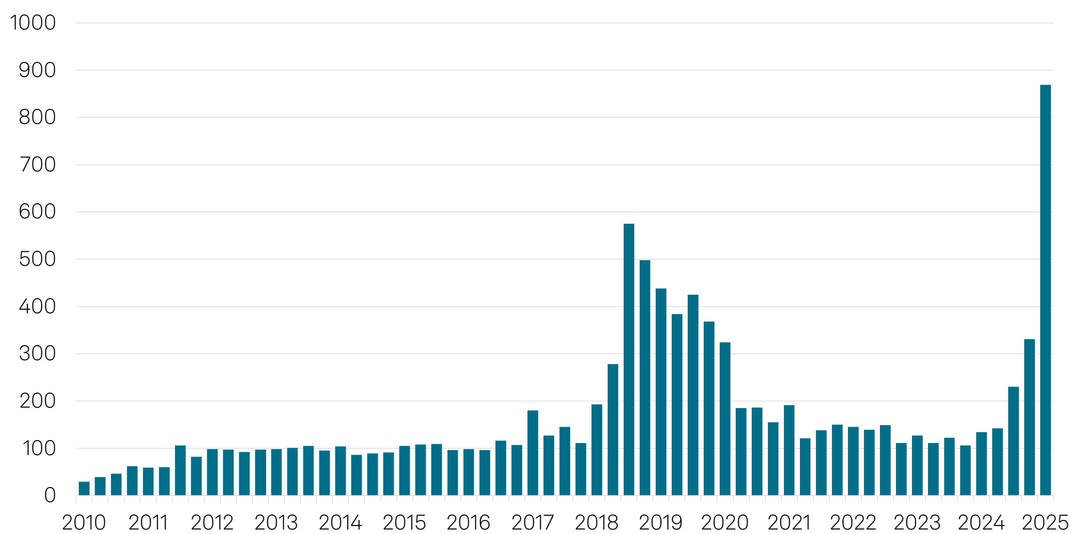
**The tables that follow summarize what rated nonfinancial corporates have said about tariffs on their earnings calls.** These are derived from the earnings call transcript textual analysis database available from S&P Global Market Intelligence. That tariffs have become top of mind can be seen in chart 2, which shows the surge in references to tariffs in earnings calls held by rated nonfinancial corporates. We have assessed all earnings calls for rated nonfinancial corporates globally between January 1 and March 14 this year. We found 533 transcripts across

30 industries in which rated companies made meaningful comments on the potential impact of tariffs, a grouping with aggregate annual revenues of $10.5 trillion. The comments are grouped by industry and shown in descending order of U.S. dollar revenues reported for the last 12 months. We limited comments to the most pertinent and they are occasionally edited for clarity given their verbal origin, but still essentially verbatim.

Chart 2

### Reference to tariffs in earnings calls have surged

Count of earnings calls for rated nonfinancial corporates referencing tariffs by calendar quarter




Source: S&P Global Market Intelligence, S&P Global Ratings. Data as of March 14, 2025.

**The twists and turns of U.S. tariff policy and reciprocal responses have made it difficult for companies to assess their financial impact.** Comments made at one point in the earnings season will have against a different tariffs backdrop than others. There remains much uncertainty as to what tariffs might be in place, between whom, with what exceptions, with what retaliation, and for how long. Even so, executives have necessarily been attempting to understand and assess the magnitude of their potential exposures to trade policy and what mitigations might apply. Taken together, the earnings calls comments represent a broad, if imperfect, survey of corporate sentiment around what a U.S. led wave of tariffs might mean.

**Some common themes emerged** from the earnings calls:

Companies have not yet factored tariffs into earnings guidance

**Tariffs are not generally factored into financial guidance.** There are few companies that have been able to explicitly factor the impact of tariffs into their outlooks. This reflects the enormous level of uncertainty around when tariffs might be enacted, for how long, at what rate, what exceptions might apply, and what retaliatory measures might mean. Examples abound but to pick just two:

- Colgate-Palmolive (U.S., consumer nondurables) – “we've not included any potential incremental tariffs in our '25 guidance".
- Airbus (Netherlands, aerospace and defense) – “The guidance excludes the impact of potential new tariffs on the company's business”.

This is also the case for companies that will likely face disruption.

- The Campbell's Co. (U.S., consumer nondurables), makers of Campbell's soup "are importing from Canada both tinplate steel, which is used in our cans, as well as canola oil used for our chips", but make clear that "the company's guidance does not reflect any impact from the imposition of import tariffs by the U.S. and potential retaliatory actions taken by other countries".
- Canadian aircraft manufacturer Bombardier (Canada, aerospace and defense) said "in light of the current tariff threat, not providing guidance is the most responsible and transparent things for us to do", while pointing out that "these proposed tariffs as well as potential reciprocating tariffs could have an enormous impact with many unintended consequences on the industry".

Some companies have been able to give a broad sense of their exposure and, in some cases, a more explicit impact on earnings.

- Rockwell Automation (U.S., capital goods), which provides industrial automation and digital transformation solutions commented: "Cost of finished goods imported from Mexico, Canada and China in total were less than 10% of our U.S. revenue in fiscal 2024. Separately, in fiscal 2024, our direct imports into the United States from Mexico, both from third parties as well as from our own manufacturing facilities were approximately $350 million. Imports from Canada and China were each approximately $100 million."
- BMW (Germany, autos) "has…factored into its outlook for the 2025 financial year the effects of all tariff increases that had come into force as of 12 March". For instance, the company estimates that U.S. tariffs of 25% on Canada and Mexico that came into effect on March 4 "will have a negative mid-three-digit million impact".

BMW's results came out relatively late in the earnings season, on March 14, so it seems likely more companies will be able to offer such clarity once a more settled outcome is apparent. Even so, the greater the scale of trade conflict, the greater the likely impact and the greater the likely adjustment to earnings expectations.

**The tariffs on China are most clearly baked into assumptions.** The 10% additional tariff on U.S. imports from China implemented on February 1 has remained in place, and that has allowed many companies to incorporate them into guidance. The timing of the earnings call will determine whether or not President Trump's March 3 executive order issued under the International Emergency Economic Powers Act (IEEPA) to increase the 10% tariff on all imports from China to 20% is also included. For instance:

- U.S. building materials company Valmont Industries stated, "our outlook includes the recently announced additional 10% tariff on China imports as well as the 25% tariff on steel and aluminum imports".
- U.S. retailer Bath & Body Works commented, "we have included the impact of China in our guidance. We have not included other potential tariff impacts in our guidance due to the current uncertainty."

**A broader trade war is not yet in scope.** While companies consider these announcements, retaliatory measures remain out of scope and financial assumptions. This includes counter measures from Canada, Mexico, the EU, and China. This is raising concerns at companies likely targeted in response.

Wider tariff conflict is not yet in scope.

- U.S. beverage company, Brown-Forman, makers of Jack Daniel's, commented on the possibility of EU tariffs targeting American whiskey: "the market for spirits once again gets very distorted. That is a big disadvantage for us." They also remark on the risk of more ad hoc responses: “a lot of American-made products have come off the shelves in Canada, which is tough. I mean that's worse than a tariff because it's literally taking your sales away.”

- Harley-Davidson noted: “any discriminatory tariffs against Harley-Davidson, the great American icon, returning in Europe, we identify aggressively with all means available and call for reciprocal treatment for all motorcycles imported into the U.S.”

**Autos and aerospace face significant challenges in North America.** The 1994 NAFTA agreement (replaced in 2020 by USMCA) deepened supply chain integration in the region. Prolonged tariffs will likely pose difficulties for industries used to operating complex cross-border supply chains.

Some North American supply chains are complex and deep.

- U.S. aerospace company Textron noted it has “a pretty significant operation in Canada, particularly on the Bell commercial side, [where] a lot of the value of the dollars are things that go over from the U.S. into Canada and then back”. Bombardier quote the General Aviation Manufacturer Association: “given the global nature of the aviation manufacturing industry, these proposed tariffs as well as potential reciprocating tariffs could have an enormous impact with many unintended consequences on the industry.”
- Volkswagen pointed out that “the U.S. auto industry is deeply integrated in the supply chain in Mexico and in Canada”, while Ford takes the view that “there is no question that tariffs at 25% level from Canada and Mexico, if they're protracted, would have a huge impact on our industry with billions of dollars of industry profits wiped out and adverse effect on the U.S. jobs as well as the entire value system in our industry.” Daimler Trucks also pointed out the complexity of regional supply chains: “we are building engines in Detroit that we are then sending across the border to Mexico, putting them into the truck and sending the truck back to the U.S. And as for the moment, it's a little bit unclear if American parts in a Mexican assembled truck would be able to -- if you can then get some drawbacks on that because it's American content or not.” Similarly, Honda noted “about one-third or higher than one-third of the [U.S] businesses are using the components or products brought down from Canada and Mexico.”

**Raw materials and foodstuffs are other areas of challenge and potential opportunities in North America**, depending on the outcomes on prices and elasticities:

- Swedish forest and paper producer, Holmen, noted “some 25% of the U.S. consumption of wood products is actually imported”, with Canada accounting for 20% alone. Downstream of that, U.S. marketing solutions company Quad/Graphics remark that “as print has consolidated, so has the paper industry. And now much of the paper that we use for a lot of our marketing clients, you can only get mostly in Canada and can no longer get in the United States. And so there is no replacement opportunity for that... I will remind you that paper is a pass-through to our clients”.
- U.S. phosphate and potash concentrate producer The Mosaic Co. observed both the dependency on Canada and the likely upward impact on prices. “With the 85% of the potash demand in the U.S. coming from Canada, it's just hard to replace that. And so again, the downstream customers are going to bear the brunt of that cost.”
- Canadian uranium producer, Cameco, flagged the importance of Canadian uranium for the U.S. and given this dependency, “a 10% proposed tariff from a major supply source like Canada will effectively raise the uranium price by 10%.”
- Irish-American food producer, Dole, pointed out that how different specializations might necessitate exemptions. “Mexico is a huge supplier of avocados into the North American market. But I don't think that the U.S. is really going to focus on products that have no impact on American production”. U.S. company, Pilgrim’s Pride, point out reverse

dependencies, with Mexico heavily reliant on the U.S. for chicken and corn, a factor which could limit tariff retaliation.

**The U.S. is not the only source of tariff measures:**

- BMW's guidance "includes a negative impact in the mid three-digit million euro range on the financial year 2025 results [from] the anti-subsidy tariffs imposed by the EU in 2024 on battery powered electric vehicles from China."
- Superior Industries International (U.S., autos suppliers) noted that "the EU Commission announcement this week of increasing tariffs to almost 50% on Chinese wheels imported from Morocco into the EU have a similar favorable impact on Superior, making production at our Poland facilities more attractive for OEMs."

**Many companies believe the direct impact of tariffs is likely manageable,** with those affected by tariffs – many are not – able to mitigate their impact. Three main near-term mitigants are mentioned.

Most companies assume they will be able to pass through tariff costs.

**First, most companies assume they will be able to pass through tariff costs.** There is a clear sense that companies regard tariffs as an increased input cost that will be passed on to their customers. This confidence around pass through is informed by the experience of higher tariffs imposed by the first Trump administration from 2018 onward and the inflationary pressures seen as a result of the COVID-19 pandemic. In some cases, it has been reinforced by contractual pricing. Some examples:

- Cardinal Health (U.S., health care services) – "make no mistake. If there are widespread tariffs…we think we're well positioned competitively to be able to pass on those price increases".
- AMETEK (U.S., capital goods) – "We plan to pass on the cost impact of the tariffs if the tariffs get enacted to our customers, as we have done previously."
- Amcor (Switzerland, paper and packaging) – "In terms of the ability to pass through tariffs, in some cases we even have agreements with customers that would be based on indices that would allow us to pass on these additional costs."
- Dana (U.S., auto supplier) – "We have put all of our customers formally on notice that we intend to pass every dollar of any tariff impacts through to them. And that's our position, and we're not planning to waver from it."
- BlueLinx (U.S., building materials) – "As it relates to Canada, tariffs and commodity wood products, those prices will get passed through pretty quickly."
- Assa Abloy (Sweden, capital goods) – "When Mexico tariffs were initially announced, we were ready with our letters to go out to increase prices".
- Dell Technologies (U.S., technology) – "Whatever tariff we cannot mitigate, we view that as an input cost. And as our input costs go up, it may require us to adjust prices. That's what we've done in the past."

**This widespread assumption about pricing suggests tariffs will likely be inflationary.** Whether that confidence is justifiable is a big question as consumer intolerance for inflation has grown given pressures on disposable income and an important source of political discontent. If the assumed pass through is less than hoped, then the outcome could be a substantial hit to profit margins. Consumer sectors have the clearest reservations about pass through. U.S. homeware manufacturer, Lifetime Brands noted "when you work with the retail environment, it's just like we don't call them up and say, hey, prices are up 10%." There is also the issue of the broader impact on consumer demand. U.S. retailer Target commented, "What we don't know is potential consumer demand that's across the board, across -- based on how tariffs ripple across the economy, for instance."

**The second main mitigant is supply chain management.** Many of the earnings call comments suggest current tariff anxiety should be seen as a third wave of supply chain shock following the tariff increases during the first Trump administration, and the broad supply chain issues from the pandemic. There are two clear strands of adjustment. First, local-for-local production or reshoring, and second, moves to lessen dependency on China, given that country was the focus of earlier tariff disputes and broader political tensions. Here are some of the many examples of local production as a mitigant:

Supply chains have seen a substantial effort since 2018 to localize production and reduce dependency on China.

- Aisin (Japan, autos suppliers) – "Our basic policy is to promote local procurement and local production in the U.S."
- Saint-Gobain (France, building materials) –"We have 125 plants in the U.S. They service the U.S. We have 37 plants in Canada. We are #1 in the U.S., #1 in Canada. We service Canada. We have a Mexican manager in Mexico. So we are well positioned. Our products don't travel."
- Aramark (U.S., food service and facilities services) – "Over 85% of the product that we buy is sourced locally in country, and so we see the impact of tariffs as fairly de minimis."
- Evonik Industries (Germany, chemicals) – "We produce local for local. For example, we produced 80% of our sales locally in the U.S. This means that we would rather benefit from any tariffs in the form of higher selling prices in the region."
- Diebold Nixdorf (U.S., technology services) – "We started our supply chain transformation a couple of years ago, where we were very focused on really creating a local-to-local supply chain."

**Regarding supply-chain and tariff exposure to China, there has been a widespread effort by U.S. companies to reduce exposure.** Some examples:

- Xylem (U.S., capital goods) – "The team has done a phenomenal job post COVID, lessening our dependency on supply from China and the supply chain there is really just for in-country production."
- Regal Rexnord (U.S., capital goods) – "One example of that is 5 years ago with regards to our China supply chain, we were pretty embedded with China globally and now China stands on its own".
- HCA Healthcare (U.S., health care equipment and services) – "Many of our team suppliers have been working on derisking and diversifying their supply chains over the last many years, really kind of especially away from China."
- Polaris (U.S., autos/leisure) – "We have been working since the original set of tariffs were put in place. We've pulled down considerably by about a couple of hundred million dollars, the amount that we're procuring out of China."
- NetApp (U.S., technology) – "We have, as you know, through the course of the past several years, removed our dependency on China to a very immaterial amount".

**The final near-term mitigant has been some inventory movement and accumulation** in anticipation of tariffs. This is less common but highlighted by some companies.

- Michelin (France, autos supplier) – "you had a lot of movement in inventories due to anticipation of movements in tariffs or things like that, of regulation or penalties on -- and therefore, we have seen, especially in the Tier 3 volumes, a lot of movement of inventory around the world".

- EnerSys (U.S., capital goods) – "We've built some strategic inventory already to buffer from some of this. ...We have more than 3 months of inventory on hand".
- Trager (U.S. consumer durables) – "In Q1, we've been focused on bringing in as much inventory as possible ahead of anticipatory tariffs."
- HP (U.S., technology) – "As part of the tariff response actions, we purposely produced additional inventory and also took advantage of strategic buy opportunities as part of overall cost mitigations."

**Longer term mitigation will largely be though supply chain, but companies note reshoring takes time,** requires certainty to be financially viable and, even then, cost differentials can still matter to a degree that makes offshore production necessary:

Reshoring takes times, needs certainty, and will not always be cost efficient.

- BASF (Germany, chemicals) – "Many of our customer industries are in a similar situation like us with long investment cycles. So it's not so easy to just move a production asset now from one region to the other just because trade tariffs are being implemented."
- Iochpe-Maxion (Brazil, auto supplier) – "The cost of production in the United States are much higher than the cost of production in Mexico. And the availability of labor is a limiting factor. We know unemployment in the United States is low. They have full employment. It's hard to find available labor in the industrial sector. So this is an analysis that the manufacturers are going to make and it cannot be done easily."
- TriMas (U.S., containers and packaging) – "We have available manufacturing floor space in the U.S. and we are able to situate productive assets, relocate productive assets from one part of the world into another if we need to. But that typically would take us 12 to 18 months, perhaps even longer in some cases, and it's pretty disruptive."

**It is too early to determine evidence of any actual concrete impact from tariffs so far.** There is one clear example in Daimler Trucks, which hosted its earnings call near the end of the results season (March 14). The company commented that "the ongoing uncertainty has already impacted order intake in the last few weeks, which might lead to a softer [second] quarter".

Table 1

### Aerospace and defense

| Company name | Country | LT FC rating | LT FC outlook | Sales (USD Mn, LTM) | Call date | Earnings call comments |
|---|---|---|---|---|---|---|
| Airbus SE | Netherlands | A | Stable | 71,674 | 2/20/2025 | As the basis for the 2025 guidance, the company assumes no additional disruptions to global trade or the world economy, air traffic, the supply chain, the company's internal operations and its ability to deliver products and services. And let me be specific. The guidance excludes the impact of potential new tariffs on the company's business.<br>When it comes to U.S. tariffs, well, we have all our sensors on. We're trying to fully understand and try to reasonably anticipate what could happen, but it's obviously very difficult. We are, like others, facing uncertainty when it comes to the tariffs, the nature of the tariffs, the goods they would impact, the countries that would be more impacted depending on the trade balance they have with the U.S., depending on VAT they're applying, depending on the currency and the exchange rates, so a lot of factors have been mentioned, and we believe it's very difficult to really anticipate what will come. So we have not taken major actions so far, some minor here and there to adapt or to try to reasonably anticipate. But we have not changed the production system, the |

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| | | | | | | sourcing. And we think we have a number of possibilities with that when things will come if and when they come.<br>We have a very strong demand for our products. We have a production system because of supply is oversized at the moment. So we have a number of reasons to believe we could adapt to what would come. We have a very strong demand from outside of the U.S., but we have also a production system in the U.S. And we've tried to do in the past years what we thought would be necessary to be seen as a major U.S. player in the U.S. to be respected for what we do for U.S. customers, sourcing from U.S. suppliers, having a U.S. workforce, and we hope that, that will pay off. So that's where we are at the moment. And we are more in a wait-and-see mode. We decided as well to issue a guidance in this uncertain environment to share what we think we can do, absent tariffs. And then the tariffs will be what they will be, and we will have to adapt accordingly. |
| Safran SA | France | A- | Stable | 28,694 | 2/15/2025 | On tariff, as you know, we -- I mean, we have a strong footprint in North America, especially in the U.S. in Canada and in Mexico. And yes, indeed, we deliver equipment and parts to our U.S. customers from Mexico and Canada. So it's too early to give a precise answer to your question. We are monitoring very closely what's happening here. We are looking at that. But as long as we don't have the scope of the potential tariffs and the details, we are not going to be in a position to provide a precise answer. But we are monitoring the situation carefully. |
| Textron Inc. | U.S. | BBB | Stable | 13,702 | 1/22/2025 | The tariff is very much a wildcard. I mean, we don't know the specifics. Clearly, we have operations in Mexico. We have, as you noted, a pretty significant operation in Canada, particularly on the Bell commercial side, a lot of the value of the dollars are things that go over from the U.S. into Canada and then back, assume those don't get hit. But we do have some big important suppliers like Pratt Canada that sell a lot of engines to us in both rotor and fixed-wing, and we do have our Bell Mirabel operations on the commercial side of Bell.<br>So look, it's an unknown. And so we're not really taking a position one way or the other. We've got to see how this plays out. And Again, I think a lot of this is around negotiations and working on how do you deal with the free trade agreements on a go-forward basis. So we're just going to kind of hang in there and see how it plays out. |
| Bombardier Inc. | Canada | B+ | Stable | 8,665 | 2/7/2025 | In light of the current tariff threat, not providing guidance is the most responsible and transparent things for us to do. There is a lot at stake for our industry. The General Aviation Manufacturer Association, GAMA, who represents OEM and suppliers alike was clear in their message, and I would like to quote it directly. Given the global nature of the aviation manufacturing industry, these proposed tariffs as well as potential reciprocating tariffs could have an enormous impact with many unintended consequences on the industry. To put a Bombardier lens on this, we have more than 2,800 U.S.-based supplier across 47 states and are creating tens of thousands of jobs in the U.S.<br>If we do end up facing this, I am comforted by the fact that we are not the same company that we were in 2020 or even in 2021 and could navigate through any kind of challenges. We have a solidly growing services business that is continuing to recruit talent in places like Texas, Kansas, Arizona, Florida, Washington, D.C., California and Connecticut. Our defense business is following the path as well. Our backlog is well-diversified with a solid proportion of large aircraft set for delivery in international markets.<br>Our focus is on finding solution with a long-term view should tariff disrupt our ability to perform to the level of our ambition in the short-term. But until such a scenario presents itself, we will continue to cautiously press forward this year based on the fundamentals we have built. |
| KBR Inc. | U.S. | BB+ | Stable | 7,742 | 2/25/2025 | We are not contemplating material effects from some of the proposed tariffs. Our current business levels in Mexico, Canada and China are not material. |
| CAE Inc. | Canada | BBB- | Negative | 3,168 | 2/14/2025 | We certainly don't expect to see a material impact in the short term, certainly, so the next few months or a year, from us on our business as a whole. But it's definitely something that we're monitoring closely. And if any kind of tariffs become more lasting beyond that, beyond getting to more than a year or 2. Obviously, we would adapt and then we have the capacity to adapt. |

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| BWX Technologies Inc. | U.S. | BB | Stable | 2,704 | 2/25/2025 | It's obviously concerning to us, most particularly in our medical business because we export a good amount of products into the U.S. Of course, that import tariff is paid by the customer, but it might put some -- might splash some pricing pressure back on to our medical products. The commercial power business is really kind of self-contained in Canada. Obviously, the labor is there and a lot of the components are manufactured there and sold there. So there's not as much effect there, but it is a concerning thing and we're evaluating it and keeping a close eye on it. |
| Hexcel Corp. | U.S. | BB+ | Positive | 1,903 | 1/23/2025 | We've obviously been watching this very closely. Hexcel buys about 95% of its material, direct material and sourcing activity from the U.S., Europe and Japan. And by the way, only 1.2% or so from Canada, Mexico and China. So we have very limited exposure to the countries that have been targeted for higher tariffs. And with regard to acrylonitrile, which is the basis for our PAN, all of the acrylonitrile we use in the U.S. comes from U.S. sources. All the acrylonitrile we use in Europe, comes from European sources. So there is no cross-border trade in that major raw material for us. |

Source: S&P Global Market Intelligence, S&P Global Ratings. Data as of March 14, 2025.

Table 2

## Autos - OEM

| Company name | Country | LT FC rating | LT FC outlook | Sales (USD Mn, LTM) | Call date | Earnings call comments |
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| Volkswagen AG | Germany | BBB+ | Stable | 336,118 | 3/11/2025 | This outlook does not include possible effects from the introduction of -- or adjustment of tariffs. We explicitly don't want to guide on the potential impact of tariffs, much too early to say. It's also too early to expect our competitors will react whether tariffs will come at all. So this is really too early.<br>So what isn't included? That's the U.S. We don't know how they will approach with tariffs on different levels, Mexico, Canada, but also Europe. I hope that they will come to a fair agreement in between Europe and the U.S. because the trade volume is not only about goods, it's about digital trade where the U.S. has got a big part exported to Europe. And so that's a lever for a fair deal at the end. In terms of Mexico, Canada, the U.S. auto industry is deeply integrated in the supply chain in Mexico and in Canada. And that could lead at the end also to a bit different agreement between Mexico, Canada and the U.S. that isn't included completely. |
| General Motors Co. | U.S. | BBB | Stable | 187,442 | 1/28/2025 | I would also like to address the uncertainty around public policy, trade and regulation. It remains to be seen how things will evolve. So our 2025 guidance does not take into account future policy changes.<br>With respect to possible tariffs, we are working across our supply chain logistics network and assembly plants so that we are prepared to mitigate near-term impacts. Many of these actions are no cost or low cost. What we won't do is spend a large amount of capital without clarity. Whatever happens on these fronts, we have a very broad and deep portfolio of ICE vehicles and EVs that are both growing market share. And we'll be agile and execute as efficiently as possible.<br>We've been studying multiple scenarios. But from a Mexico perspective, we do build trucks in Mexico and in Canada and in the U.S. And so we have the capacity in the U.S. to shift some of that. We also sell trucks globally, and so we can look at where the international markets are being sourced from. So there's plays that we can do on that perspective to minimize the impact if there are tariffs either on Canada or Mexico. |
| Ford Motor Co. | U.S. | BBB- | Negative | 184,992 | 2/6/2025 | We want to be clear, though, that our guidance has not factored in impacts from changes in policy by the current administration. That said, from an operational standpoint, we believe a few weeks of tariffs are manageable given the rate and flow of our products.<br>There is no question that tariffs at 25% level from Canada and Mexico, if they're protracted, would have a huge impact on our industry with billions of dollars of industry profits wiped out and adverse effect on the U.S. jobs as well as the entire value system |

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| | | | | | | in our industry. Tariffs would also mean higher prices for customers.<br>Relative to tariffs, the precise impact of new tariffs would depend on a number of secondary and tertiary effects, such as price elasticities, how our Tier 1 and Tier 2 suppliers react, substitution effects, possible duty drawbacks and so on.<br>We're in good shape if it was a number of weeks. I think with changing our stock level of our components, both ourselves and our suppliers and changing our manufacturing patterns in both Mexico, especially and the U.S., we can make sure nothing crosses the border for a couple of weeks. We have good stock situation in our dealers right now. So -- and -- but longer term, 80-plus percent of our vehicles are made in the U.S., 100% of our transmissions, more than half of our engines. You look at our competitors, and they're like a country mile away from that.<br>Our U.S. plants are busy. Like we do not have upside. We have some plans for Tennessee and Kentucky and some expansion plans for our new EVs. But our teams in the U.S. are flat out already. So there's not -- I mean, we would have to make some major strategy shifts in the U.S., build new plants, et cetera, if this persists. Obviously, it's a devastating impact. What doesn't make sense to me is why are we having this conversation while Hyundai Kia is importing 600,000 units into the U.S. with no incremental tariff. And why is Toyota able to import 0.5 million vehicles in the U.S. with no incremental tariffs.<br>I mean there are millions of vehicles coming into our country that are not being applied to these. So if we're going to have a tariff policy that lasts for a month or whatever it's going to be years, it better be comprehensive for our industry. We can't just cherry pick one place or the other because this is a bonanza for our import competitors. |
| BMW | Germany | A | Stable | 166,108 | 3/14/2025 | [Note: these comments are taken from page 261 of BMW's annual report released 3/14/20025 which were then referenced in the earnings call]<br>The anti-subsidy tariffs imposed by the EU in 2024 on battery powered electric vehicles from China, against which the BMW Group has submitted a legal challenge to the European Commission, will have a negative impact in the mid three-digit million euro range on the financial year 2025 results and are included in the forecast. While the Chinese government could potentially implement countermeasures as the year progresses, they are not included in the forecast.<br>The tariff increases imposed by the new US administration on imports from China (a 20% tariff on all products imported from China) and the Chinese government's countermeasures (including a 10% tariff on imported vehicles with engine sizes over 2.5 litres) will have a negative impact on earnings in the low three digit million range and are included in the forecast. US tariffs will have the biggest impact on vehicles exported from the U.S. to China, as well as on production parts and components imported from China to the U.S.<br>On March 4, tariff increases by the US administration on imports from Canada and Mexico of 25% came into effect. These will have a negative mid-three-digit million impact on the results and are included in the outlook.<br>The outlook also includes tariff increases on steel and aluminium imported to the USA with a high-double-digit million negative impact on earnings.<br>The BMW Group has thus factored into its outlook for the 2025 financial year the effects of all tariff increases that had come into force as of 12 March. Given the volatile geopolitical situation, it is possible that tariffs maybe be reduced or further increased during the financial year. |
| Stellantis N.V. | Netherlands | BBB | Stable | 162,416 | 2/26/2025 | In terms of tariffs, we have been very supportive of President Trump's policy of boosting American manufacturing. And we announced large U.S. investments in the first 100 hours of his new administration. We believe that the conversations that we're having with the other members of the DFI have been constructive. And we fundamentally believe that the first Trump administration as it negotiated the USMCA was very cognizant of making sure that U.S. content was in the products we build in Canada and Mexico, which we believe should remain tariff free. We strongly believe that the real opportunity is really to try and close the |

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| | | | | | | loophole for 4 million cars that are sold in America that don't have any U.S. content. |
| Honda Motor Co. Ltd. | Japan | A- | Stable | 138,392 | 2/13/2025 | The question is still hypothetical. Suppose on March 1, a 25% tariff is started, if that comes in place the impact on the business up until March this year, there could be perhaps a JPY20 billion-plus impact. That is the assumption as of today. Production in Mexico, and Canada, we have those productions in there. We will try to bring over those products from those two areas to the US earlier, perhaps in February. That is our actions in the short term. In terms of tariff increase, again, in the big picture, of course, every year, the situation is rather different. However, about one-third or higher than one-third of the businesses are using the components or products brought down from Canada and Mexico. The remainder two-thirds is produced in the US. Therefore, our second highest local content of the production of the vehicles next to Ford in the U.S.<br><br>The question is how effective would that policy become. In fact, it is a very difficult to visualize it. At this moment, what we can do is to do something in the short term, which is about current production based on the current model mix. The production in our Mexico and Canadian factories, we could reorganize the product mix of the production there. This is something we can do short term. But in a midterm perspective, we could change the allocation of the model mix in different ways. We are preparing for that, too. However, we have possible actions and the consideration for short-term, mid-term, long-term, and so forth, but we don't really give a goal at this moment for any of the actions on the table today.<br><br>In the U.S., we have, next to Ford, sort of local content of the production, meaning 60% of the products are produced in the US. We have some imports from Japan as well, but 40% of those are supported by the production in Mexico and Canada. Of course, those two countries are also dependent on the US, too. At the moment, we are talking about the sales in our US, which pertains to the production in Mexico and Canada. Last year, it was about 550,000. Canada is dependent on the US for 40,000, and Mexico is dependent on 20,000. That adds up to 610,000 units. Of course, that depends on the type of model. But suppose 30,000 for the cost of those cars and then 25% of the tariff to that amount of money, where you can calculate impact on the cars, plus you can think about others like steel, aluminum, and other miscellaneous materials and so forth, but that could be like a [full] digit, high end of the [full] digit figures, I suppose, as much as I could expect as an impact. |
| Tesla, Inc. | U.S. | BBB | Stable | 97,690 | 1/30/2025 | There's a lot of uncertainty around tariffs. Over the years, we've tried to localize our supply chain in every market, but we are still very reliant on parts from across the world for all our businesses. Therefore, the imposition of tariffs, which is very likely, and any reciprocity will have an impact on our business and profitability. |
| Daimler Truck Holding AG | Germany | A- | Stable | 60,983 | 3/14/2025 | It is reasonable to expect the persisting uncertainty around or implementation of tariffs would have an adverse impact on our volume and profitability projections. The ongoing uncertainty has already impacted order intake in the last few weeks, which might lead to a softer second quarter.<br><br>We have assembly factories in the U.S. as well as in Mexico. What's good in the situation we face right now is that we can produce all models in the U.S. or in Mexico. So for sure, we are preparing ourselves for different scenarios, and we can ramp up more in the U.S., if that would be required. I think added both from kind of a shorter-term perspective, how we could increase capacity in the U.S. and also in the longer-term perspective, what we could do but I would say it's a little bit too early to pull the levers, but we are definitely prepared and following what will happen with the tariff situation.<br><br>On the tariff side, there's like a huge range of scenarios for sure that could happen. So that's very difficult to indicate right now how it would impact our guidance. That's not really something we can right now because we do not have the details available to do the calculations also when it comes to potential relation methodologies for tariffs or retailer tariffs and so on.<br><br>There's not just one tariff. There is a lot of different tariffs that we're looking at. First one, steel, aluminum, copper. This is 1 where I think everyone in the industry faces is something we will eventually have in our pricing. We also have everyone in the |

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| | | | | | | industry, a lot of parts that are manufactured in Mexico that go across the border. Many also have a lot of parts manufactured in Canada or also running assembly in Canada. So this is something I think we face as an industry. And then you had a specific question on trucks built in Mexico. It's still a little bit uncertain how the tariff system would work.<br>For instance, as you know, we are building engines in Detroit that we are then sending across the border to Mexico, putting them into the truck and sending the truck back to the U.S. And as for the moment, it's a little bit unclear if American parts in a Mexican assembled truck would be able to -- if you can then get some drawbacks on that because it's American content or not. So I will just say we are looking at this, of course, following it very closely, but to really quantify exactly how this will pan out is very difficult at the moment. And then let's also see, we also follow what happens with the EU tariffs that could also affect both our cost situation and of course, adjustments that we will need to make in pricing to our customers. |
| Tata Motors Ltd. | India | BBB | Stable | 51,772 | 1/29/2025 | What's driven the 48% year-on-year growth in North America retail for Land Rover in Q3? Is there some pre-tariff imposition surge? No, not -- certainly not deliberately. If you look at year-to-date, the U.S. market is 25% up for us or our sales in the U.S. are 25% up for us. There was some switch between Q2 and Q3, but that was more due to homologation and timing of certain derivatives than any deliberate attempt on tariffs. |
| Traton SE | Germany | BBB | Stable | 49,149 | 3/10/2025 | The manufacturing sector is important to many economies, and the truck industry specifically is the backbone of the movements of goods across the world. Tariffs generally can have a significant impact on the price of goods used to produce trucks. For short-lived tariffs, we have mitigation measures in place. So here, we see no significant short-term impacts on our financials. Any assumptions on longer-term impacts are highly speculative as they depend on multiple unknown variables. Therefore, such assumptions were not included in our 2025 full year outlook.<br>Maybe to give you some numbers, in 2024, we sold roughly 70,000 units in the U.S. Roughly 65% of this sales volume was coming from Mexico in Escobedo. In Escobedo, we source roughly 50% -- 50% to 55% from the U.S.. But let me come back to what I mentioned on purpose during the speech. We would really like not to use these numbers to calculate any potential 2025 tariff impacts. Because as I was into; short term, we have mitigation measures in place; and long term, at this point in time, one more time, we believe it's highly speculative. There are various variables you have to take into account. |
| Volvo Car AB (publ.) | Sweden | BB+ | Stable | 36,164 | 2/10/2025 | The tariffs that were alluded to, but not fully enforced yet in regards to Canada and Mexico don't really affect us because we manufacture in the U.S. anyway. We have a few subassemblies that come in from Mexico, but nothing that would cause us great concern.<br>Really, the big question is what happens if there's tariffs that come in between the U.S. and Europe. Right now, as you know, you can export cars from Europe into the U.S. for 2.5%. It's 10% in the other direction, but it's 2.5%. So that works very much for us right now. If that changes in any dramatic format, then obviously, that's going to be something that we need to deal with at that particular point in time. |
| Aston Martin Lagonda Global Holdings plc | U.K. | B- | Negative | 1,983 | 2/26/2025 | We face potential tariffs, supply chain disruptions as well as continued uncertainties in China, which although small in terms of contribution, may still provide opportunity in the long term. We're monitoring these factors closely and are prepared to adapt to changes. |

Source: S&P Global Market Intelligence, S&P Global Ratings. Data as of March 14, 2025.

Table 3

## Autos – Suppliers

| Company name | Country | LT FC rating | LT FC outlook | Sales (USD Mn, LTM) | Call date | Earnings call comments |
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| Aisin Corp. | Japan | A | Stable | 30,422 | 2/1/2025 | As you all know, we will consider the extent of tariff risk, but since we cannot impose tariffs ourselves, our basic policy is to promote local procurement and local production in the U.S.<br>In this context, as for your question about how much we are sending from Japan, we are exporting about JPY200 billion from Japan. Also, in North America, we are currently using the USMC framework to send over JPY30 billion in total from Mexico and Canada to our bases in the U.S. We will consult with our customers and suppliers to determine how much they will bear if we are required to pay tariffs in this area. We regard this as a risk factor.<br>On the other hand, exports from China to the US were quite large during the previous Trump administration, when relations between the US and China were deteriorating. Since then, we have made considerable progress in changing suppliers and promoting local procurement, and now exports from China to the US are really only about 1-digit billion yen. I would like you to understand that we have been making such efforts toward local production. |
| Michelin | France | A- | Stable | 29,728 | 2/12/2025 | I just would like to remind that Michelin started its manufacturing implementation in the U.S.A. 50 years ago in 1974. And we operate now 35 manufacturing sites in the U.S., of which 20 are tire-related sites and 15 coming from the Composite Polymer Solutions division. We employ 20,000 people in U.S., and Michelin has been awarded several awards related to the way we are managing and our people management system, the last 1 coming from Forbes in 2024. U.S.A. represents 1/3 of the group sales, and this 1/3 of group sales are procured by 70% of local production so U.S. production servicing U.S. market.<br>At the same time, we will not forget that, for example, our mining facility in South Carolina is exporting more than 80% of its production everywhere in the world in Americas but as well in South North America and Asia. That's basically a way to share with you that we have a very strong local to local strategy. And it's a concrete example of the way we are operating in the largest market for the group.<br>So what I said in the Financial Times is looking at the evolution of tariffs across the world, of course, we have a structural investment plan for the decade to come. So we can -- based on what we see happening and whether it becomes structural, we can -- these are modular investments. So we can reallocate investments in order to optimize the return on that investment. So that's what I said.<br>We have not said that because of the supposed tariff, we are going to massively shift our investment towards the U.S. We have said we have an investment plan for the next decade. Based on that, we can reallocate priorities according to what we see happening structurally, not announced.<br>Something that is sometimes not well sufficiently understood, you had a lot of movement in inventories due to anticipation of movements in tariffs or things like that, of regulation or penalties on -- and therefore, we have seen, especially in the Tier 3 volumes, a lot of movement of inventory around the world. We anticipate that in 2025, it will be -- we will have a better vision of what things -- what is the state of tariffs, penalties, regulation, et cetera. And therefore, those flows that artificially boosted the market will be less a factor in 2025. |
| Bridgestone Corp. | Japan | A | Stable | 28,178 | 2/18/2025 | We are closely monitoring the impact of additional tariffs under the Trump administration. There are uncertainties surrounding these impacts, including the timing of the application of the 25% tariff to Mexico and Canada, and we have not factored this into our financial outlook in external commitment for February.<br>The biggest risk will be on the US operation. Our US operation is 40% of our revenue. There are various tariffs, as well as measures |

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| | | | | | | taken by President Trump for Mexico and Canada. We do have one in Canada, two in Mexico.<br>For steel, iron steel, there are steel codes used in the tire. Including the suppliers, there are many that are imported into the U.S., so that may have negative impacts. Also, the car manufacturers are very important clients. There are tariffs that are considered, and there are a lot of uncertainties. How we can deal with this, the impact will certainly be felt. Therefore, how we can mitigate the adverse impact will be very important. We are looking into various scenarios at present.<br>Please remember, it is local production for local consumption sales and the purposes. For the US alone, it's 60% of passenger car tires, as you can see here. We do have the production capacity. If that capacity is running at full, the situation will be different.<br>We would like to take a look at both the categories of capacity. In the U.S., highly profitable and high productive plants are there. Other plants, also in the US, the productivity or the efficiency is not as much. |
| Forvia SE | France | BB- | Stable | 27,926 | 2/28/2025 | Also market related, I would like to briefly comment on the U.S. tariffs here. The present guidance numbers consider that Forvia is going to cope with the already implemented tariffs. And both for the already implemented ones as well as the potentially to come tariffs, we have a very strong plan in place. We are preparing to protect Forvia from financial damage. And for that, we will take internal measures and also work with our customers and our suppliers. |
| Aptiv PLC | Switzerland | BBB | Stable | 19,713 | 2/6/2025 | Our outlook has not factored in changes in tax, trade or tariff policy by the new administration.<br>I think the magnitude of what was initially proposed regarding tariffs within North America from an industry standpoint was a bit surprising. But I would say we've been working with our OEM customers late last year, early this year as it relates to where possible, for deploying inventory. As we've talked about a lot last year in terms of supply chain and supply chain visibility, that's something that we're very closely connected with our OEMs globally on.<br>We spent a lot of time with our North American OEMs making sure they understand our supply chains well. So we've developed, I would say, at least near-term plans in terms of addressing some of the challenges that if there was a flip of a switch, how we would deal with that, including investments in inventory, including areas where we have duplicate manufacturing in North America and other regions. And then some discussion, I wouldn't call them firm plans at this point in time, but some discussions about alignment of their production schedules and importantly, product mix to simplify the situation so that we can pre-produce products in certain areas where it's a little bit more complicated to do, for example, wire harnesses, products like that. So I would say we're reasonably coordinated to the extent this gets implemented. But ultimately, obviously, it would be somewhat disruptive. |
| The Goodyear Tire & Rubber Co. | U.S. | B+ | Stable | 18,878 | 2/14/2025 | Looking to the U.S. market, low-cost imported tires are largely sourced from Southeast Asia, including from a number of countries that are either not subject to antidumping or countervailing duty tariffs or whether the production has been shifted to avoid the level of tariffs that the U.S. has sought to impose in order to counteract unfair foreign subsidies in our industry.<br>It remains to be seen how the tariffs in our markets will evolve this year in 2025. The Tier 1 tire manufacturers, including Goodyear, source our volumes from factory located in all 3 USMCA countries to support both the OE as well as the replacement customers in the U.S. We're working across our operations to mitigate any potential near-term impacts of tariffs related to our Canadian and Mexican supply. As the tariff situation may be fluid and will be fluid, we'll remain agile and execute efficiency. |
| Adient plc | Ireland | BB | Stable | 14,523 | 1/29/2025 | We have a significant Mexico footprint, certainly with our cut and sew operations we've talked about that in the past. Certainly, some of our metal operations that we have localized down into Mexico as a result of the China tariffs, we moved that into Mexico. We now ship some of that north of the border. So it's not an insignificant amount of business that then transits its way into the U.S. |

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| | | | | | | I think what's important is we have action plans established by each one of our customers. We have now begun engaging in meaningful dialogue with those customers. The customers have a level of understanding of what the impact is. We've made it clear to them that this is not at a 25% level or even at a 10% level, a burden that Adient is prepared to take onto our P&L on an ongoing basis, and there will be a need for recovery that has to then be passed through the value chain. |
| BorgWarner Inc. | U.S. | BBB | Stable | 14,086 | 2/6/2025 | We expect our global weighted and light commercial vehicle markets to be down 1% to 3% this year, following a 3% decrease in 2024. This forecast includes potential industry volume headwinds of global tariffs. Looking at this by region, from a light vehicle perspective, we're planning for our weighted North American markets to be down approximately 3% to 4%, primarily driven by inventory headwinds and potential inflation due to tariffs. In Europe, we expect our weighted market to be down approximately 4% to 6% year-over-year as we see signs of a lower backlog economic headwinds. And in China, we expect the overall market to be flat to down 1%. This is due to a tough comparison following last year's growth and the possible economic impact of tariffs. However, we have not incorporated the net cost of tariffs in our financial guidance at this time since the impact to BorgWarner is influenced by multiple factors. These include, but are not limited to, the timing of implementation, any exception on imported materials and our ability to share the impact with our customers and suppliers. |
| Gestamp Automoción, S.A. | Spain | BB | Stable | 12,604 | 3/5/2025 | And concerning the tariffs in U.S., there still is a lot of uncertainty. We have conducted different kind of analysis. We don't see any risk coming out from the potential tariffs on steel or aluminum because we have agreements with our customers. And concerning the impact that could come from U.S. tariffs on Mexico or Canada, as you know well, we manufacture in each country for the vehicles that are assembled in this country. So, we don't have a risk of exporting our components to U.S. and to pay these tariffs. The only problem and direct problem could come from lower production in Mexico, but that would mean an increased production in U.S. So today, we are, of course, trying to manage different scenarios, but we don't see any kind of risk, and we don't see any change or variance in the EDIs coming from our customers. |
| Dana Inc. | U.S. | BB- | Stable | 10,284 | 2/20/2025 | Our guidance includes the off-highway business for the full year and does not include any impact from unidentified tariffs. We have put all of our customers formally on notice that we intend to pass every dollar of any tariff impacts through to them. And that's our position, and we're not planning to waver from it. |
| Pirelli & C. S.p.A. | Italy | BBB- | Positive | 7,012 | 3/4/2025 | Our targets do not include the potential application of tariffs in the U.S. given the uncertainty regarding their amount and timing. We have defined a contingency plan to mitigate this impact, which will allow us to maintain cash generation and deleveraging targets and reaching the low end of the adjusted EBIT guidance range.<br>The application of tariffs advanced by the U.S. administration still under definition, could slow down economic growth and contribute to inflation. The impact of tariffs could affect both the supply chain with the resulting increase in production cost and the final demand. According to the first simulations, if import duties are applied, economic growth could be impacted by approximately 20 basis points versus the current estimations.<br>We aim to further strengthen our local-for-local strategy, respond quickly to the possible introduction of tariffs and expand our customer base, both to new car manufacturers and in markets where we still have a lot of opportunities to grow, such as U.S., Southeast Asia Pacific and East Europe.<br>Our U.S. business contributes more than 20% of group sales. However, our production in the U.S. is limited. The plant in Georgia, which has the group's highest level of automation, the so-called MIRS, has a capacity of around 400,000 high-tech tires. To meet demand, we import more than 50% from Mexico and about 40% from Brazil and Europe. If tariffs are introduced, to mitigate the impact, we will leverage both on exogenous factors such as ForEx movements and on a contingency plan. This plan provides for increased imports from Brazil and U.S. capacity increase.<br>We have already started with a technological upgrade of the MIRS process that will be the basis for the first step of capacity |

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| | | | | | | expansion in the U.S.. Moreover, the commercial policy will be reviewed based on the inflationary scenario. We remind you that 30% of the overall U.S. tire demand is imported. So some inflationary pressure is expected. Our contingency plan also includes cost reductions additional to the EUR 150 million benefits of the transformation plan. |
| American Axle & Manufacturing Holdings Inc. | U.S. | BB- | Stable | 6,125 | 2/14/2025 | We have been very forthright that our long-standing policy has been to buy and build local in the regions that we support and that we serve, and that's proved very effective to us in mitigating tariff risk that we're experiencing in the past, but also propensity experience here in the future. We'll obviously look to mitigate any other impact that may happen once they get announced in regards to what's going on between the U.S., with Canada and Mexico, and we'll see where that goes in March.<br>With respect to steel and the aluminum side right now, we have very minimal exposure as our U.S. deal and our aluminum is sourced here locally. So we feel very good about where we are that way. We've just got to understand what the details are going to be with respect to the tariff strategy or policies between the U.S., Mexico and Canada as well as any other countries that may be involved longer term. But overall, like I said, our strategy is to buy and build local and that benefits us when you have tariff issues or trade war issues that are taking place.<br>And when you referred to some of the pass-through mechanisms, if this activity brings more volatility to the input costs, not tariff-related, but that are driving the commodity costs that go into our product. As you know, we pass around 80% plus up and down to the customer by contract on this. So we are insulated and protected from some of that side, not tariffs, but the market inputs that impact our purchases through our supply base. So that's a nice protection mechanism for the company. |
| Visteon Corp. | U.S. | BB | Positive | 3,866 | 2/18/2025 | The tariff situation continues to evolve with the tariffs against Mexico and Canada currently postponed until early March and global reciprocal tariffs proposed last week. If implemented, these tariffs will have a meaningful impact across the entire automotive industry and especially the supply base. We are working closely with our customers to identify mitigation actions and minimize any potential impact on Visteon, should these tariffs be enacted. Our guidance does not include any impact from these or any other potential tariffs. |
| PHINIA Inc. | U.S. | BB+ | Stable | 3,403 | 2/13/2025 | Note that none of the projections in our outlook include any possible ramifications related to policy changes by the new U.S. administration. This includes tariffs, tax reform or any other policy that could inflate or deflate revenue or affect our cost base.<br>I think a lot of [our major customers] were already in the plan of regionalizing more and more of the supply base, becoming less reliant on China for the North American production numbers. And I think that's still there. I think, obviously, the blowup potentially of the USMCA and the tariffs with Canada and Mexico, I think, is a bit of a shock. I think for a lot of folks and the hope is that we'll work through that in a rational way and kind of move forward.<br>Biggest risk there, obviously, is [that] it can't be absorbed by the suppliers, and it's probably going to be difficult to be 100% absorbed by the OEMs. So it's going to have an effect on the consumers, which then obviously is going to have an effect on volumes. And so that's probably the best thing that we can prepare for. I know there's a couple of public announcements out there. Can you move, shift some production if you have plants in both Mexico and North America? Can you move a little bit? Maybe a little bit, but it's not going to be, in my view, substantial enough to offset the tremendous amount of cost increases that would come from the currently proposed 25% tariffs.<br>From a China point of view, we have very little exposure on the China tariffs at all. And what we do, it's only a couple of million dollars in revenue total. And 80% of that is Aftermarket, which means that we can immediately push through a price increase. Of course, again, that hurts the end customer or we can try to resource, which again would have cost involved in it that we would push through. But it's a minimal exposure from the China side for sure. |
| Iochpe-Maxion S.A. | Brazil | BB | Stable | 2,479 | 3/3/2025 | The greatest question is regards the real -- the actual effect of the tariffs in the North American market. Summarizing, in general terms, we basically buy steel that we used in North America, we |

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| | | | | | | purchased from -- most of it is used in Mexico and we import aluminum from other regions for production also in Mexico.<br>So the direct effect of raw materials are more related to the CRU or that can fluctuate regarding tariffs imposed by the North American government on different raw materials, not directly on our direct purchases, but the indexes that can be affected. And based on what has been announced, we see already some changes and a slight increase in the CRU in steel in the North American market in general. Considering all this, it is important to remember that using predefined formulas or through negotiations. We historically pass this increase on to our clients. You might have a disk compact in terms of timing regarding when the raw material prices go up and when we pass that on to the client. But through time, it will normalize, and we might have variations of 3 to 4 months, but not having a general negative effects since these costs are passed on to our clients.<br>The greatest concern it brings us has to do with how this tariffs might affect the cost of products for the North American consumer. An increase of tariffs that might be passed on by the vendors to the producers, to the manufacturers of vehicles and are passed on to the end consumer might generate an increase in inflation and our drop in economy and a drop on demand. This is a great question. We believe that the direct impact for us is not relevant.<br>Because we pass any adjustments to our clients when necessary. And most of the products we produce in North America are produced in Mexico. So they are ex-works Mexico. So they are under the responsibility of our clients. So they will have to manage tariffs. So the question that remains for 2025 regarding demand is very much linked to the tariffs that are being imposed in the America -- North American market. That doesn't have a direct impact on us, but it impacts the level of production of our clients.<br>And the question that still remains in that we have to monitor is the North American market concerning what I have mentioned, especially to say that they do impose tariffs at the levels they indicated this time, there might be an impact of $2,000 to $3,000 per vehicle or even 10% in commercial vehicles in the U.S. And that would affect demand. That is the question that remains and that will probably take us a few months to better understand this effect.<br>With regards to reshore for the U.S., as you mentioned and I mentioned, it's not a simple equation. Having 20% or 25% tariff depending on whether you're importing from Canada and Mexico. So then I'm going to move everything to the states. The cost of production in the U.S. are much higher than the cost of production in Mexico. And the availability of labor is a limiting factor. We know unemployment in the U.S. is low. They have full employment. It's hard to find available labor in the industrial sector. So this is an analysis that the manufacturers are going to make and it cannot be done easily.<br>We will have changes for tariffs in the next 2 or 3 years. Situation might be much different. So we can make a decision to increase permanently your cost for something that might turn out to be temporary. So I do believe the OEMs are going to analyze this very carefully. My personal opinion is that this should not cause any drastic changes in the production basis for North America. There might be some isolated move or specific products when there is availability and the cost tariffs comparison might be interesting. But I don't see near-shoring or a significant change from Canada and Mexico to the U.S. |
| Wabash National Corp. | U.S. | BB- | Negative | 1,947 | 1/29/2025 | In the short term, the industry may need to contend with some incremental complexity in the form of tariffs. I believe it's important to mention that the actions we took as an organization in response to the first round of Trump tariffs has held over the past 4 years and we feel that our supply chain is very well positioned to insulate Wabash from any direct impacts stemming from tariffs on components manufactured [ abroad ]. Thinking more broadly about the potential impact of U.S. tariffs, we've already seen near-shoring activity ramp up for multiple reasons in recent years. To the extent that tariffs act as an accelerant to the nearshore in trend, we believe that foreign imports of goods being replaced by North American manufacturing activity has an outside positive impact on dry van trailer utilization.<br>Wabash on 2 different fronts are extremely well positioned relative to whatever happens from a tariff standpoint. So let's go |

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| | | | | | | supply chain side first. We made substantial strategic changes in our supply chain construct, coming out of the 2018 truck tariff onslaught. And so we have dramatically, dramatically reduced our exposure to that to make it almost de minimis at this stage. So we are -- we have built quite a moat around the incoming supply tariff risk. We know our competitors are still substantially exposed to that tariff risk across many different dimensions. So we feel pretty good about that. From a manufacturing location standpoint, we have 1 facility that has some leveled exposure to potential tariffs on Mexico, our competitors have substantially more exposure than we do and we have available capacity in our domestic operations to shift production as needed to minimize those tariff impacts if they were to occur.<br>So we watch them very closely. We don't know exactly how they will or in a construct or how long. But we know that we have put the right pieces in place to manage it one way or the other. So we're not overly concerned at this point. |
| Superior Industries International Inc. | U.S. | B- | Stable | 1,267 | 3/10/2025 | Our 2025 industry production volume and EBITDA assumptions do not reflect the impact of recent tariffs.<br>First, the recent U.S. tariffs on aluminum will have a neutral impact on Superior due to the pass-through arrangements we have with customers on all aluminum we purchase.<br>Next, incremental tariffs on Chinese imports to the U.S., as well as the potential tariffs on Chinese imports into Mexico both have a favorable impact on Superior as this action accelerates demand for USMCA localized production, another advantage of our local-for-local footprint.<br>Further, as for the 2 tariffs related to Europe, tariffs on European imports into the U.S. have a similar favorable impact on Superior as they accelerate European OEM efforts to localize wheel imports, utilizing our local wheel production in North America.<br>Further, the EU Commission announcement this week of increasing tariffs to almost 50% on Chinese wheels imported from Morocco into the EU have a similar favorable impact on Superior, making production at our Poland facilities more attractive for OEMs. This localized production in Europe and in North America positions us favorably compared to other suppliers. I would also note that our readily available production capacity in both regions position us to benefit from short-term localization efforts.<br>The Trump administration's announcement this week of duties on imports from Mexico has a far-reaching impact on the entire automotive industry in North America given the integration between the 2 countries. The industry, suppliers and OEMs will not be able to bear these costs and ultimately will pass these on to the consumer. The impact of this on industry vehicle production remains unclear.<br>I would note that the Mexico tariffs could potentially have an impact on less than 20% of our North America production. Here, our expectation is that these costs will be passed on to our customers.<br>In summary, recent tariff actions in both regions have a multifaceted impact on Superior, potentially favorable and unfavorable. We are closely monitoring this fluid situation and will update our financial outlook accordingly as we gain more clarity. |
| Holley Inc. | U.S. | B | Stable | 602 | 3/13/2025 | We've been working to remediate tariffs for over a year given our cost to serve efforts and have elevated efforts in the past few months. Given widespread nature of the continuously evolving tariff environment, current guidance does not factor in potential impacts related to tariffs that we could not mitigate. As a reminder, the majority of our costs related to product production is U.S.-based with moderate overall exposure to tariffs.<br>We believe that through careful planning and proactive strategies, we can effectively navigate incremental tariff actions through a combination of continued sourcing optimization and modest price increases when necessary, which is not reflected in our full year '25 guidance. |

Source: S&P Global Market Intelligence, S&P Global Ratings. Data as of March 14, 2025.

Table 4

## Building materials

| Company name | Country | LT FC rating | LT FC outlook | Sales (USD Mn, LTM) | Call date | Earnings call comments |
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| Compagnie de Saint-Gobain S.A. | France | BBB+ | Stable | 48,215 | 2/28/2025 | From a business standpoint, we are on local construction markets, and from a governance standpoint, we are organized by country.<br>We have 125 plants in the U.S. They service the U.S. We have 37 plants in Canada. We are #1 in the U.S., #1 in Canada. We service Canada. We have a Mexican manager in Mexico. So we are well positioned. Our products don't travel. Customers are local. So I'm not worried about this kind of impact. It's true in North America, but it's true also elsewhere. So I don't expect that to be significant. |
| Ferguson Enterprises Inc. | U.S. | BBB+ | Stable | 29,898 | 3/11/2025 | The persistent deflation really is driven by commodity input based deflation. And so you think about PVC resin or hot rolled coil on the steel side, that's really driving what that deflation looks like, and that's the biggest cause of what we're seeing from an overall margin perspective. When you look at the tariff impact, that certainly will have some degree of a stabilizing effect on what that deflation looks like. I mean if you think about the steel market, and what we're seeing in price increases that have already been announced in the steel pipe side of the business. So we think that, that can be a stabilizing effect, but there's a great deal of uncertainty.<br>When you think about the finished goods side, we're still fairly early in the year in terms of what those annual price increases look like, and we're still a little bit early in tariff realization, because you've got multiple things playing out at the same time in a pretty dynamic environment.<br>Generally speaking, we will pass through that price. There are going to be some pressure points, but generally speaking, that's what we do. And so it's a bit early to tell how that is going to stick. And it's a bit early to tell what tariff is going to play with annual, but we're encouraged by that being a stabilizing effect as we think about what deflation has meant to the first half of our fiscal year |
| Carrier Global Corp. | U.S. | BBB+ | Stable | 22,486 | 2/11/2025 | We have embedded into our guide what's happened with the tariffs related to China and those are fully mitigated in our guide for this year. With respect to what has happened more recently about some of the materials. Most of the materials we purchase such as steel actually come from U.S. vendors. In addition to that, we are pretty well blocked for the full year. In North America, I think we're blocked for about 80 -- close to 80% of our steel volume. So generally, we think we're in a pretty good position there.<br>I think of the tariffs right now in categories. The first is what's been implemented. We know about China. We know about the deal in aluminum, and we're confident that we have that mitigated. The second I would put in the category of things other than Mexico that have been discussed like Canada and Europe. And based on what we know on these categories, we feel confident that we can and will mitigate those as well. As you mentioned, the big one that we have to keep an eye on is Mexico because we have operations down there. And we purchase a lot from there and do export into the U.S.<br>There's so much we don't know. We don't know if they will go in place. We don't know if there will be exemptions at all. What I can tell you is the team is all over it. We are looking at price actions that we clearly would have to take. We're looking at operational actions that we would take, especially with our suppliers. And we're also looking at that we would contemplate other actions that we would take unrelated to tariffs to make sure that we could mitigate any impact that we can't fully mitigate through pricing and supply chain issues. This is not the first time that we've dealt with tariffs.<br>So do we have everything figured out if there's a 25% tariff in Mexico. We don't have it geared out exactly yet. But what I will tell you is that this team will go to tremendous lengths to make sure that we do mitigate it. I will also tell you that we are leaning into |

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| | | | | | | our factories in the U.S.. So for example, we're significantly increasing our output out of Charlotte this year. |
| Rexel S.A. | France | BB+ | Stable | 19,966 | 2/12/2025 | And last but not least, there is the uncertainty about U.S. tariffs, which could go only one way, which is additional inflation, which you know is usually a tailwind to our P&L. But to be clear, no tariff is included in our guidance at this stage before we see a little bit clearer. |
| Trane Technologies plc | Ireland | BBB+ | Positive | 19,838 | 1/30/2025 | For decades now, we've had a manufacturing strategy of in region, for region. So you think about in the Americas, we have a plant in Mexico. We have over 20 plants in the U.S. We have plants throughout Europe. We have plants throughout Asia. Some in China, some outside of China. So look, we've -- in the past, we've dealt with tariffs. Should they happen, we'll react. Do I think they could impact our supply chain? For sure, there's a little bit of flexibility there. But they will have an impact. But I think we've been able -- part of our operating system is we understand our cost inputs. And if we see something change, we're going to react, and we're going to act very quickly to make sure that we stay margin neutral over time. |
| Builders FirstSource Inc. | U.S. | BB | Positive | 16,400 | 2/20/2025 | Our 2025 outlook is based on several assumptions, including average commodity prices in the range of $380 to $430 per thousand board foot. This does not assume significant changes to existing duties and tariffs. Imports account for approximately 13% to 15% of our total purchasing spend. Comprised of 8% to 10% commodities and 3% to 5% noncommodities.<br><br>The tariff world, as we described, about 15% of our total sales are exposed to potential tariffs, given that it's not U.S., of that, in the high single to 10% range is in that commodity product category. So for us, what we're doing differently, not much, right? And given our lack of visibility into what the actual outcome is going to be, we've been pretty cautious about taking a position or changing our inventory levels in response. I think that there's some optimism that there will be thoughtfulness around the potential impact on housing.<br><br>But we'll see. We've always had a tariff regime on that Canadian Softwood, that's not new. That was already expected to reset a bit higher this year based on the normal process there. But if there are significantly higher tariffs, if 25% were to be layered on top that's pretty dramatic. That could be a 65% tariff. While a modest percentage of what we do, we have seen in the past that be a broader impact, meaning just because the Canadian wood goes up, the U.S. wood will go up a bit as well. In short, we don't like it. Any barrier or additional problem for housing right now, we think it's a net negative. It will certainly be a tailwind to our sales per unit in the commodity space, but we think it will likely limit starts and that's bad overall on a net basis. |
| CEMEX, S.A.B. de C.V. | Mexico | BBB- | Stable | 16,200 | 2/17/2025 | First, covering it from the Mexico point of view. Mexico last year exported about 5% of their volumes to the U.S. And as you know, imports and where we import from change all the time based on the economics and where we can find the right quality and price for imports into specific markets. Our plan for this year, even before there was any whiff of potential tariffs on Mexico, Canada and China was to reduce because of the profitability and where we could get imports was to continue to reduce those imports coming from Mexico. So just within our plan, it was to cut it to about half of Mexican volumes. So 2.5% of total Mexican volumes more or less.<br><br>Looking at it more from the U.S. perspective, again, imports have continued to decline for us. They currently in 2024 were about 17% of total volumes. And imports coming from Mexico have been declining as well quite significantly. And the plan this year was to continue to decline. Obviously, at tariffs, we believe firmly that if tariffs are imposed within a local market on all players that, that would be positive, it would increase import parity. It would be positive for pricing. If you see a more limited tariff action in a specific market where it only applies to one or two origins of imports, we think it would be fairly neutral in terms of pricing. |
| Stanley Black & Decker Inc. | U.S. | A- | Negative | 15,366 | 2/5/2025 | In addition, to help you size what we may have to navigate related to tariffs, we will provide cost of goods sold information based on country of origin for our U.S. businesses, which will allow all of you to correlate with the proposed policy the President announced over the weekend or how it evolves over the coming days or weeks. This is a dynamic environment. But as we shared with you last year, we have developed a plan that we are deploying with |

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| | | | | | | speed. We believe we can mitigate tariffs with supply chain repositioning and price but do not believe it is something that will throw us off our long-term growth and EBITDA aspirations.<br>We've successfully navigated this before and have a new seasoned management team in place to enable success once again. Our goal is to ensure that as the President and his administration works to accelerate growth in the U.S. and negotiate better trade deals with our country's major trading partners, we are positioned for success as the only significant U.S.-based manufacturer in our industry. We continue to engage with the President and his new administration to support them in achieving their goals in these areas while we navigate the next several months to minimize the impact of Stanley Black & Decker as we exit 2025. |
| Beacon Roofing Supply Inc. | U.S. | BB- | Stable | 9,763 | 2/27/2025 | So the impact there of potential tariffs coming in having a muting effect on new construction is likely to continue, we believe. |
| Vulcan Materials Co. | U.S. | BBB+ | Stable | 7,418 | 2/18/2025 | On aggregate tariffs directly, we see very little impact on everything else, and we've looked at steel and rubber, I'm not sure anyone can tell you what's going to happen. But I don't think it's a big impact to us. |
| Carlisle Cos. Inc. | U.S. | BBB | Stable | 5,004 | 2/5/2025 | We are also continuing to digest the recent actions taken by the new administration on tariffs in recent days. With over 90% of our sales in the U.S. and less than 10% of our raw materials sourced outside of the U.S., we expect little direct impact from the tariffs. However, we are concerned about how the tariffs may impact consumers in the residential space who are already under pressure and the potential impact the tariffs may have on interest rates in all our served markets. |
| Fortune Brands Innovations Inc. | U.S. | BBB | Stable | 4,609 | 2/7/2025 | I'll start with conceptually and philosophically how we've approached it. We've sort of been at this tariff thing since plywood tariffs first hit, I think around 2017, we had to move $100 million worth of spend and we did that very quickly. And the team has really built a very, very strong bench in managing tariffs. Our philosophy over the last couple of years has really been around supply chain agility versus kind of pick a specific geography to bet on. I don't want to get into competitively sensitive detail, but doing things around the portfolio that allows us to move product very, very quickly and then building out redundant supplier networks that allow us to move things very, very quickly around the place. And so while it's certainly been interesting to watch exactly where a tariff may land or may not land. We've done a lot of work to be able to move very quickly as that happens. And so that's been the approach. And I'll tell you, I'm glad we have it versus making a singular bet, say, on one geography.<br>The other thing I'll just add, and I've spent a lot of time with Leigh, who also manages external affairs, in D.C. talking to the administration. And it's clear that there certainly is the idea of trading balance tariffs, but there is an idea around universal tariffs. And to the extent that, that comes to fruition, we have a very strong North American and U.S. manufacturing base. We're vertically integrated in some parts of the business and still have maintained very strong manufacturing footprint in all other parts of the business. And so we view that as potentially actually being quite a competitive advantage given that we can combine this flexibility with our existing footprint with a great workforce here, and we think we can very, very quickly move to service our consumers and customers in a competitively advantaged way. |
| SiteOne Landscape Supply Inc. | U.S. | BB | Stable | 4,541 | 2/15/2025 | We would generally pass through prices relatively quickly when it gets announced from our suppliers from that perspective. I mean there will be certain orders outstanding that we'll honor from that perspective. But historically, the market, it's not just the SiteOne, has set pass-through price increases like this relatively quickly.<br>We estimate 10% to 15%, let's say, kind of use the midpoint of 13% of sales if you go Mexico, China and Canada have -- we're not buying directly but have a sourcing component. And that's not to say all of that, if there was a tariff pass-through, our suppliers would pass all that through. But if it was considered long-term, you would probably expect that. But let's say, 13% is kind of ballpark number where we think with majority of that being Mexico and then China. |
| Valmont Industries Inc. | U.S. | BBB+ | Stable | 4,075 | 2/18/2025 | Regarding tariffs, our outlook includes the recently announced additional 10% tariff on China imports as well as the 25% tariff on steel and aluminum imports. We have not included other potential |

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| | | | | | | tariffs, such as those on all imports from Mexico and Canada nor reciprocal tariffs, as many details are unknown. Always keep in mind, for our U.S.-based customers, the vast majority of our products shipped to them come from 1 of our 24 manufacturing facilities in the U.S.<br>So just broader around how we're addressing the tariff. So like everyone else, we're keeping a very close eye on the changes to the trade policy. We do have a solid handle on the impact of the China tariffs, and that is factored into our guidance, along with our best estimate on the steel and the aluminum import tariffs.<br>Now when it comes to the potential tariffs on imports from Canada and Mexico, there's still been a lot that we don't know. Here's what I can tell you, though, is our main focus is on Mexico. We've been very intentional on how we built our global footprint to serve our customer. So most of our U.S. customers are being supplied from our U.S. plants, and we're doubling down on that. Most of our infrastructure capacity investments that we're doing right now are here in the U.S.<br>And just to put it on perspective, the production out of Mexico is less than 10% of our overall infrastructure revenue. Now that said, our team is all over it. We're using our well-established playbook, how we manage these potential impacts. And as you know, it's not the first time that we're dealing with tariffs. So we're looking at pricing and commercial strategies. And to your point around when we see the tariffs and when we see steel going up, we address that, and I'll go into a little bit more detail in a bit, working with our suppliers on how do we make operational adjustments. We use financial instruments as well. And of course, we consider other steps to mitigate the total impact.<br>So the bottom line is, our team will go over great lengths to make sure we're covering all our bases. And our specifics, how we look at these markets, it's no different than any other cost increases. We've seen this through COVID. Pricing went up. We were already having conversations with our customers, and they understand it. There's really not a lot of pushback, they need our products, they see the value proposition we have in these industries. |
| Allegion plc | Ireland | BBB | Stable | 3,772 | 2/18/2025 | Our guidance includes the currently enacted tariffs on imports from China. And at the enterprise level, we import less than 5% of our cost of goods sold from China. We're taking a combination of pricing actions and sharing those costs with our suppliers to minimize the impact.<br>Our guidance does not include potential tariffs that may be enacted on Mexico. We source approximately 20% to 25% of cost of goods sold from Mexico primarily related to our residential business in the Americas. Should tariffs go into effect, we anticipate taking pricing actions to cover the higher costs and expect to offset the dollar impact at the operating income and earnings per share level |
| Geberit AG | Switzerland | A | Stable | 3,405 | 3/6/2025 | Tariffs, we do not expect any significant impact. We source mostly locally, and therefore, that is minor. We are very much in Europe, [and] we have very local supply chain.<br>Due to our geographic exposure, it's not a big headache. I start with the sales footprint of this 3%, the majority is in the U.S. There's a little bit into Canada, there's a little bit into Mexico but the majority is U.S. And from a sourcing perspective, also the majority is manufactured locally in 2 plants. And a smaller part is import. Basically, it's the concealed cistern, which we are selling in the U.S., they are imported from plants in Europe. If you look how much we are sourcing cross-border, for example, intercompany from Europe or also some little components from Asia, it's relatively minor. So whatever happens with the tariffs, even if there will be a tariff for European products imported into the U.S. would not have a material impact on the Geberit Group just due to small size. |
| BlueLinx Holdings Inc. | U.S. | B+ | Stable | 2,953 | 2/19/2025 | I would say any market volatility or uncertainty really causes people to sort of hold back on spending, whether it's commercial or consumer spending. As it relates to Canada,<br>tariffs and commodity wood products, those prices will get passed through pretty quickly. The hard part for us in this space, whether it's us or any of our competitors, quite frankly is, it's one thing for a tariff to go in, the fact that it could be pulled back 30 days later is what is really hard to manage through. But we have teams in place we have the supply chain, vendor relationships that |

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| | | | | | | we're taking advantage of to make sure that we're managing our risk accordingly. |
| Griffon Corp. | U.S. | BB- | Stable | 2,613 | 2/5/2025 | The tariff situation is extremely [ fluid ]. With that said, given the proposed tariffs on Mexico, Canada and China, we are comfortable with maintaining our 2025 financial guidance. Similar to tariffs in 2018, we expect to mitigate the effects of changing tariff policy through a combination of price supplier negotiations and further diversifying our global supply chain. As we exit our fiscal 2025, we expect our tariff mitigation measures to be implemented and in effect, allowing Griffon to maintain its long-term EBITDA margin target.<br>We do have significant amounts coming from China related to our [ Lawn and Garden and Hunter fan ] businesses. Those are the only significant areas where tariffs could have an impact. There is a swirl over tariffs. But the intent is ultimately a stronger and better U.S. economy. And if that plays out, we'll benefit on both the residential side and on the commercial side. |
| Arcosa Inc. | U.S. | BB | Negative | 2,570 | 3/7/2025 | With steel tariffs as a possibility on the horizon, the message we're giving our customers is that steel prices will probably go up, so continuing to wait to replace an aging fleet will get more expensive over time. |
| Eagle Materials Inc. | U.S. | BBB | Stable | 2,267 | 1/29/2025 | In terms of tariffs on cement imports, TBD, of course, but it would certainly impact the cost of imported product into the U.S., not necessarily a dramatic impact to us directly. But indirectly, it would cause the marginal supply to be a higher cost ton. |
| Zurn Elkay Water Solutions Corp. | U.S. | BB | Stable | 1,567 | 2/5/2025 | We'll manage through this emerging tariff dynamic. In many ways, we've been working at it for the past 6 or 7 years. When the first round of tariffs were put in several years ago, I think our team navigated it very well. I think we have the ability to navigate whatever tariffs ultimately come in place, we'll navigate through very well. We have the ability to implement price increases, and we'll react to it accordingly.<br>I think the other thing to keep in mind is our exposure to China, as I mentioned in some of the prepared remarks, has come down considerably. That exposure to China and potential tariffs to China will continue to come down throughout 2025 and 2026. So we feel good about where we are in terms of tariffs, and we'll continue to watch the news like everybody else and react to the latest changes<br>Don't read the fact that we haven't included any impact into guidance, that doesn't correlate to being prepared to act. So whether that is moving suppliers, whether that is enacting, I'd say, laser-focused price increases where we actually need to.<br>The supply chain moves that we've made over the course of the last 5 or 6 years have allowed us to be flexible so that we can move from China to Southeast Asia or China to North America. Or in the event that there is or there is not a tariff in Mexico, we can move volume from distant places. So it's -- I would say we're in the continuum of being able to migrate our supply base to where it offers us the overall best cost. |
| GCC, S.A.B. de C.V. | Mexico | BBB- | Stable | 1,367 | 1/29/2025 | It's too early to understand the full impact of a potential, I mean, you started from Mexican cement. We are still very cautiously optimistic again that probably cement will not, I mean, have a tariffs. But if it does, based on volumes it's not material for our case.<br>It will be, I mean, difficult to try to pass it along to the customers. Of course, we compete in the market with a lot of domestic cement. And so it's not easy, I mean, to pass it along. Again, it will be case by case in the case that there is a tariff, I mean. But again, overall impact, we are not too concerned about it. |
| Interface Inc. | U.S. | BB- | Stable | 1,316 | 2/27/2025 | Based on what was proposed and paused, there's no material impact. There's a few things that help us, like, for example, with carpet, we manufacture locally in the U.S. and in Europe and in China, for example, U.S. for U.S., Europe for Europe, China for China. So that's a helper. We do have some sourcing out of Mexico, but it's very limited. It's not big exposure. And if needed, we would rejigger our supply chain, but it's a very small number in terms of tariff exposure with Mexico. And we do not source from China. So that's very helpful for us as well. |

Source: S&P Global Market Intelligence, S&P Global Ratings. Data as of March 14, 2025.

Table 5

## Business and consumer services

| Company name | Country | LT FC rating | LT FC outlook | Sales (USD Mn, LTM) | Call date | Earnings call comments |
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| Cardinal Health Inc. | U.S. | BBB | Stable | 222,276 | 1/30/2025 | We still have some work to do with tariffs. We're looking at both sides of it. The sourcing side as well as the customer and pricing side.<br>On the sourcing side, we've made some fantastic improvements to the resiliency of that supply base. As a reminder, only about 1/3 of our business of that $12 billion-ish in revenue is Cardinal brand. So the 2/3, that's national brand. We largely passed through those types of adjustments. So that 1/3, that is Cardinal brand, is where we have the most work to do there.<br>Within that 1/3, about half of it is sourced out of North America, which is split between the U.S. and Mexico for the most part. And then the rest of the world is quite diverse. We no longer manufacture out of China. We sourced a little bit, although with the more recent tariffs, we've reduced that further. So we're definitely well below 10% at that level, and we have nearshored into Latin America, quite a bit of product as well. We've been brought some of it more onshore. 90% of our syringe categories now produced in a Cardinal-owned facility in the U.S. So we'll continue to do what we can to minimize the impact as it relates to tariffs.<br>But make no mistake. If there are widespread tariffs, anywhere from the 10% to 25% range, I anticipate there will be corresponding price increases. We will do what we can to minimize those but with 1%-2% margins, we will not absorb whatever impacts are left. And with our diverse supply base, supply chain throughout the globe and what we believe is balanced, we think we're well positioned competitively to be able to pass on those price increases. So it's something we'll work to minimize, but it's going to be a reality if tariffs are widespread across multitude of countries.<br>There's a lot of variables and decisions that go into where we source product. And short term, I think it will be very difficult like I said, not only are there the constraints of us getting the capability, but there's also the regulatory compliance requirements to ensuring that we have the ability to, through FDA approvals and such.<br>So that will be a natural limiter on how quickly those moves can be made. And it's just too early to tell. If we're talking about -- like in the case of China with PPE at 50% tariffs, that was a no-brainer. It needed to be moved out of China. There's no way for there to be a business case for staying there. But to be clear, those products did not come to the U.S., they went to Southeast Asia.<br>And I'm not convinced that even at a 50% tariff throughout the world that those products would come back onshore, given the cost differential that is there between domestic manufacturing versus low-cost countries in general. So there's a big delta there for some commoditized products. There's less of a delta for more highly complex products. And the highly complex products often have more manufacturing investments. |
| Sysco Corp. | U.S. | BBB | Stable | 80,570 | 1/28/2025 | And it's 1% plus, I'm sorry for the 3-part answer. Everything we're talking about is excluding the potential impact of tariffs. We can't anticipate exactly what will occur. Nobody knows exactly what will occur. The quote that we put out for the 2% excludes any impact of tariffs. |
| Aramark | U.S. | BB | Stable | 17,545 | 2/4/2025 | This is a situation we have anticipated and modeled very carefully. We think the overall impact of tariffs as they're currently announced would be roughly 30 bps in terms of our increased cost. That's before any actions taken to either moderate, either through pricing or menu engineering and the like. So we think we've managed through the effects of these kinds of things in the past. We don't see it as having a material impact on the total company. Over 85% of the product that we buy is sourced locally in country, and so we see the impact of tariffs as fairly de minimis. Yes, that was a model percentage of increase in terms of food costs, not margin decrement. So we thought about a 30 bp |

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| | | | | | | increase in food cost to those items that were purchased from Mexico, Canada and China. As I mentioned, close to 85% of our product is sourced locally. So it's a relatively small impact generally confined to things like fresh produce in the wintertime in the U.S. coming from Mexico. So with the freezing for the next 30 days, that impact would be obviously reduced.<br>And again, that impact was prior to us taking any kind of mitigation actions with respect to either menu design or service offering and/or price recovery. So overall, we see the impact of tariffs as they're currently anticipated to be relatively de minimis to the total company financial performance. |
| Brenntag SE | Germany | BBB+ | Stable | 16,811 | 3/12/2025 | On the negative side, we need to be clearly watch out what kind of impact do we see by the tariff situation and the impact it will have not only our [ direct ] business, but of course, the secondary and tertiary effects we can foresee.<br>Our regional split in our presence in the regions, however, is protecting our business to some extent against this because the vast majority we sell in a region like in the U.S., we also source locally and regionally in the same region. But it could open up also some arbitrage opportunities, which we, given our set up, can now play and you can have a look at it. Too early to tell how that plays out. |
| Bunzl plc | U.K. | BBB+ | Stable | 14,743 | 3/3/2025 | So first thing is given the nature of our bulky goods, a lot of what we buy around the world is domestically sourced. We're buying about 10% of our group sales from China, is not very different in the U.S. We tend to buy these products there that or not very easy to buy somewhere else and the competition tends to do the same or there is a big differentiator in terms of producing it locally. So let's say, if this all continues the way it is announced and as we experienced in the past, this should lead to inflation on products, an inflation in principle for distributors is positive. Now what is the impact on economic growth in the U.S.? Is the other impact that is hard to say.<br>In terms of importing from Canada, let's say, Canada importing from the U.S. There is a bit of that. That will also lead to inflation in Canada then and then bringing in products from Mexico is actually very, very small. And where it happens, it will probably lead to in inflation on products. At the same time, let's say, it's a quite dynamic environment for Chinese suppliers, obviously, because either there's pressure or there is people to try to move more away from China. And whilst that is happening, all our non-U.S. businesses have an opportunity to buy better in China because the Chinese are very keen to hold on to their volumes as well. So it's a very volatile environment, lots going on, reduces the predictability of things going to happen.<br>There has been some pull forward of safety in the U.S. sales. It's very small, but I think it's noticeable enough, but think of it as low single-digit dollar amount. So nothing meaningful, but we did see it. And I suppose it's to be expected ahead of potential increases in tariffs. |
| Owens & Minor Inc. | U.S. | BB- | Stable | 10,701 | 3/5/2025 | So tariffs for us aren't as significant as they may be for other players in the industry. However, I think, first of all, we got to be clear that as tariffs come in and increase our product costs, we're going to have to pass those on to the customers.<br>Because in our P&HS segment business with a margin profile as tight as it is, those are costs that we will have to pass on. If we think about impact overall on the business, the vast majority of our products are not made in China. So let's first take that off the table because that had the highest tariff increases last year with close to 100% on gloves coming through over this year, combined with next year as well as significant on facial protection. So that's not an impact to us. When we do make our products, we do make some of our products in Southeast Asia as well as in the U.S. and Mexico and Honduras. I think that's a pretty fluid situation. But if we think about it, our Mexican footprint is really in low single digits of what we make in our products that we sell through our P&HS segment. |
| TopBuild Corp. | U.S. | BB+ | Stable | 5,330 | 2/25/2025 | On tariffs, we do not anticipate a significant impact on our business. Products potentially impacted represent a relatively small portion of our material spend, and we are taking appropriate steps to mitigate this impact. |
| The Brink's Co. | U.S. | BB+ | Stable | 5,012 | 2/26/2025 | Certainly, tariffs for us, we've seen that impact global markets in total, as we've all seen. And one of those impacts has been around |

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| | | | | | | process metals, particularly gold and silver. And so as we exited Q4 and have seen what's going on in Q1, what we expect to continue is a lot of movement of gold and silver certainly into the U.S., that's been well chronicled I think publicly in Wall Street Journal on Bloomberg.<br>This is happening, and we are one of the biggest logistics -- the biggest logistics player in the space. We have seen those benefits. I think we're also seeing this, though, movements around Asia. Again, as global markets are balancing around currency and around hedges with around inflation and interest rates. This volatility is beneficial for our global services business. |
| ADT Inc. | U.S. | BB- | Stable | 4,898 | 2/27/2025 | Our guidance contemplates tariffs. Significant tariffs would put pressure on our business, of course, but the magnitude would be within the guidance ranges that we've laid out. |
| Azelis Group NV | Belgium | BB+ | Stable | 4,363 | 2/20/2025 | Starting with the import tariffs. Of course, there are still quite some uncertainty how it's going to pan out and some things have been announced and then retracted. But what I can say in general is that we have a local for local business. So most of the products that we sell are actually produced in the region where we are. So that has less of a direct impact for us. We have not seen a lot of, I would say, yes, concern and panic with our customers up until now. We are monitoring, of course, but -- and it's also true that prices, if they increase, they will be passed on. So the direct effect, there's less. There might also, of course, be a longer-term indirect effect but that's difficult to predict.<br>I think the tariffs will lead to inflation and we pass the price on to the customer. And we have a good track record in prices, as you know. We haven't seen up until now so much prebuying for the tariffs. The only place where it was a little bit more was in Canada. But for the rest, I have to say that it's -- customers are more wait and see. |
| ASGN Inc. | U.S. | BB+ | Stable | 4,100 | 2/6/2025 | Well, based on what we know today and what we've seen in the past, those types of services have not been subject to tariffs in the way the goods are. So that's a positive.<br>But at the end, I'll say, tariffs can have a direct effect on all kinds of things. I mean, you could see costs rise in other parts of the world where there's a tariff implemented, but those are smaller indirect things. And so I think for us, we feel good about it right now, but we have to keep watching where all this goes with the policy and the new administration. |
| Charles River Laboratories International Inc. | U.S. | BB+ | Stable | 4,050 | 2/19/2025 | I haven't seen the situation this morning relative to the tariffs. That's trying to support U.S. development of drugs, so that could be beneficial to U.S. drug companies. We'll just have to see how that plays out as well. |
| The Chefs' Warehouse Inc. | U.S. | B+ | Stable | 3,794 | 2/13/2025 | Yes. I mean, historically, we went through a period of some tariff wars back years ago, I remember that we were dealing with some of the products that come from Italy and France and Spain, I believe. We have over 4,000 suppliers right now throughout our system at Chefs' Warehouse. A tremendous amount of our products are domestic. And we've always been able to navigate it, find other solutions, and pass on. I mean, again, I think the largest sector, I think, of the product lines are fruits and vegetables from Mexico. A lot of these are $20 boxes. So you're talking about a few bucks a case. I think our customer base is kind of used to the ups and downs. |
| Advantage Solutions Inc. | U.S. | B | Stable | 3,566 | 3/7/2025 | I would say, tariffs and how those play out are probably the things that are the most difficult to predict. But I mentioned there's some things that we can capitalize on in an environment where you've got tariffs or even uncertainty around tariffs. But that's probably the thing that is the most difficult to determine or estimate relative looking forward. |
| UL Solutions Inc. | U.S. | BBB | Stable | 2,870 | 2/20/2025 | Historically, tariffs have not had a material impact on our business |
| Vestis Corp. | U.S. | BB- | Negative | 2,772 | 1/31/2025 | As it relates to your question around tariffs and policy, at this time, there is no specific effect on our business. |
| CoreCivic Inc. | U.S. | BB- | Positive | 1,962 | 2/12/2025 | And of course, 100% domestic operations. So, unlike many other companies in corporate America, we don't have to worry so much about tariffs. We do have some supplies and things like that, that would be potentially impacted. But when 2/3 of our costs are in salaries and benefits, that's a small component of our expense structure. |

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| Civeo Corp. | U.S. | B+ | Stable | 682 | 2/27/2025 | The announcement of potential tariffs and the impact that all of those have had on U.S. dollar versus Canadian dollar and Australian dollar exchange rates. So first, the Australian and Canadian currency exchange rates have weakened meaningfully compared to 2024, driving an EBITDA headwind for our U.S. denominated results. Based on today's spot rate, the order of magnitude of this headwind is approximately $5 million in EBITDA. Second, the political uncertainty in Canada is driving changes in customer behavior.<br>New capital spending is certainly being delayed or pushed to the right, which impacts our mobile camp fleet deployment and our oil sands customers quest to lower operating costs has accelerated, driving a sustained reduction in our Canadian occupancy. Taken together, the combination of all these factors is driving reduced guidance as compared to the $90 million comment I made last quarter. |

Source: S&P Global Market Intelligence, S&P Global Ratings. Data as of March 14, 2025.

Table 6

## Business services – environmental services

| Company name | Country | LT FC rating | LT FC outlook | Sales (USD Mn, LTM) | Call date | Earnings call comments |
|---|---|---|---|---|---|---|
| Veolia Environnement SA | France | BBB | Stable | 46,270 | 2/27/2025 | We are not at all impacted by tariffs. |
| Republic Services Inc. | U.S. | BBB+ | Stable | 16,032 | 2/13/2025 | We've lived through a pandemic and high inflation and war at the shore of Europe and other elements. So a macro slowdown in the economy, what happens with tariffs and impact on inflation, none of those things I would say, keep us up at night, but we're watchful and mindful of the macro environment in which we operate on that front in terms of what we can control, as safety is our #1 priority. |
| Waste Connections Inc. | Canada | BBB+ | Stable | 8,920 | 2/13/2025 | If there is tariffs that affect capex for private sellers, that's a benefit. |
| GFL Environmental Inc. | Canada | BB | Stable | 5,464 | 2/25/2025 | Again, from our perspective, we think it has a de minimis impact on anything. Does it change potential capital requirements depending on if OEMs have to put through some incremental surcharges, which then I think would force us to go back to the market to push through more price? But other than that, we feel very good about what we put forward. |
| Casella Waste Systems Inc. | U.S. | BB | Stable | 1,557 | 2/13/2025 | Our guidance does not assume any material changes in the inflation outlook for tariff policy. |

Source: S&P Global Market Intelligence, S&P Global Ratings. Data as of March 14, 2025.

Table 7

## Capital Goods

| Company name | Country | LT FC rating | LT FC outlook | Sales (USD Mn, LTM) | Call date | Earnings call comments |
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| Siemens Aktiengesellschaft | Germany | AA- | Stable | 79,240 | 2/13/2025 | We will closely monitor if and how tariff disputes will impact the macro environment. Europe is definitely one of the areas with a lot of complexity also driven by tariff discussions and the like. |
| Caterpillar Inc. | U.S. | A | Stable | 64,809 | 2/15/2025 | Certainly, a lot of discussions going on around tariffs, and we'll have to see what actually gets put into place in the end. We are a global manufacturer, but our largest manufacturing presence is in the U.S., and we are a net exporter outside of the U.S., and that positions us pretty well versus many other companies out there. Having said that, as you say, we do tend to try to produce in region for region. But yes, some products and components particularly move around. But as you can imagine, it's something we keep a close eye on, and we'll deal with it. We've been around 100 years, |

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| | | | | | | and we've seen many different administrations with different attitudes on these issues, and we'll deal with it. But again, the fact that we have such a large U.S. manufacturing presence, I think, positions us pretty well. |
| Deere & Co. | U.S. | A | Stable | 47,855 | 2/13/2025 | Our primary focus remains on understanding how proposed tariffs may impact our customers' operations as we recognize their need for free and fair trade in ag commodities. This allows them to concentrate on growing crops that feed, fuel and clothe the world.<br>Within Deere's business, first, a reminder about our operational footprint. As you'll recall, we are a net exporter of ag and turf equipment from the U.S., and more than 75% of our domestic U.S. sales are assembled at U.S. manufacturing locations, less than 5% of our U.S. complete goods sales come from Mexico, and of the remaining products produced outside the U.S., the majority come from Europe, notably our 6 series tractors.<br>From an export perspective, over half of our exports serve our Canadian customers, with the remainder going to Europe, Brazil and Australia. In terms of component sourcing, about 10% of our U.S. manufacturing cost of goods sold come from Mexico, with less than 2% coming from China and approximately 1% from Canada.<br>For the last several years, our teams have focused diligently on both supplier resiliency and cost management. The actions taken by our supply management team in response to pandemic disruptions such as dual sourcing, strengthening relationships with key suppliers are prime examples of the step-function change our organization has made to build a more resilient and adaptable business. This group works to manage and optimize our global trade flows, which position us well to navigate the current environment.<br>And given the rapidly evolving nature of these tariffs, our guide does not contemplate the direct cost or economic benefit impacts resulting from potential future tariffs. It is important to know, however, that our exposure to the recently enacted China tariffs is expected to have an immaterial amount on our business. |
| Schneider Electric S.E. | France | A | Stable | 39,500 | 2/20/2025 | If some of the aspects of the current trade agreements between Canada, the U.S. and Mexico were to stand, so for example, the special tax zones, we would have an exposure in terms of imports from Mexico to the U.S., only in the few hundred millions.<br>So any impact to us in terms of tariffs, we would expect to be immaterial. If that's not the case, if those special tax zones aren't to hold, that magnitude will be sometimes higher than that few hundred million that I said. That's where we're really preparing the commercial actions that we would put into place to protect our profitability. |
| Siemens Energy AG | Germany | BBB- | Stable | 37,020 | 2/12/2025 | Obviously, interpreting the tariffs is an ongoing exercise week after week after week at the moment because it's obviously also the question is, what is the tariff, what is the counter-action, what is the trade off.<br>First of all, how local are we. We have 8 factories. We have 12,000 people. We have already last year, decided to invest into the U.S. roughly, if you look over the last 3 years, it's roughly EUR 0.5 billion what we invest in the U.S. in terms of capacity expansion. So we have a decent local base. And the question is always how does it compare to competition?<br>If you look across the different businesses, I think we are well positioned in GT, and that is obviously also with the data centers. Don't forget that is the biggest market potential at the moment. And you know that we're investing in the transformer factory. And that is something which we see. Gas, obviously, I've shown in the press call in the morning, our investment in Tampa in Florida for the blades and vanes. We have the generators out of North Carolina. So it's also local, but also there, we have distributions globally coming, for example, from Europe.<br>However, I also always say we as well as our competitors have a global supply chain. And I think everybody will now try to work that out, how it works. And fundamentally, it will impact somehow, but I see us well positioned in the competitive environment, and we now have to figure out what exactly our mitigation actions.<br>In terms of mitigation, in a supply chain like ours, you also have to be aware, nothing goes fast. You cannot do things differently in a month or 2, but that is the same for us as for the competitors. |

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| Cummins Inc. | U.S. | A | Stable | 34,102 | 2/4/2025 | On tariffs, by and large, our strategy is to make most of our products in the market in which they're sold. But of course, we do have a global supply chain and we -- of course, nobody knows exactly what the tariff situation is going to be. But to the extent that we do incur them, then we think it's important that the market feels those and we'll look to pass those on. Let's hope that's not significant for everybody involved. |
| ABB Ltd. | Switzerland | A | Stable | 32,850 | 1/30/2025 | It starts with CapEx investments that we are increasing. We did that also in 2024, and it is to secure the growth. This is especially related to our Electrification business and especially to North America, but also to India where we have significant -- these are growth markets, and we're also allocating CapEx to those 2 markets.<br>This is not new -- always new investment. These are mostly expansion of existing facilities. And we have quite a long list of facilities that will get 50% or even up to 100% larger footprint, but also more automation, more robotics, more automation on the factory floor of those units so that we can be even more, what we talk about, local for local that we can support that initiative, avoiding any tariffs or any changes in trade that we may face. So this is kind of how we continue to build resiliency and capacity of the business. |
| Eaton Corporation plc | Ireland | A- | Stable | 24,878 | 1/31/2025 | We are on top of it. We are ready. We know potentially from -- depending on what is announced, we know exactly what to trigger. We have -- more importantly than that, I think we have a philosophy over time. We moved our production much closer to the consumption side. So that decreases the impact of the tariffs. But we have a playbook. We've done that before. We are ready. We know exactly where the -- where to apply commercial actions and we'll do. We'll fully compensate with commercial actions if necessary. Hopefully not necessary. But if they come to force, we're going to comply and we're going to compensate with commercial actions. |
| 3M Co. | U.S. | BBB+ | Stable | 24,575 | 1/22/2025 | Our growth was led by China, up high single digits, driven by our electronics business, where we continue to gain share and saw modest front-loading from an anticipated change in tariffs. I do think that tariffs could have an effect on what's happening in China, certainly on the export part of China. So we're watching it very, very carefully. |
| WESCO International Inc. | U.S. | BB | Stable | 21,819 | 2/11/2025 | Yes. We do have a playbook. It's a well-developed playbook. We've been through this before. I think I take you back to the first Trump administration, where they would look at the tariffs that were put in place, look at -- we took all the appropriate actions and able to manage our margins very well through that process. I'll just remind everyone that we have very, very low, I'll call it, first derivative direct exposure because our private label business is a very small percent of our overall business. So where we see the effect on the supply side of our business is on the -- is with our supplier partners.<br>And that's the exposure we have. We work with them through and together with them to push the pricing through. net-net for distribution, look, we don't want to have to put the price increases through to our customers, but we absolutely will and we'll do that and we'll protect our margins. We have a strong history of doing that. So the way to really think about tariffs is to the extent it drives an inflationary effect on the supply side of our distribution business model. We take that. We work it through to our customers, continuing to sell our value add capabilities and work that pricing through. So I think this will just speak to an environment where inflation stays higher than maybe some expected, and that is our outlook as we move through 2025. |
| Parker-Hannifin Corp. | U.S. | BBB+ | Stable | 19,908 | 1/30/2025 | Yes, obviously, there'll be an impact depending on what actually happens. But we've dealt with tariffs before. We have the visibility, we have the tools, and we have the agility to act when something does happen -- if and when something happens.<br>So I would also say that over the past decade, we've built a local-for-local model because we want to be close to our customers. So if it happens, there will be impact, but that definitely helps us. And we've been focused on supply chain leadership now for a couple of years. A lot of new tools and strategies have been put into place to enforce that local-for-local and reduce lead times. So we don't see a big need for a supply chain realignment. We don't foresee any of that. And because we've dealt with this before and our |

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| | | | | | | customers know how we've handled this before, the teams will get to work when they need to. |
| CNH Industrial N.V. | U.K. | BBB+ | Negative | 19,836 | 2/4/2025 | We have done a lot of analysis on our global material flows. And as everyone else, we have run some sensitivities at different tariff levels. We have several options at our disposal for dealing with tariffs such as resourcing component and passing the cost in our pricing.<br>One of the pillars of our strategic sourcing program is to have global flexibility, including dual sourcing where that makes sense. What we will actually do depends on the exact level of tariffs on specific components, relative exchange rate impacts, competitive positioning and the expected duration of the tariffs. We are prepared to act as it is needed. |
| Prysmian S.p.A. | Italy | BBB- | Negative | 17,748 | 3/1/2025 | There is some volatility associated to the tariffs. We think we will benefit from the tariffs that has been applied to the aluminum material imports and also to the cable imports. Since, as you know, in the aluminum building wire space, there is 40% of the American market in the end of imports.<br>So our gross margin -- our margin expected by business unit do not reflect any of these possible changes also because we think we'll be able to remain immune if not benefit from the import duties applied to imports in North America. They work pretty much the same. The aluminum tariff going to be applied to import aluminum from Canada and from other countries. And for Canada will be a 25% hit on top of the aluminum cost and from other countries will be moving from 10% to 25%, so an incremental 15 points. This is an impact coming to the entire industry. The other big player in the U.S. like [ Subwire ] will depend from local production, very limited and most of our copper rod, aluminum rod comes from imports from Canada, from Middle East and other countries. So this will -- this aluminum tariff will impact the total industry, and we play in the same way, passing on this price uptake to cost uptake to the market.<br>Rod is a bit different because U.S.A. is less reliant on imports of rod than it is on aluminum. So there is some significant local production of rod in the U.S. But still, there is something that is imported from other regions. So I think what is important will have the same impact to our industry. So the cost will be added to the LME or to the [indiscernible] cost and the cost will be passed on to the market because it is common to the entire industry.<br>Where there is a differentiator, which is what I mentioned before in the aluminum tariff will also be applied to cables imported from other countries in the U.S. that -- and this is where we're going to have a help because 50% -- 40% of the aluminum building wire market is in the end of importers, which will be more penalized because the tariff will be applied to the entire value of the cable and not to a portion of it like the aluminum rod. So this will make us gain some marginal improvement due to the differential cost between our internal production and the cost of aluminum and the cost of our aluminum product imported from abroad. |
| Emerson Electric Co. | U.S. | A | Stable | 17,550 | 2/5/2025 | Now I want to spend a few moments to talk about tariffs. In 2018, the U.S. enacted Section 232 and Section 301 tariffs, primarily targeting exports from China. At that time, we acted immediately to use price and surcharges to protect profitability. And we also embarked on a program to derisk our supply chain for raw materials, subassemblies and finished goods. The impact of those tariffs was de minimis due to our swift actions and ability to capture price. The current tariff situation is fluid, but based on our supply chain regionalization strategy, learnings from prior tariff responses and planned price actions, we feel very good about our position.<br>Starting with China, we do not expect a material impact based on actions taken since 2018. Next, we expect the impact from Canada to also be de minimis as we do not have any material exposure there. Last, the situation in Mexico is evolving, and we are prepared for a variety of scenarios. We are ready to implement price and surcharges to protect the P&L commitments of the company, and these assumptions are embedded in our guide. |
| W.W. Grainger Inc. | U.S. | A+ | Stable | 17,168 | 1/31/2025 | Since the landscape around tariffs is so uncertain and changing rapidly and daily, we chose to not include any tariff-related impacts in the guide at this point. And as more is known and we understand it and can work with our supply base, we, of course, will run that through our numbers. |

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| | | | | | | In terms of our footprint, we have global sourcing that is probably 60%, 70% in China right now. We are not uniquely exposed. Most of the things that we get from China, everybody gets from China. And we do have sourcing in Mexico. We have sourced -- we've moved some product to Vietnam. We've moved some to India. So we have a broad footprint, for sure.<br>The uncertainty of the tariffs is still pretty strong. But in terms of tariffs, depending on what happens in the marketplace, the competitive environment, we would typically try to pass on and keep the same margins in what we pass on. It just depends on the nature of the tariffs, I'd say, there's still a lot of uncertainty. But we certainly have a good sense for our footprint, and we've been actively moving some of it over the last couple of years. |
| ASSA ABLOY AB (publ) | Sweden | A- | Stable | 13,568 | 2/5/2025 | As you know, we have the strategy to produce as much as we can locally for the local markets. And if you look in the U.S., I would say more than 70% of what we sell in the U.S. is produced in the U.S. We previously also said that around 80% to 85% of what we sell in North America is produced in North America. Indeed, Mexico and, to a lesser extent, Canada are important import markets for the U.S. together with China, obviously.<br>If you summarize a little bit on group level, I would say that most of our colleagues, competitors in the market are in a similar situation. If you take, for instance, China, we import on the lower end products and solutions from China, because China is still -- for those type of products, the best place to produce in the world. And then it's clear if import tariffs would come in different markets, we will compensate or try to compensate that through price increases. As a matter of fact, when Mexico tariffs were initially announced, we were ready with our letters to go out to increase prices. Now of course, we have hold back as the tariffs on Mexico, but also hold back.<br>But in short, most of what you sell in the U.S. is produced in the U.S. And for the rest, we will compensate to price increases. We are the market leader for most of the things we do. Therefore, also we have the task to increase prices first, and then we are confident that the market will follow. |
| KION GROUP AG | Germany | BBB- | Negative | 11,909 | 3/3/2025 | So referring to the Monterrey operation, our current understanding would mean that given the terms under which we are operating, we would not be affected from the tariff. Should we be, we have changed our terms and conditions in the past to actually reflect changes like this. And then we will enter in the commercial discussions with our customers accordingly. |
| AGCO Corp. | U.S. | BBB- | Stable | 11,662 | 2/6/2025 | Our outlook does not reflect any financial effects from tariffs. As things become clearer, we will update our outlook accordingly.<br>Given the diverse global manufacturing footprint, the announced tariffs related to China, Mexico and Canada would likely have a minor direct effect on our financial outlook. However, retaliatory tariffs or U.S. tariffs on the EU would influence our current financial outlook. Given this dynamic environment, we will remain nimble to address the situation, and we'll update our outlook as things evolve.<br>I think a lot of this depends on what are the rules of the game going forward, what constitutes a tariff what would be required to be local production? And how long do we think it will be in place? Any kind of major footprint change usually takes a multiyear payback. And so until we get some clarity on stability and what are the exact rules and details, we don't expect to be making supply chain shifts. But we've got plans on the shelf ready to go if some of those materialize. But right now, we don't have anything in action mode.<br>The team has got an array of scenarios. Again, as I mentioned, the Canadian -- U.S. to Canadian tariffs would be -- would have some effect on us. And so do we shift the landing of some -- put certain products into Canada versus the U.S. We're looking at things, do we do some minor kitting here in the U.S. without large-scale investments that may help us ease the short-term pain. |
| Ashtead Group plc | U.K. | BBB- | Stable | 10,890 | 3/4/2025 | I would say the anticipated impact on our business is relatively small, call it, $25 million, $30 million in EBITDA. And it's really concentrated in 2 primary areas. The first is the small piece of equipment that were the import of record from some of the tariff-impacted countries, and then the component parts that our suppliers are bringing in, that represents about 5% to 10% of our |

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| | | | | | | total spend. So in terms of our underlying economics, I would say we're really not heavily exposed. |
| Westinghouse Air Brake Technologies Corp. | U.S. | BBB | Stable | 10,387 | 2/14/2025 | So the tariff plan continues to be, I'll call it, quite fluid, right? It's changing on a day-to-day basis. That's not included in our guidance. With that being said, over the past 5 years, we've successfully managed inflation. We've had tariffs as well. But while all that was happening with expanded margins.<br>So I think we've demonstrated and we continue to be committed on really on our ability to drive positive outcomes in very dynamic environments. So while there could be an impact on any specific quarters, as we've done before, we would expect to navigate these challenges over time in collaboration with various stakeholders with positive outcomes throughout. |
| Xylem Inc. | U.S. | BBB | Stable | 8,562 | 2/4/2025 | I want to highlight that we have not factored in any impact for the recently enacted tariffs by the U.S. administration. At this time, we do not believe that they will have a material impact on our full year 2025 results, but it is obviously a fluid situation, and we will update our guidance accordingly as we learn more.<br>We spent a lot of time over the past 2 to 3 years on diversifying our supply chain, especially as we look at Asia. So the teams are ready, and we've taken some action with regard to the China tariff.<br>If we look at the proposed tariffs for Canada and for Mexico and the enacted for China, they impact about 5% of our material cost as a percentage of sales. The Canadian tariff impact is really negligible. The team has done a phenomenal job post COVID, lessening our dependency on supply from China and the supply chain there is really just for in-country production. The Mexico tariff is the 80 for us and primarily impacts MCS and Applied Water. Again, both segments are taking the appropriate actions to mitigate the impact on our customers and on our bottom line. So I think we're well positioned. It's obviously a very fluid situation. So we're keeping a close eye on it and taking any and every action necessary to mitigate the impact. |
| Rockwell Automation, Inc. | U.S. | A- | Stable | 8,093 | 2/10/2025 | We are confident that we're dealing with the recently announced tariffs in a way that mitigates the impact and maximizes our position as a large U.S. manufacturer. We've been working on various scenarios since before the election. Undoubtedly, there will be near-term disruptions and volatility in the global supply chain, both for us and our customers, but we continue to believe Rockwell is a net beneficiary of policies that increased U.S. manufacturing.<br>I want to size our exposure so you have context. Cost of finished goods imported from Mexico, Canada and China in total were less than 10% of our U.S. revenue in fiscal 2024. Separately, in fiscal 2024, our direct imports into the U.S. from Mexico, both from third parties as well as from our own manufacturing facilities were approximately $350 million. Imports from Canada and China were each approximately $100 million.<br>Our tariff mitigation plan is multifaceted. For the near term, this will be primarily through price, and we have implemented price changes from the additional China tariffs that were enacted on February 4. We have made and will continue to make changes to manufacturing locations where there's an attractive ROI. Canada and Mexico tariffs, if they happen in March or sometime in the future, will impact both standard products as well as a portion of our configured order sales. We will enact price increases on impacted products and also intend to reprice our backlog to reflect our new price loss. These actions are disruptive for our customers, of course, and there will likely be some noise in the near term.<br>Beyond pricing, we have a number of projects that are in-flight to mitigate tariff costs through alternative sourcing and movement of production locations. We will be leveraging the resiliency that's been built into our operations and supply chain, including moving some production in response to tariffs. For example, we have some products that are produced in Mexico and destined for the U.S. With similar production that occurs in the U.S. where the destination is outside the U.S.. We're swapping those out, moving the production for non-U.S. customers outside the U.S. in order to create capacity to manufacture production for U.S. customers inside the U.S. It's a small portion of our overall tariff-impacted operations, but a good example of quick moves we can make. |

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| Finning International Inc. | Canada | BBB+ | Stable | 7,788 | 2/5/2025 | Look, as we think about tariffs from my perspective, and we've done a ton of work on this. But from my perspective, it doesn't change anything. We've got -- our strategy is designed to withstand challenges in the market, both in terms of growing that resilient part of our business, product support and driving more resilience into our business. |
| Dover Corp. | U.S. | BBB+ | Stable | 7,746 | 2/21/2025 | No, we don't see it. I mean, we're generally speaking a proximity manufacturer. So our backlogs are more influenced on the lead times of the individual products, which are kind of all over the place between the short cycle and the long cycle.<br>But no, I don't -- we don't see any, "Let's get in front of this because we think that there's going to be tariffs." We have a few businesses that are global in nature, but the vast majority of it is proximity. |
| Roper Technologies Inc. | U.S. | BBB+ | Stable | 7,039 | 1/30/2025 | It's a good time to remind everyone that over 85% of our revenue is in the U.S. which limits currency and potential tariff risk while capturing domestic opportunities that lie ahead. |
| AMETEK Inc. | U.S. | BBB+ | Stable | 6,941 | 2/4/2025 | We've been making contingency plans since shortly after the elections for tariffs. And our 2017 and 2018 playbook is relevant, that's when we executed a China for China manufacturing strategy and decoupled our supply chains from China, we executed flawlessly, and we're ready to do the same thing now if it's required. We manufacture niche, highly-differentiated products. We plan to pass on the cost impact of the tariffs if the tariffs get enacted to our customers, as we have done previously. We have a significant U.S. manufacturing footprint, as I said. It's a flexible asset-light model. So we're very agile. |
| Resideo Technologies Inc. | U.S. | BB+ | Negative | 6,761 | 2/21/2025 | We cannot predict what tariff change will occur. But if tariff changes implemented, then we have detailed action plans designed to substantially mitigate the impact. |
| Fortive Corp. | U.S. | BBB | Stable | 6,232 | 2/7/2025 | Yes. Well, I would say, number one, the Canada and Mexico, even though they were postponed, really doesn't have an impact to us. So in that sense, really no impact. The China tariffs, as you know, we've had a strong playbook since 2018. We've really just pulled out that playbook. We talked about a number of scenarios that we created several months ago when we started hearing about what the potential could be. We've already enacted those countermeasures and that's embedded in our guide.<br>So the 10% tariffs in China have been countermeasured. I think to some extent, how we thought about the year from a macro perspective in China does have some of the economic impact of some of the tariffs. I'm not sure we could point to any of those with true specificity, but I think the way we planned China embeds the fact that there's going to be some uncertainty amongst customers and in China. |
| Alfa Laval AB (publ) | Sweden | BBB+ | Stable | 6,050 | 2/8/2025 | We do not expect major effects from possible tariffs on the Alfa Laval specifically, however, tariffs may have some effect as the hyperinflation on large CapEx projects did a couple of years ago with resulting projects delay in the pipeline. It remains to be seen if that materializes.<br>We are overlooking our various exposures in terms of tariffs across various geographies. We are not alarmed by the initial analysis by any means, and we see where the whole thing goes. But we still have some homework to do in terms of calculating whether we have unforeseen risk exposure on it. But at the moment, we feel pretty good about the whole thing, but let's see. |
| Regal Rexnord Corp. | U.S. | BB+ | Stable | 6,034 | 2/6/2025 | So we certainly have a strong position in Mexico with about a little over 30% of our direct labor workforce in Mexico. From a tariff perspective, we're clearly tracking this very closely. But there's still quite a bit of uncertainty. Nevertheless, in the last quarter, we stood up a cross-functional team to focus on tariffs, assessing the various impacts and to try to be best prepared if they get implemented. Hence, the reason why with the China tariffs, we feel we'll be able to absorb that fairly easily. With regards to Mexico in particular, if tariffs get put in place, we'll have to leverage our flexible global manufacturing footprint and supply chain, we'll continue to approach operational efficiencies, and then we'll continue to implement a variety of cost-saving measures. But in addition, a large part of our approach will likely have to be implementing price actions across the broader product lines. |

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| | | | | | | I will tell you that our strategy for a while has been in region for region and supply redundancy. And so we have quite a few levers to pull. One example of that is 5 years ago with regards to our China supply chain, we were pretty embedded with China globally and now China stands on its own. And again, why we feel the China tariffs are fairly immaterial. |
| Teledyne Technologies Inc. | U.S. | BBB | Stable | 5,670 | 1/24/2025 | Let's talk about tariffs first. If you look back a couple of years, 2022, where we had all these shortages, right, coming out of COVID. We had experienced peak supply chain challenges. That cost us about $100 million in 2022. What did we do? We increased prices, not only in some of our businesses that we could, but also, we improved margins. So we made up for it between those 2 and then our own efficiencies. The way the tariffs are laid out, at least initially, the Canada, Mexico or China, we think the impact of those would be less than what we experienced in 2022, maybe half as much. So we think we can deal with that.<br>The other thing is the sophistication of the tariffs. We have to yet dive into it because we make products in different countries, and we make products in Canada that then we finish off in the U.S. Sometimes we export, sometimes it's for domestic consumption. So the value add changes. But having said all of that, we think we can deal with that. |
| Bilfinger SE | Germany | BB+ | Positive | 5,215 | 3/4/2025 | [The] U.S. tariffs [that] are coming up that will not hit us because we are not supplying goods over the Atlantic Ocean. We supply knowledge and competence actually in both ways. But we see with all the events ongoing, especially in the governmental sector to cut down that a lot of approvals and ordering out of that sector where we have a part of the business like for the U.S. Army and so on are delayed. So if that would go on, that's one part of the scenario to go more lower than the midpoint. |
| Veralto Corp. | U.S. | BBB | Stable | 5,193 | 2/5/2025 | Yes. In the guidance, we have not reflected any sort of a sustained impact from the tariffs. Look, it's a very fluid and dynamic situation. But if you kind of step back, we procure our materials from globally. We have a global manufacturing footprint. And over the years, through the supply chain disruptions and things that have happened, we feel pretty good about the changes that the operations have made over the last 4, 5 years to really position and fortify our supply chain. So we feel pretty good. But if you say, hey, there's a sustained level of tariff changes, that's not baked into the guide.<br>We've spent actually a longer period of time diversifying our supply chain around what we have in China. We have a good deal of in China for China, which certainly wouldn't be disrupted by any tariff changes. But again, we have spent the last several years diversifying that supply chain as well and think we're well positioned to be able to address any headwinds that we might see there. |
| Terex Corp. | U.S. | BB | Stable | 5,127 | 2/6/2025 | With over 2/3 of our revenue coming from North America, a strong U.S. economy is an important overall tailwind for us. We're closely following the administration's approach to international trade policy. It is important to understand that the majority of the products we're selling in the U.S. we make in the U.S. which limits our exposure. Moreover, we initiated mitigation actions last year in anticipation of additional tariffs, leveraging our global capabilities to manage the impact. As a global company, with a significant footprint in the U.S. and around the world, we have optionality and are ready to take additional actions if needed.<br>On the tariffs pricing side, if tariffs were to come our way and -- that's obviously a big if, and we can only speculate, but our aim would be to mitigate this ourselves first and foremost. That would be the angle. And we think we can mitigate a big piece of it depending on what kind of tariffs we will have to deal with. So our aim will be to obviously stay disciplined on pricing. We aim to be price/cost neutral and there's still inflation other than tariffs in our industry, material, freight and labor. So we want to stay disciplined on pricing. But when it comes to tariffs, our first approach will be to mitigate as much of it ourselves. |
| Snap-on Inc. | U.S. | A- | Stable | 5,108 | 2/6/2025 | We certainly are more insulated from import -- tariffs on imports than most. That doesn't mean we're totally immune to it. We do have tariff costs right now. We've been eating them for years. We import some stuff that attracts tariffs. But generally, we make in the markets where we sell and a huge portion of our product line is made in the U.S. are in pretty good shape. |

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| | | | | | | If you're talking about tariffs, retaliatory tariffs, who knows? You never know what people are going to do. But I think this isn't our first rodeo, as I said on my call, I mean you know our ways around that. When we saw the stuff come up, we were already thinking about ways to kind of minimize and optimize in that situation and there are paths to do that. So we're not shaking in our boots over the whole thing. |
| The Toro Co. | U.S. | BBB | Stable | 4,577 | 3/6/2025 | Due to the uncertain and rapidly changing tariff environment, this guidance excludes all incremental tariffs introduced year-to-date, with the exception of the additional tariffs on China imports that came into effect in February.<br><br>Our guidance considers the below-normal snowfall so far this winter, as well as the incremental China tariffs that came into effect in February. Due to the uncertain and rapidly evolving trade policy environment, this guidance excludes the impacts of all other incremental tariffs. We are prepared to take operational and pricing actions as appropriate to mitigate any new tariffs with the continued goal of being a good supplier while protecting our market leadership and profitability. As a reminder, we have significantly reduced our exposure to China supply since the initial round of tariffs in 2018. In addition, the vast majority of our manufacturing production takes place in the U.S., particularly for our higher-margin professional segment. We do have production facilities in Mexico, primarily for residential and irrigation products. We do not produce products in Canada. |
| The Timken Co. | U.S. | BBB- | Stable | 4,573 | 2/5/2025 | With respect to tariffs, please note that our guidance does not include any impact from potential tariffs related to Canada and Mexico as we continue to monitor and evaluate that situation. However, our guidance does include the incremental 10% tariff on China, but note that we expect the China impact to be fairly immaterial after mitigation. And as we did back in 2018, we would expect to mitigate the impact of additional tariffs over time through pricing and surcharges, sourcing and supply chain initiatives and other tactics. We will update our guidance as needed as we gain a clearer view on the overall tariff situation.<br><br>The point on tariffs is we've got a global footprint, as you know, but our largest manufacturing footprint is in the U.S. So I think relatively speaking, it's been a strength. It will continue to be a strength. Relative to the tariffs, we do have stuff -- obviously, it's goods flowing all over the world. Canada, Mexico would be a short-term headwind. It can take time to -- for the mitigation tactics to take effect.<br><br>So if we had all 3 countries with all ways, if you will, 25% tariffs, it would be a near-term headwind to the tune of probably not huge, call it, mid-single-digit millions per month. But as we did back in 2018, '19, we would expect to mitigate that over a relatively short amount of time through pricing surcharges, source plant changes or supply chain or other tactics that we might employ.<br><br>On the tariffs, so where we price or put surcharges through, there can be a lag. So the main mitigation tactics will be pricing and surcharges. In distribution, it can typically be pretty quick. Let's think of it as less than a quarter or a quarter or less.<br><br>OEMs tend to be contract by contract. So where surcharges are involved, it can be a quarter or so. Where it's contract renegotiations, it can take maybe a little bit longer than that. But I would say, we got the lion's share of the tariffs covered within a couple of quarters, call it, 2, 3 quarters last time, which was mainly a China situation as you'll recall. So we feel very confident we can offset it, and we will offset it. And obviously, the bigger concern would be what it does to the overall demand picture. |
| Flowserve Corp. | U.S. | BBB- | Stable | 4,558 | 2/19/2025 | Sure. We've obviously gone through this once before with the Trump administration in the first pass. And then quite frankly, the Biden administration moved tariffs up even further. So we've got a good view of what to do with the tariffs. It's obviously a very dynamic situation, and there's still some uncertainty in terms of exactly what happens. But what I would add is that we are incredibly confident in our ability to manage this. We've got great visibility not only to our -- where our supply chain is coming from, but also what the impact would be at a product line level in any tariff scenario.<br><br>And so that visibility is allowing us to move much quicker in terms of actions and actions would be repositioning the supply chain, raising prices as we feel impacted. And so our teams are very geared up with this. We've modeled out more scenarios than I |

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| | | | | | | want to talk about on the call. But I'd say, given what we know today, we feel really good about our ability to manage this. And then just maybe some grounding for others. 2/3 of our revenue is outside of the U.S. for the work that is in the U.S., we still have a significant manufacturing presence in the U.S. in all of our products, so pumps, valves and seals. And our exposure in the U.S. is more supply chain related than finished goods.<br>And so where we're getting impacted is our importing of castings and forgings and bar stock. And so we'll continue to work through this. At this point, I feel very confident in our ability to do that and the impact historically has been very moderate to a very low number, obviously, with the new scenarios that goes up, though. |
| Hyster-Yale Inc. | U.S. | B | Stable | 4,308 | 2/27/2025 | Economic uncertainty created by potential tariffs imposed by the U.S. and others remains a key area of concern. We'll remain agile with our pricing strategy, responding quickly if our cost structures are negatively impacted. |
| RB Global Inc. | U.S. | BB+ | Stable | 4,284 | 2/19/2025 | Look, it's a hard question for us to navigate since I don't think anyone has been really clear about what things are part of the tariff. So it's very hard to really give you a detailed answer.<br>Again, our belief is these assets are needed. And what we worry more about is probably the short-term impact in the long term. We probably think of these as a tailwind as you think about price and ASP of what it means to it. But again, what we want to make sure we do with our partners is we need to show value for them in their P&L. And we know we can navigate this environment from a global base with the footprint that we have. We're one of the few that are truly global, no matter if it's Europe, Mexico, Canada to navigate this with our partners. So I think it's more short term and long term, I think there could be a tailwind as we think about what happens to price. |
| Chart Industries Inc. | U.S. | BB- | Stable | 4,160 | 2/28/2025 | Regarding tariffs, this is not explicitly in our guidance as there is little clear yet on the breadth and specificity of the actions as well as the length of their respective durations. To offer a point of information based on our work on this topic done to date internally, potential gross impacts from tariffs as we understand them today would fall within our EBITDA range.<br>We also want to point out a few things that we have done and continue to do to mitigate impacts from tariffs. We believe that we are much better positioned today not only for tariffs, but also potential supply chain disruptions following the last round of tariffs as well as the supply chain challenges of 2021 and our associated actions taken subsequently around multiple sources of supply and regional as well as global supply structures. As we referred to before, we have flexible manufacturing and flexible supply chain in our business. |
| Pentair plc | U.K. | BBB- | Stable | 4,083 | 2/4/2025 | Our guidance, as shared today, includes the recently announced China tariffs and we believe we have captured the risk of the potential Canada and Mexico tariffs within our 2025 EPS guidance range.<br>At this time, our 2025 adjusted EPS guidance range for the full year includes what we know today concerning tariffs, including a 10% tariff on roughly $200 million of products sourced from China. We have approximately $300 million of product manufactured and purchased from Mexico. We believe we have captured the impact of a 25% tariff in Mexico within our adjusted EPS guidance range for 2025. We have no significant spend in Canada.<br>We have been effective in the past with the use of pricing to offset higher cost, since approximately 75% of our revenue goes through 2-step distribution. Our view is we've got the EPS protected because we would offset the tariff costs with the price. |
| Acuity Brands Inc. | U.S. | BBB | Stable | 3,858 | 1/13/2025 | From a customer perspective, we've had a lot of customers asking us if we're going to increase prices and win because of tariffs. And then that conversation sort of died down. I'd say the expectation from our customers is that we will react accordingly when that happens. And we set the expectation with them that nothing has happened, so there's nothing to talk about. And if something does happen, we will be prepared, and we will act accordingly. |
| EnerSys | U.S. | BB+ | Stable | 3,553 | 2/17/2025 | We have been proactively assessing tariff scenarios and refining our supply chain strategies over the past 2 months, and we have already begun to undertake actions to optimize inventory and manufacturing processes to mitigate potential cost increases. |

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| | | | | | | In addition, given our strong and reasonable commercial relationships, we would enact swift and fair pricing actions as necessary. Our ability to navigate dynamic market conditions as we have successfully demonstrated through prior supply chain disruptions and tariff regulations is one of our strengths.<br>The China tariffs were fairly muted, and we've done a lot of work to mitigate that anyway. We saw the Canada and Mexico tariffs as a much bigger event for us. So we did a lot of work to mitigate that. You have about 10% of U.S. revenues that are dependent upon Mexico, for example. And there are products that come from Mexico that aren't made anywhere else.<br>On the other hand, we have products that come from Mexico that can be 100% made in our Richmond, Kentucky facility. And then a piece of Mexico is our data center battery, our lead -- standard lead acid valve regulated data center battery. But our data center trajectory in TPPL has been extremely strong. And there could be an option to migrate that to TPPL should we so desire, and our customers are really receiving TPPL well.<br>So there's a lot of scenario planning that we're doing, but the Canada and Mexico one was fairly substantial this time around. And then from Canada, we have dependent parts of our supply chain for TPPL. So there was a lot of work going into mitigating those actions as well.<br>We've built some strategic inventory already to buffer from some of this. We've modeled fair pricing actions that we're prepared to act on swiftly in various scenarios if necessary. The last thing I'd comment is we have more than 3 months of inventory on hand in general. So generally speaking, when tariff actions, if and when they'd occur, they wouldn't materially impact us for about a quarter after in effect. |
| Gates Industrial Corp. plc | U.S. | BB- | Stable | 3,408 | 2/6/2025 | I would say that China and Canada kind of de minimis. So that's not really lots of exposure. I mean obviously, we have a reasonably large footprint in Mexico. I will also say that we have a good presence of assets in the U.S. that we would sweat more and flex up and down as needed. But we've gone through this process before we have tools in place that would give us the opportunity to manage tariffs once we actually know what the actual situation would be vis-a-vis tariffs, we would very likely use price to offset any impact. We cannot rebalance to production in between Mexico and U.S. assets. But China and Canada, that's not really much of the concern. |
| The Weir Group PLC | U.K. | BBB- | Stable | 3,137 | 2/28/2025 | Obviously, the thing that we're watching and remodeling almost every other day is the impact of tariffs coming from the new administration in the U.S. Wherever that ends up, we expect to be able to mitigate that in the round as we did with the previous Trump administration through a combination of moving imports and exports throughout our network or foundries around the world. Remember, we have that very diversified platform of manufacturing facilities. That means we can shift production around to avoid tariffs. And to the extent we can't do that, then we will be adding price increases where we need to. But I expect us to be in the pack on that and many other industries will be in exactly the same place.<br>In summary, we feel very good about what we can achieve from a pricing point of view this year to protect margins. And I think whatever happens, I expect we'll be able to manage any tariff inflationary pressures. |
| Hillenbrand Inc. | U.S. | BB+ | Negative | 3,116 | 2/6/2025 | Now turning to the MTS [Molding Technology Solutions] segment. ...we continue to see softness in North America, particularly in automotive, as tariff uncertainty has significantly slowed new investments in that sector...looking ahead, we expect the North America and European markets to remain fairly tepid in the near term as customers wait for more clarity regarding tariffs and inflation<br>Generally, our production is used to serve demand for the region in which we are producing. In response to COVID, we accelerated our efforts around localization, especially as it relates to China. We have largely mitigated the China tariff impact and continue to identify strategic sourcing opportunities to reduce the direct impact even further, while monitoring the dynamic trade policy discussions that remain ongoing for other regions. Given the fluid nature of the current environment, we have not included a material impact on our outlook related to the potential tariffs in Canada or Mexico. |

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| nVent Electric plc | U.K. | BBB- | Stable | 3,006 | 2/6/2025 | Let's first start with China. We have very little that we import from China. And so in our view, with the announced tariffs, it's really minimal impact and we have it covered. We have a plan when it comes to looking at Mexico and Canada. Certainly, we've got a good track record in how we've managed tariffs previously through supply chain management and through pricing actions. And I think all of those things are actions that we're currently working. And I'd like to say, really, with Canada, that's minimal, and for Mexico, that's in the low teens when we look at our COGS structure. |
| Vontier Corp. | U.S. | BBB- | Stable | 2,979 | 2/13/2025 | We proactively derisked our supply chain by cutting our direct sourcing costs from China to a modest $50 million. As a result, we do not have material exposure to tariffs at this point. |
| Dometic Group AB (publ) | Sweden | BB- | Stable | 2,225 | 1/29/2025 | So I tell you that we need to wait. I will also tell you, this is what we do now because we know. Just now is simply guessing. Keep in mind that we were coming from 6 months of discussions on 60% tariffs in China. That would be 35% export tariffs on existing products. And that would kill, obviously, Chinese imports.<br>And now, all of a sudden, we have tariffs on Canada. So I think simply that we need to be patient, work. It's clear that we are working internally. But the question is, are you building capacity in the U.S. here and now? The answer is no. We have the capacity. |
| ATS Corp. | Canada | BB+ | Stable | 1,908 | 2/5/2025 | On the recent developments on tariffs between the U.S. and Canada, if tariffs are implemented in the next month, we would expect some complexity in the short term.<br>We are monitoring the situation closely and are assessing potential impacts on our business. Our global footprint and decentralized operating model, along with our proven ABM tools, give us flexibility to address disruptions over the longer term. While we await further information over the next month, we're actively working with our customers and suppliers to mitigate challenges that tariffs could pose to our collective businesses. |
| Custom Truck One Source Inc. | U.S. | B | Stable | 1,802 | 3/5/2025 | We continue to monitor developments involving tariffs. In 2024, approximately 30% of our total purchases came from Mexico and Canada, primarily from our chassis and key attachment providers. We are working closely with our suppliers in both countries as well as our steel and aluminum suppliers to develop plans to be able to continue to support our customers and minimize the impact of tariffs on our operations.<br>I'll take tariffs. There are 2 things, that as you're thinking about CTOS are important, right? One is kind of the natural hedge that's built into the business, which really comes from 2 parts, right? First is the rental fleet. So, we've got $1.5 billion in the rental fleet. It's young. It's just over 3.1 years old, I think, is our average age now. So, you've got some built-in hedge just from the capital that's already deployed there. And then the second part of that is inventory. So, we talked about the decline we saw in inventory, which is important. We're glad we demonstrated that in the fourth quarter, but we still have just over $1 billion of inventory on the balance sheet. And so, you've got some built-in hedge as we think about how we manage that inventory in 2025.<br>And then the last piece is we're working closely with our suppliers. So, we do receive chassis in some of our attachments from both Mexico and Canada. And so, we're working closely with our suppliers, and we think we'll be able to mitigate the majority of the cost increase. We have underwritten a little bit of cost increase right in our P&L, but we think we'll be able to manage through and mitigate the majority of the cost increase as we're heading into '25. |
| JBT Marel Corp. | U.S. | BB | Stable | 1,716 | 2/26/2025 | And then as it relates to tariffs, it's still a little bit early to tell. We still don't know all the specifics of the tariff policies and any potential retaliation. So we haven't factored in a tremendous amount into the numbers right now, mainly because as it sits today with what has been announced, we can largely manage through that in terms of our supply chain. |
| RBC Bearings Inc. | U.S. | BB | Positive | 1,612 | 1/31/2025 | Yes, sure. Well, I mean, there's -- it's Mexico and China really, right? I mean that's -- those are the two issues. First of all, our Mexico plants, we have three plants in Mexico. The materials are shipping from the U.S., the value added is minimal and then they're shipped back out. So any tariff that's applied to Mexico will be easily absorbed and it's just not -- it's not that big a number. |

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| | | | | | | Easily be absorbed in our cost structure and then pass along in our prices. Just -- it's a nonissue.<br><br>So the other -- the other part of Mexico is our commercial contracts where we actually sell product out of Mexico directly to customers. Our contracts have triggers in them which anticipate or -- anticipate some government action that's unforeseen. And it allows us to negotiate -- renegotiate our contracts. And how did we learn that? Well, we learned that during the pandemic when they showed up at the plant with guns drawn and shut down our plants.<br><br>So we decided it would be nice to have a pause in these contracts going forward to say there's anything crazy like that, that happens between the governments that there's a way to mitigate our business model. So yes, that's kind of baked into our contracts. And also, for the most part, our contracts for commercial items are FOB plant. And I'm sure we have belts and suspenders on this thing as far as that's concerned.<br><br>China is another issue. And if Trump does his 10% tariff on China, I will be incredibly disappointed. I mean all the huffing and puffing he did and he's going to do 10%. First of all, 10%, we won't even feel it in our numbers. It's just -- it will be insignificant. If he does 50%, and he puts the same program in place he's putting in place for the steel industry, for the bearing industry. What do you think is going to happen to bearings? Shortfall, what happens, supply and demand, how about that equation? How does that balance out? So it's going to follow the same path as the steel industry if there's a very strong tariff. I'm praying for a strong tariff. |
| Enpro Inc. | U.S. | BB | Stable | 1,049 | 2/19/2025 | Sure. So most of our sourcing is done in region. And the largest part of our supply chain is actually sourced directed by customer. So the areas where we have exposure. We have 3 product lines, 1 small one in Mexico, 1 small one in Canada and then another one, again, small volume out of China. Altogether, it wouldn't be material. And I also think there'll be some offsets in the U.S. if and when the tariffs are enacted, depending on how much they are. But we've already got price plans in place, and we'll also use -- in some cases, we call them surcharges to capture them immediately. And so we can also adjust as the administration sorts out what they're doing. So we will capture most of the price. And in any event, in the worst-case scenario, it wouldn't be material. We buy it at that cost. So whatever price we get it from them at the net cost of that tariffs would already improved in there, and we would go from that point. |
| VAT Group AG | Switzerland | BB+ | Stable | 1,040 | 3/4/2025 | On tariffs, an element I cannot influence at all. Our customers, they would hate it, right? And they will certainly show up in Washington to influence that. In the end, also our U.S. customers, their operation is -- a big part of their operation is in Asia.<br><br>And so we will be very close with our customers to find the right approach, how to tackle that. I also feel that the semiconductor is kind of a national security topic, right? Why they should put on tariffs on something they really need and they are also dependent on a global work setup. So I'm not too concerned on that. Our strong market share we have with these customers, our share of wallet, either they have to pay it or we find ways that we can avoid it. |
| Columbus McKinnon Corp. | U.S. | B+ | NM | 982 | 2/11/2025 | If a 25% tariff on both Mexico and Canada and a 10% tariff on China were implemented, the impact would be less than 5% of trailing 12-month sales. If there were matching retaliatory actions from the impacted countries, these would affect another 3% of sales. And of course, in that environment, we would explore strategic adjustments to our supply chain and manufacturing footprint to minimize the impact to our customers to the extent possible. Where this isn't possible, we have a consistent record of working with our partners to pass through input cost increases and preserve margin. |
| Array Technologies Inc. | U.S. | B+ | Stable | 916 | 2/28/2025 | So overall, we feel well positioned on tariffs in this climate. We are the original high domestic content provider of trackers domestically in the U.S. We've been really forthcoming about having the ability to be a 100% domestic content tracker here in the first half. regardless. And so we feel really well positioned.<br><br>As you mentioned, [ Tortue ], which is the highest runner of bill of materials, sourced from U.S. tube mills with steel coil that comes from domestic mills that are melted and poured here in the U.S., unlike other providers who may be importing that coil who may be subject to tariffs. So in general, we feel really well positioned on |

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| | | | | | | tariffs, and we'll be 100% content here in the U.S. the first half. So we feel well positioned overall.<br>While our bill of material is secure from tariffs, there's a secondary impact of tariffs, and that's the raising of domestic steel prices because U.S. steel prices feel they can. And it shouldn't be lost on anyone on this call that since the beginning of the year, U.S. steel prices are up 30%. That is very, very significant. That's a significant increase, and it's a response to U.S. steel producers feeling that they have air cover now to begin raising prices domestically.<br>So for us, that's about ensuring that we're pricing effectively that we're monitoring steel prices. And the benefit we have in our contracting system is that we don't lock steel in and commit to a steel price until we fully contract that order, right? So for us, it creates upside opportunity in terms of ASP, but no downside risk in terms of margin, the way we price. So I think we feel we're pretty positioned, but I want everyone to recognize that just because you have domestic steel doesn't mean you're not going to have a price impact in the marketplace. |
| AutoStore Holdings Ltd. | Norway | BB- | Stable | 601 | 2/20/2025 | Now at present, we're closely monitoring developments in the U.S., particularly potential government announcements regarding tariffs on certain imported products. It's worth bearing in mind that in FY '24, North America accounted for roughly 25% of our revenue. And given that our products are manufactured outside the U.S. and actually imported through our partner network, based on what we know today, we expect tariffs to have a limited impact on our business. |

Source: S&P Global Market Intelligence, S&P Global Ratings. Data as of March 14, 2025.

Table 8

## Chemicals

| Company name | Country | LT FC rating | LT FC outlook | Sales (USD Mn, LTM) | Call date | Earnings call comments |
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| BASF SE | Germany | A- | Stable | 67,564 | 2/28/2025 | BASF directly is not so much affected. We have high own manufactured product shares in all regions. The BASF strategy has proven more right than ever to put our assets in our respective markets. And also in the U.S., we have an O&P share, as we call it, of roughly 80%, depending on how you count it, 80%, maybe a little bit higher. So mostly what we sell in the U.S., we make in the U.S.<br>Customers, you're right, are now looking at their respective production footprints. We've heard some customers thinking about production relocations, tactical, I would say, short-term production relocations. But these still, I would say, in general, for us is still anecdotal. It's nothing major that we see. And many of our customer industries are in a similar situation like us with long investment cycles. So it's not so easy to just move a production asset now from one region to the other just because trade tariffs are being implemented.<br>Also, we have not seen anything major in terms of production shifts yet. Where there's, of course, this tactical flexibility of customers moving -- shifting production within their network towards the U.S., for example, from Europe, that we are already seeing here and there. And here, as I said in earlier calls, we are also well equipped because typically, in most of our industries, we have an as good footprint in the U.S. as we have in Europe. So whether an automotive OEM paints a car in Germany or in the U.S. doesn't really matter to us. We can paint them in both areas. So for us, also not such a big impact. But an area of high alertness and we have to be agile. |
| The Sherwin-Williams Co. | U.S. | BBB | Stable | 23,099 | 1/30/2025 | A couple of different things to think about there. Yes, there are some tariffs that are embedded in that. Those are tariffs that are already in place, mainly related to Asian imports of epoxy, which came into effect September and November of last year. We're seeing inflation of low single digits in the raw basket. I would tell you that is related to industrial resins, $TiO_2$ is up a bit, solvents up a bit, packaging up a bit. In addition to that tariff that I described, we have potential for others. Those aren't in the guide right now on the raws, we'll see how that unfolds. If those were to occur and |

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| | | | | | | they're significant, we would need to go and we're prepared to go out with additional price in specific markets and segments as required. |
| PPG Industries Inc. | U.S. | BBB+ | Stable | 15,845 | 1/31/2025 | In the first quarter of 2025, we'll begin to see the impacts of already enacted tariffs, which is expected to result in low single-digit percentage inflation in raw material costs while raw material inflation was flat in the fourth quarter of 2024. What's in our guide for raw materials, which is basically up low single digits inflation throughout the year is almost entirely based on the tariffs that have already been enacted in our basket, which is pretty much TiO2 and epoxies. So we've got that as well as our mitigation efforts of those already baked into our guide. Now we'll remain flexible and agile and do what we need to do if there's other tariffs or things we need to do from a competition standpoint to remain competitive in the market. If you pull back to 50,000 feet and look at the supply chain, it's still a loose supply chain, still a buyer's market for coatings commodities beyond the tariffs. |
| Ecolab Inc. | U.S. | A- | Stable | 15,741 | 2/11/2025 | With what we know now, and it's an evolving proposition, as we know as well, we don't see a big impact on our business for a very simple reason is that 92% of what we sell is produced locally. And in places like China, it's 99% of what we sell is produced locally.<br>So we're kind of well projected from a supply chain perspective. That's the reason why tariffs for now, not a big deal for the company, and hopefully, it's staying so. And if it doesn't, I'd like to remind you and all as well online that a few years back, we established a surcharge mechanism that we used for the energy spike in 2022. Well, this is a mechanism that in the extreme case, we can use as well. We're not planning to, but we're prepared to use it if we need to. So kind of feeling good about that tariff story. |
| Evonik Industries AG | Germany | BBB+ | Stable | 15,692 | 3/5/2025 | We produce local for local. For example, we produced 80% of our sales locally in the U.S. This means that we would rather benefit from any tariffs in the form of higher selling prices in the region. And with our mostly low energy intensive product portfolio, we have a rather low exposure to European energy costs less than 5% of our total cost. |
| Yara International ASA | Norway | BBB | Stable | 13,868 | 2/20/2025 | In terms of Belle Plaine *[a nitrate-based fertilizer manufacturer based in Regina, Saskatchewan, Canada]* below 10% of the deliveries are to the U.S. So of course, we are watching the situation closely |
| Sika AG | Switzerland | A- | Negative | 12,981 | 2/21/2025 | If I look at the U.S. specifically, close to 100% of our products and solutions to the solar in the U.S. are also manufactured locally. So -- and then we have that in many of the countries across the Americas. So we're not so concerned about tariffs. We have a very robust supply chain with multiple sources. We don't have single source any one place. And we've seen a lot of this activity really since COVID, where we really needed to find more robust supply chains needed alternative solutions when supplies got tight. So this really prepared us now to operate in a tariff situation where we can move volumes around quickly and efficiently. This is not a shocking new term. We knew it was coming, so well prepared. |
| DuPont de Nemours Inc. | U.S. | BBB+ | NM | 12,386 | 2/11/2025 | We saw, I would call it more of prebuy in the semi space related to a lot of the new fabs that have started up during the course of the year. So you heard us talk about that in Q2 and Q3. We would estimate that in Q4, it was probably around $20 million or so. I would say we would attribute it more to the new fab start-ups versus tariffs per se, but there could have been a little bit of it related to the tariffs coming in 2025 as well. |
| Westlake Corp. | U.S. | BBB+ | Stable | 12,142 | 2/24/2025 | So we're certainly watchful of the potential impact of incremental tariffs that could arise and any retaliatory tariffs that may come from other trading partners. But we have seen products shift in terms of trade patterns all throughout the course of this past year or so. And I do expect that should there be additional tariffs or countervailing tariffs that there could be other changes in product flows as well. It's something that we'll just have to continue to monitor and react to as circumstances develop. |
| Air Products and Chemicals Inc. | U.S. | A | Negative | 12,035 | 2/6/2025 | Yes, tariffs are definitely on everybody's mind. So first, as you know, for the vast majority of our products, we're in region for region. Industrial gas is a localized model. So likely from a supply chain and a localized customer perspective, that should have little impact.<br>There could be an impact on projects. We anticipate, relative to the size of our projects, it to be moderate. And of course, we have |

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| | | | | | | a global diversified supply chain to reduce that exposure. But as you note, we do need to consider the macro impact to our customers and the knock-on effect to these tariffs. So we're staying very close to them and updating our forecast to meet their new production needs. |
| The Mosaic Co. | U.S. | BBB | Stable | 11,123 | 2/28/2025 | There's a lot going on in geopolitics that could impact potash markets. There is quite a bit of uncertainty around Canadian tariffs, and we're watching that situation closely. Even accounting for the impact of tariffs, potash prices will remain affordable. Therefore, we expect no major demand destruction.<br>At the end of the day, if tariffs are imposed, or when, we see that it's going to be borne by downstream customers of Mosaic. So that's unfortunate, but it is the reality of that situation. With the 85% of the potash demand in the U.S. coming from Canada, it's just hard to replace that. And so again, the downstream customers are going to bear the brunt of that cost.<br>The good news, if you want to look at good news or silver lining, is that given the affordability of potash today and the increase in corn prices and wheat prices and the general affordability of commodity on the ag side in general, affordability is not that significant of an issue for potash even with a 20%, 25% tariff on top of it.<br>The other advantage is that spring tonnes, spring season demand is pretty much already baked and in place, in space in North -- in the U.S. So don't see any immediate impacts for spring on the downstream side. |
| Eastman Chemical Co. | U.S. | BBB | Stable | 9,382 | 2/18/2025 | When I look back at the last time there was a sort of trade event in 2019, Eastman actually managed that from a direct impact really quite well. And the only impact we really had was there was a slowdown in the short term, therefore, economic activity and sort of we felt that. And when I reflect back on that time frame, we don't really face that much Chinese competition in North America so it didn't have a lot of relevance to us to see the trade benefits. But obviously, a lot of U.S. manufacturing did and that helped stabilize the economy in some other areas that sort of helps as we sort of go through that trade friction.<br>Today is different, though. So when you look at where we are today versus then, the economy was actually relatively strong going into that event. The economy and global manufacturing now is incredibly weak across the globe. So I think the rate at which people can get aggressive, if they're focused on stabilizing and growing their economy, will be limited given those weaker positions that many countries have. And we're also in a pretty challenging economic time, so it's not clear to me how much more negative impact tariffs can have on top of the manufacturing recession we're already in.<br>So I think that this is certainly a wider factor than 2019, I think that there's pros and cons to this and I think so far we have seen some careful thought being deployed by the administration about what's appropriate and not acting yet until they have a clear plan.<br>So we'll see. There's no way for me to estimate the impacts at this stage. Given everything I just said, we're going to need to see specific actions to really have an informed point of view. But I will say that our forecast does not include any significant impact from the trade actions. |
| RPM International Inc. | U.S. | BBB | Stable | 7,345 | 1/7/2025 | On the topic of raw material inflation, there is uncertainty as to the outcome of what potential tariffs and a port strike could have. However, no matter what materializes, we are as well positioned to navigate any potential challenges as we've ever been because of our center-led procurement team. While we have modest imports from countries potentially subject to tariffs, our procurement team has developed contingency plans to mitigate potential risks from different scenarios. |
| ALPEK, S.A.B. de C.V. | Mexico | BBB- | Stable | 6,594 | 2/19/2025 | We're more or less aligned in our footprint for the markets that we participate in. So we have U.S. operations for -- and mainly supply the U.S. and that's also the case in Mexico and Latin America. So I guess that's something that helps us mitigate potential tariffs.<br>In our guidance, we are assuming no significant change in the tariffs from 2024 to 2025. If there was, for example, increased tariffs to Asian -- overcapacity to Asian countries, that would tend to benefit our numbers for 2025. |

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| Solvay SA | Belgium | BBB- | Stable | 5,311 | 3/6/2025 | More than 80% of our sales are actually regional are local to local. And this brings a lot of advantages, such as competitiveness when you know that essential products can be expensive to transport. It's also good for security of supply and it's the best protection against tariffs. |
| Axalta Coating Systems Ltd. | U.S. | BB | Positive | 5,276 | 2/4/2025 | The new tariffs put into place by the U.S. government in Canada, Mexico and China have the potential to create a challenging global trade environment. The duration of these actions and the ultimate impacts of global demand remain uncertain. Specific to Axalta, a majority of our raw materials are bought within the local trade borders where we produce. In addition, less than 10% of the raw materials used in our U.S. production are imported from China and we have minimal raw material purchases from Mexico and Canada. We are actively evaluating resourcing some of our direct material buy and will explore pricing actions as appropriate.<br>We also believe there is excess capacity in the U.S. for certain customers to shift some production if required. Understanding that this is obviously a fluid situation, we are forecasting a full year adjusted EBITDA impact of $10 million from tariffs, which is included in our guidance. The demand impact is still being assessed through discussions with customers<br>If I think about Axalta in terms of looking at how much of an impact this would have on us and if I think about the number of cars that are built in Mexico and Canada, this would affect about 5% to 6% of our revenue. Now in terms of the impact per car, this would have about a $3,000 impact per car. |
| Clariant AG | Switzerland | BBB- | Stable | 4,582 | 2/28/2025 | In terms of tariffs, yes, this has been an important topic in the company. We formed a tariff task force, and we analyzed basically the whole situation globally where we looked at product flows between regions, finished products as well as raw material flows. And we can say that the company is actually in a very solid position here because we have 68 sites globally.<br>Typically, we supply in a region for a region. And in a number of cases, we actually turn out to be better positioned than some smaller competitors in certain segments. Specifically for the U.S., we analyzed in detail the exposure. Our largest business there, Care Chemicals, for example, has 90% of sales locally produced. And then of that 90%, more than 90% is actually sourced with local raw materials.<br>So all in all, tariffs are not good for the industry. They're bad for business. They slow down economic growth, they trigger inflation. So there is indirect negative effects from tariffs. But as a direct exposure to the company, we actually feel in a good position. |
| Cabot Corp. | U.S. | BBB | Stable | 3,991 | 2/4/2025 | Our current guidance does not include any adverse impacts from the tariffs announced over the weekend between the U.S. and Mexico, Canada and China. Given the timing of the tariff announcements and related delays, we are still assessing the potential impact. The impact could be a bit different by country.<br>For China, we import a very limited amount of volume from China into the U.S., so we expect the direct impact of these tariffs to be minimal. If production in China is reduced for tires or other exported products, then our demand in China could be impacted. However, we would then expect to see production levels outside of China potentially increase. For Mexico, where we operate on Reinforcement Materials plant, we expect a minimal direct impact on our production in Mexico as it is primarily sold into the Mexican market. For Canada, we operate 2 plants that manufacture products for our reinforcing carbons, specialty carbons and specialty compounds product lines. A large portion of the production at these plants is sold in Canada, but also there is production sold to customers in the U.S. Carbon black products that we produce in Canada and sell into the U.S. represents approximately 10% of the carbon black we sell in North America.<br>Almost all of these customers are under agreements that allow Cabot to pass through taxes and similar charges such as tariffs. We are also working with our customers on potential alternative supply sources within our large plant network. In all cases, if the tariffs are implemented, there could be a downstream impact on our customers' businesses, and this could impact underlying demand levels. |
| K+S Aktiengesellschaft | Germany | BBB- | Stable | 3,782 | 3/13/2025 | First of all, yes, 25% is mentioned for products going from Canada into the U.S. and some products from Europe into the U.S. But potash is a critical mineral, and for potash, it's only 10%. |

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| | | | | | | So usually, you raise tariffs to protect your local industry, but there is almost no local U.S. potash industry. So what would be the outcome? Farmers have to pay the bill, 100%. The Canadian have already announced that they would put it on the existing premarket prices, and we would do the same. And if there would be a long-lasting situation with high tariffs from Canada into the U.S. and no tariffs on potash, which I believe will be the outcome, from Europe into the U.S., we would have the opportunity to leave the U.S. behind from Canada, no deliveries from Bethune but to ship product into the U.S. from Germany. What we are already doing with specialties. SOP goes into the element industry into California. So in total, no risk, rather an opportunity for K+S. |
| Trinseo PLC | U.S. | CCC+ | Negative | 3,513 | 2/13/2025 | Yes. So on tariffs, we're thinking about tariffs in 3 dimensions, okay? So dimension #1 is, okay, what are we importing? What are our purchases from countries that could be subject to import tariffs. And there we believe that impact will be negligible to us because the purchases are relatively small and the commodities that we're buying from those countries are in oversupply. And so we have the ability to switch to avoid the tariff -- to switch our suppliers.<br>The second dimension is where do we sell our products from the U.S. production into countries where there could be retaliatory tariffs. And I would just say, in general, most of the -- by far, most of the U.S. production is consumed in the U.S. our exports from the U.S. to Canada and Mexico represent low single-digit percentages of our overall sales, and 80% of those are in the auto value chain, and we're highly specified into the tiers. So we don't necessarily believe that we will see an impact in terms of demand sitting here today if tariffs were imposed on those sales.<br>And then the third bucket or the third dimension, which is unknowable at this point is what would be that end market demand impact on imposition of significant tariffs, and there's a lot of uncertainty, and we just don't know at this juncture. |
| Avient Corp. | U.S. | BB | Stable | 3,240 | 2/13/2025 | As it relates to potential tariff impacts, our exposure is largely mitigated as the majority of our sales within a country is meant for local consumption. In addition, from a supply standpoint, roughly 5% of our global raw material purchases are at risk of being subjected to direct tariffs. Of this 5% of our global spend, we are mitigating plans to source the majority from other countries. However, as we said in the past, the real question is the broader impact on global demand, which is uncertain and unquantifiable today. |
| Synthomer plc | U.K. | B+ | Stable | 2,487 | 3/11/2025 | We expect to see some positive impact from the [70%] U.S. tariff on Chinese glove imports over time. Although in the short term, our Malaysian customers are reporting that there was a bit of pre-buying at lower prices before the tariff started in January 2025.<br>So the AS [Adhesive Solutions] situation, we do have a lot of production in the U.S., but I think generally for the whole company, we have about 90% in the region for the region. So, we are analyzing all potential tariff impacts. I think sometimes it could be positive in the U.S., especially for AS division that other people would have to import. We don't have to import. You have some negative aspects of the 10% that we are shipping through the oceans. But at the end of the day, this will be single-digit impacts of whatever direction. So, this we have all mapped out. |
| Element Solutions Inc. | U.S. | BB | Stable | 2,457 | 2/19/2025 | Our business in China is a local business. We buy products, manufacture and sell locally. And so tariffs don't impact our P&L directly. Where there's risk is should there be an acceleration in tariffs our customers and our customers' customers might see demand suffer because of inflation associated with tariffs.<br>At the same time, supply chains are diversifying outside of China, both multinational corporations and Chinese companies are building capacity for manufacturing in Indonesia and Thailand and Vietnam and we're seeing a lot of activity in India. |
| Koppers Holdings Inc. | U.S. | B+ | Stable | 2,092 | 3/10/2025 | Tariffs remain somewhat the wildcard in this business as we do source some components of our production from China and other countries that could be targeted for tariffs and the recent inclusion of copper in the discussion has created a new challenge with which to contend. Now all this seems to change by the day, we currently estimate that tariffs on China, Canada and Mexico could have an approximate $5 million impact on PC, which doesn't include the potential impact of retaliatory tariffs. Now we do have |

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| | | | | | | mitigation options to address most of the U.S. tariffs and believe that any impact for PC would be negligible.<br>The copper issue could be a little more problematic, and so we're keeping a close watch on where this goes. The copper we use is predominantly domestically sourced scrap, which we hedge to smooth the volatility. Without getting too far into the weeds, the copper we purchase and the hedges we put in place are based off of pricing in 2 different markets that have traditionally been highly correlated. Now the noise around tariffs has caused a widening gap in the spread between those 2 markets, which is causing our hedges and underlying purchases to not match as well as they traditionally have, which is creating additional expense that we may not be able to recoup. Now this is a new phenomenon that we're working to mitigate in case it does persist. The total unmitigated impact of this issue in 2025 could be as high as $10 million. Factoring in the full impact of the copper issue just mentioned, we are projecting our PC business to finish with adjusted EBITDA of about $113 million, down $30 million from 2024.<br>Other than potential follow-on impacts from tariffs in our PC business on the chemical side, we have no current tariff exposure in our pole business as it relates to fiber or other major raw material expenditure.<br>We won't see any direct impacts from U.S. tariff actions on our rail business, but would have some exposure if Canada enacts retaliatory tariffs. |
| Perimeter Solutions Inc. | U.S. | B+ | Stable | 561 | 2/21/2025 | Our supply chain is extremely resilient with multiple redundancies up and down the entire system. I don't think you'll see any impact from tariffs or really any other new governmental policy. |
| CVR Partners LP | U.S. | B+ | Negative | 525 | 2/19/2025 | We are also closely watching the potential imposition of tariffs on foreign fertilizer and energy imports, particularly Canadian products. The U.S. is a significant importer of Canadian fertilizer, and a disruption in import flows could cause prices to increase in the U.S., depending on the size, timing, and tariffs. |
| LSB Industries Inc. | U.S. | B | Stable | 522 | 2/28/2025 | Finally, we continue to monitor developments in tariffs related to our end markets. Should broad-based tariffs on Canada and Mexico be implemented, we foresee potential impacts to U.S. nitrogen imports from Canada impacting pricing in both our ag and industrial markets. India retaliatory tariffs are also likely to have impacts on U.S. exports with cost increases likely to be passed on to customers.<br>We're also closely following the recent announcement by the European Commission of a proposal to introduce fixed rate tariffs on several fertilizer products sourced from Russia and Belarus. This proposal will be considered by the European Parliament before it is adopted. If implemented, we believe this will encourage Russian nitrogen producers to divert volumes to other major import markets, including the U.S. |

Source: S&P Global Market Intelligence, S&P Global Ratings. Data as of March 14, 2025.

Table 9

## Consumer products – Agribusiness and commodity foods

| Company name | Country | LT FC rating | LT FC outlook | Sales (USD Mn, LTM) | Call date | Earnings call comments |
|---|---|---|---|---|---|---|
| Archer-Daniels-Midland Co. | U.S. | A | Negative | 85,530 | 2/4/2025 | Our guidance doesn't include any impact on tariffs as it's so difficult to predict at the moment. Tariffs imposed by the U.S. government tend to have a slightly positive benefit to us, whether it's lies in barriers or something. The issue is retaliatory measures, if you will, that others may apply into us.<br>As you saw, of course, the Mexico and Canada has been postponed for a month, the China retaliatory measures doesn't include agricultural products at this point in time. So it's difficult to know. I think in the short term, our teams are making sure that they are doing everything possible to avoid the short-term impact. I think medium term and long-term trade flows seem to stabilize but of course, we saw in 2018, how the corn imports from China was reduced by almost like 9 million tons from the U.S. whether |

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| | | | | | | that's going to be something that's going to happen again or not, we'll have to see. |
| Tyson Foods Inc. | U.S. | BBB | Stable | 53,613 | 2/3/2025 | I think the real call out relative to pork, and that's one of the big question marks that sits out in front of us is the fact that we really operate as a supply chain. And when we have pork producers, pork packers and then our trade partners that are in Mexico as well, it really operates as a true global supply chain. And where that value gets pushed back and forth in the supply chain is certainly something that we'll keep an eye on. |
| Bunge Global SA | U.S. | BBB+ | NM | 53,108 | 2/5/2025 | And then the caveat around that being, look, tariffs and possible retaliatory measures to the point they'll benefit one region, and we'll have to manage that from another region. The one thing that does, it makes planning tougher and it may drive not only farmers but consumers more into the spot. |
| Marfrig Global Foods S.A. | Brazil | BB+ | Stable | 24,068 | 3/6/2025 | Regarding the change in administration, we're monitoring all policy changes as it pertains to the immigration and tariffs, and we'll adjust accordingly. But at this point, we're not seeing any impact at all on our operations. |
| Pilgrim's Pride Corp. | U.S. | BBB- | Stable | 17,878 | 2/14/2025 | On the tariff side, I think there is still a lot of uncertainty about if, when and where the tariffs will be in place and also what will be the answer from the trading partners as we mentioned Mexico, right? Mexico is our largest trading partner. What we export and we export close to 24% of the U.S. exports going to Mexico. And it's typically leg quarters, [indiscernible] and chain for Prepared Foods. So it's a very important source for Mexico. I think it's more than 70% of the Mexican imports of chicken come from the U.S.. So I don't expect massive or any important reduction in that trade. I think the Mexicans are very concerned about food inflation. And I think this is a great opportunity for Mexico to bring very competitive meat to their country.<br>Of course, we also have a large operation in Mexico. And Mexico is a growing economy. As I mentioned, we will continue to invest in growing our operation there. But there's also other proteins that they import from the U.S., it's mainly pork. And I think that also, I don't expect a big impact in that trade. But if that happens, of course, we will have the benefit of having our operation in Mexico. So there's a little bit of hedge for us if there's any problem in trade with Mexico from having the operations there.<br>I think the other big part of the trade, it's corn that goes a lot from the U.S. to Mexico. And I also don't expect any disruption from -- in that trade. Once again, I think Mexico is very concerned about food inflation and having access to the U.S.A. corn, which is the cheapest in the world is very important for their economy. |
| Dole plc | Ireland | BB | Stable | 8,475 | 3/6/2025 | Yes. I think in macro terms, what we supply into the North American market, it's healthy food, fruit and veg and generally speaking, the products that the U.S. can't produce themselves or can't produce at that particular time. So you look at bananas and pineapples, for example, they need a tropical climate, which the U.S. doesn't have. So we believe that bananas and pineapples will continue to be consumed in appropriate quantities by Americans, and I think everybody will want that to be the outcome.<br>Some of our other export sources are complementary to U.S. sources. So again, we think that people will want to have grapes all year around or have green peppers, red peppers, tomatoes, whatever it might be, all year around and not gaps in the market. So we think ultimately, we hope that the tariffs don't come into play on basic day-to-day positive products like Fresh Fruit and Veg and that it can and somehow there will be exceptions to products that don't have any particular impact on -- at the American economy.<br>But ultimately, we think it can go to price, it has to. We get any kind of material impact of tariff and people want to continue to consume the products, it will have to go to price. But there are so many variables, and it's so difficult to predict. We can control some things and we lived through a previous Donald Trump regime, and we managed our way through that perfectly well. So let's see. I mean you can be negative and say yes, that some tariffs going -- obviously, Mexico is a huge supplier of avocados into the North American market. But I don't think that the U.S. is really going to focus on products that have no impact on American production. So you don't have meaningful avocado production in the U.S., again, it needs a minimum of subtropical climate, which the U.S. has very limited subtropical capability -- production |

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| | | | | | | capability. So I think that will find an acceptable balance over time as well. |
| Gruma, S.A.B. de C.V. | Mexico | BBB | Positive | 6,487 | 2/20/2025 | Another point of consideration, which is directly linked to volume performance is the economy in the U.S., which will be reliant on the effects of tariffs implemented across product categories and, in turn, potential inflationary pressures on the consumer. It is still uncertain what effects this will have on the overall economy, but it is another variable in place that should be considered. |

Source: S&P Global Market Intelligence, S&P Global Ratings. Data as of March 14, 2025.

Table 10

## Consumer products – Branded nondurables

| Company name | Country | LT FC rating | LT FC outlook | Sales (USD Mn, LTM) | Call date | Earnings call comments |
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| Unilever PLC | U.K. | A+ | Stable | 62,906 | 2/13/2025 | It's very difficult with the start, stop, start of tariffs and the significant volatility in currencies to predict the material inflation. |
| The Coca-Cola Co. | U.S. | A+ | Stable | 47,061 | 2/11/2025 | As commodities change for whatever reason, up or down, obviously, we -- our #1 objective is to look at how we mitigate through that. And whether it's the recent aluminum tariffs or any other tariff based, or frankly, weather based or any other variation in the input commodities, we do a number of things. One, we have hedging programs in place that look to assure supply and price going out. Secondly, as the relative prices of different sources of ingredients and imports change, of course, we look at mitigation, productivity, efficiency, adjusting where we get our materials from. All of that goes into the equation to constantly manage how this goes through. |
| Philip Morris International Inc. | U.S. | A- | Stable | 37,878 | 2/6/2025 | But the way we organize our supply chain, as you know, U.S. on the ZYN is essentially self-sufficient. Our supply chains in Europe. I mean -- we organized our supply chain almost by block. So I don't see at this stage that there should be an surprises coming on the tariff side. |
| Heineken N.V. | Netherlands | BBB+ | Stable | 30,874 | 2/12/2025 | On the tariffs, maybe one thing to first speak about is that beer and in particular Heineken footprint. We are a very local for local company in 70-plus countries, we have local breweries operated by local people with an even more than half local brand portfolio selling to local customers. Over 80%, 90% of our inputs country by country are sourced locally. So as such, that gives us a relative protection that makes us yes, expect a relatively lower impact than maybe other industries. |
| The Kraft Heinz Co. | U.S. | BBB | Stable | 25,846 | 2/19/2025 | We also want to acknowledge that the macroeconomic landscape remains uncertain, particularly as it relates to potential tariffs, food regulations, changes to SNAP and foreign exchange headwinds. Our current outlook does not contemplate significant worsening of these macroeconomic pressures. |
| adidas AG | Germany | A- | Stable | 24,519 | 3/5/2025 | Should he put tariffs only on China? Okay. Then we will not really be impacted in the beginning from our own margin because we don't source from China. But the people that do source from China will, of course, raise prices and then you have inflation. And when inflation goes up in a segment, then volumes go down, so it might also have an impact on us. |
| Altria Group Inc. | U.S. | BBB | Positive | 20,444 | 1/30/2025 | Yes. There has been a lot of tariffs mentioned in the media. I haven't seen any pass. I think if you're referring to e-vapor, we've heard some comments where everything is sourced out of China. We would have limited impact to any tariffs that were put in place on China. |
| Diageo plc | U.K. | A- | Stable | 20,208 | 2/5/2025 | It’s a pretty fluid situation, as we all know. But if you look at the U.S., about 45% of our net sales of products sold are made in either Canada or Mexico, right? Just given the geographic origin requirements. But when you also break that down further, the vast majority of that is to keep up. So let me just give you some color on what we see today is kind of the gross exposure on an operating profit level. So if you look forward now planning for March 1, so 4 months, we're talking about circa $200 million of |

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| | | | | | | gross exposure on operating profit with 85% of that being largely on tequila, which is an industry-wide issue, right?<br>So keep that in mind. Now when we look at the fact that this is not something that we were sitting back and waiting on, we were anticipating a scenario planning. And so we feel today we have good line of sight of being able to mitigate approximately 40% of that, but some of that would come in more immediately and that's inventory management. And that 40% is pre any pricing decisions that we might make, right?<br>On the inventory management piece, there is no stock build in our half 1 numbers. In fact, particularly on tequila, when you look at it, the outflows and the sales have been so strong. What we did do was make a concerted effort as we went into the beginning of the year to bring in some inventory, and that's going to help us as we look forward.<br>The other pieces that we're looking at is clearly some supply chain optimization with the U.S. team. More to come on that over time. But the other piece also is we've already been looking at our overheads and what might be reallocated in terms of spend across various buckets and/or savings to be able to offset some of this. And then the last piece, as I said, is the pricing dynamic. That's before -- that 40% mitigation does not include anything on pricing.<br>The last time around when the tariffs were put in, we actually [ reallocated ] all of that on pricing. |
| Colgate-Palmolive Co. | U.S. | A+ | Stable | 20,101 | 1/31/2025 | On tariffs, as we said in the commentary, we've not included any potential incremental tariffs in our '25 guidance. But let me try to put the tariffs in context of our long-term supply chain strategy. So primarily, we aim to have local manufacturing as the cost of shipping some of our products across long distances can be material. We spent the last few years building much more flexibility into our global supply chain.<br>Importantly, we've invested meaningfully in our U.S. supply chain, almost $2 billion over the last 5 years between investment in our Oral, Personal, Home care business, along with the purchase of pet food capacity, the opening of our Tonganoxie wet pet food facility, we've increased the number of our U.S.-based manufacturing facilities by more than 40% over that time. So material investment into U.S. capabilities.<br>Now we do produce some of our products for the U.S. in Mexico, primarily toothpaste, and we're working on potential mitigation plans, which can impact both raw materials and finished products. On raw materials, we import a limited amount of raw materials, predominantly specialty-type ingredients like vitamins and amino acids. And as you would expect, we're planning for multiple scenarios, because it's not just the tariff that may be on Mexico or Canada or China, it's the impact of retaliatory tariffs that would also come into play on those supply chain. So we're looking at very tactical short term, midterm and long term if necessary actions. But until we get more clarity, we have not included anything in our guidance. |
| Reckitt Benckiser Group plc | U.K. | A- | Stable | 17,739 | 3/6/2025 | The good news is it's not a significant impact to our business. Yes, there will be some, but we source most of our products from the regions we operate in. And we're making investments to further localize production, and frankly, we were doing that before the tariffs came because it's just a good thing for the business. It's a good business idea.<br>We will look at these tariffs whatever they turn out to be, and we will have a number of levers to mitigate the impact. We are not as exposed as many other industries and probably other companies. And we have quite a good set of levers to pull. We talked about our gross margins, how high they are, how much productivity we have flowing through our P&L. And obviously, we have pricing power as we've shown over the past years, if it comes to that. But I think it's premature for us to say anything quantitative because it changes every day. |
| Pernod Ricard SA | France | BBB+ | Stable | 11,579 | 2/6/2025 | So I start with tariffs. By the way, my answer will as well cover our estimate on the antidumping impact because we mentioned that already in the recent past. So let me reiterate the numbers. So obviously, we are taking very seriously in our scenario, what could be the impact of tariff. So both antidumping measures that are already impacting us on a preliminary basis in China, which is the main impact for us, to be clear. |

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| | | | | | | And what could happen in the U.S. So the global envelope -- referring to an annualized basis would be EUR 200 million for both China and U.S. China, we mentioned already that our estimate was around EUR 150 million to EUR 140 million, no change on that. So you can estimate what is at stake in the U.S. with obviously lots of uncertainty, but these numbers is covering our estimate of what could be the impact of the 25% tariff in Canada, Mexico and 10% in Europe. Obviously, we are not favorable to this very difficult trade tension environment, but you are asking me for estimates of -- these are my answers.<br><br>So we are building in our scenario or in our central case so far, an impact of tariff, which could -- depending on what could be implementation date and so on, but up to EUR 200 million in terms of impact, again, mainly China, but as well. If things were moving in the U.S. And so far, we have obviously anticipated by the way. That's quite clear for China because we are absorbing those impact, which is already a reality for us in China this year.<br><br>So we have already adapted our business in China, again, which is more than covering the impact of the anti-dumping measures this year. We're going to keep implementing all these efficiency program I was referring to. And there is obviously some more specific initiatives we are working on in terms of supply chain optimization or revenue growth management which again quite quickly activate to mitigate tariffs. So far, our estimate is that we would probably cover up to 50% of those tariffs, if they were to happen again, with this annualized estimate of EUR 200 million. |
| Constellation Brands Inc. | U.S. | BBB | Stable | 10,184 | 1/10/2025 | Relative to the tariff scenario, we have a number of what ifs, as you would expect, and it's really too early to hypothesize about what might or might not happen. As you would expect, we have a lot of permutations that we have considered and certainly we'll adjust our approach depending on what terms -- what plays out as we go forward. |
| V.F. Corp. | U.S. | BB | Stable | 10,147 | 1/29/2025 | We have very minimal exposure of things coming out of China, Mexico, Canada, so the impact for us is very, very small. |
| The Campbell's Co. | U.S. | BBB- | Stable | 10,119 | 3/5/2025 | The company's guidance does not reflect any impact from the imposition of import tariffs by the U.S. and potential retaliatory actions taken by other countries as the tariff and trade environments are rapidly evolving at this time.<br><br>We don't know all the specifics yet. But if it gets implemented as currently announced, we are importing from Canada both tinplate steel, which is used in our cans, as well as canola oil used for our chips. On the flip side, with some of the reference to the retaliatory tariffs, those mainly relate to Canadian exports. So we are producing our soup in the U.S. and we're importing it into Canada. And that would obviously have an impact on that business.<br><br>Now from a mitigation perspective, we're closely working with our suppliers to mitigate potential impact. At the same time, depending on how long these tariffs would be in place, as well as the extent of the tariff, we might need to take other actions. And that could include, for instance, pricing for some of our products. |
| Ajinomoto Co. Inc. | Japan | A+ | Stable | 9,685 | 2/6/2025 | Regarding the risk of tariff, well, right now, we do not foresee anything that will have a significant impact on our business. So we are not foreseeing any significant impact because of the tariff that has been declared so far. But we cannot tell what is going to happen from here onwards. So we have to be very keen and stay alert on what is going to happen and see and conduct simulations as to what could potentially happen to our business so that we can capture the signs as early as possible and take actions as swiftly as possible. |
| Givaudan SA | Switzerland | A- | Stable | 8,179 | 1/24/2025 | So on tariffs, absolutely not. It doesn't apply for us for a number of reasons. Well, the first one is that, as it relates to the U.S., we actually make in the U.S., all of the things that we sell in the U.S. So actually, you don't have anything that we make outside of the U.S., which we do sell in the U.S. So actually, tariffs don't apply at all to any finished goods that we sell in the U.S. across the whole businesses that we do.<br><br>The only thing that could happen with tariffs and there, there is -- we don't really have any indications and so forth would be the Ingredients, some of the Ingredients that we actually have to buy outside the U.S. You don't have -- to my knowledge, [indiscernible] growing in the U.S. So basically, all those naturaks, which are single source in many countries around the world have to be |

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| | | | | | | source into the U.S. And therefore, if ever, would be some tariffs, which would be applicable to those then we would have to pass on that to our [indiscernible]. |
| Post Holdings Inc. | U.S. | B+ | Stable | 7,932 | 2/7/2025 | And then there's the aspects of the new administration and tariffs. Are we going to have them? Are we not going to have them, on what countries are we going to have them? At what rates are we going to have them? So given those things and again, the broader softness in volumes, we thought it prudent not to raise the high end of our range because of those variables. |
| The Clorox Co. | U.S. | BBB+ | Stable | 7,165 | 2/4/2025 | We've been evaluating this for several months now because this has certainly been topical for the last several months. And to your question, this is not in our outlook specifically. We have not baked anything in. Now we have a range, but we have not specifically baked in any impact from tariffs. What I might remind you, and I think we've talked about this in the past is based on the nature of our portfolio, for the most part, we manufacture product very close to where it's consumed. So we have fairly short supply chains.<br>The other benefit for us is you might recall several years ago, during all the supply chain disruptions, we've done quite a bit of work over the last few years to onshore, nearshore production. Now at the time we did that work is really to reduce the risk of our supply chain, but there will be an added benefit here that it reduces our exposure to tariffs. And so the team has been working on this. We've already taken a number of actions to minimize tariffs. The team is going to continue to work to do that. Right now, it's a little difficult to know exactly what the impact is because it's changing so dynamically, but I feel like we're in good shape this year to manage through it. |
| Ralph Lauren Corp. | U.S. | A- | Stable | 6,950 | 2/6/2025 | With regards to the recently announced U.S. tariffs on goods from China, Mexico and Canada, we currently anticipate a minimal annual impact. |
| Coty Inc. | U.S. | BB+ | Stable | 6,090 | 2/12/2025 | Let me also take a minute to address the tariff topic, which we know is top of mind. As is evident in the last few weeks, the global geopolitical and tariff situation remains quite fluid, further adding to the broader uncertainty. Having said that, our teams have been planning for several different scenarios with action plans to minimize the potential impact on Coty. For context, our sourcing from China, Canada and Mexico into the U.S. is fairly minimal.<br>As we contemplate a potential 10% tariff on finished goods shipped from Europe into the U.S., or potential retaliatory tariffs in North America, together, this could represent a few points of impact to our annualized EBITDA. In the meantime, we are already making adjustments in our product flows and sourcing, including having some extra inventory on hand in the U.S. and shifting more of our mass fragrance production to our North Carolina plant. And of course, pricing remains an additional lever, particularly in the relatively price inelastic prestige beauty market. |
| Almarai Co. | Saudi Arabia | BBB- | Positive | 5,588 | 1/21/2025 | As you know, we have a business in the U.S. that are exporting. So importing is something different, and we don't do that in the U.S. and there is no tariff levied on Almarai in that regard. Whatever that means, what the political ramifications and the economical ramification of it might mean the implications around the world with suppliers that we might be affected of one way or another. But I don't see any direct impact of this because we don't actually sell to the U.S. in any way or form and not materially.<br>We do a little bit on export, but it's very, very small. So the tariffs is not impacting us because what we do from the U.S. is exporting. |
| Under Armour Inc. | U.S. | BB- | Stable | 5,316 | 2/6/2025 | I want to address the potential increase in U.S. tariffs on imported goods from China, Mexico and Canada proposed earlier this week. It's important to note that Under Armour sources approximately 3% of its goods imported into the U.S. from China and even less from Mexico, and we have no manufacturing relationships in Canada |
| Amer Sports Inc. | Finland | BBB- | Stable | 5,183 | 2/25/2025 | In 2024, sourcing to the U.S. from China, Vietnam, Canada, and Mexico combined represented approximately 20% of global sourcing. China and Vietnam make up the majority of this exposure, while sourcing from Canada and Mexico to the U.S. accounts for less than 1% of total. Similar to when we experienced a rise in China tariffs in 2018 and 2019 our Ball & Racquet segment will be most impacted. However, given our various mitigation levers including price increases, supply chain flexibility, and |

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| | | | | | | partnership with vendors to share the impact, we believe we are well-equipped to weather a variety of tariff scenarios. |
| Herbalife Ltd. | U.S. | B | Stable | 4,993 | 2/20/2025 | Over the past several weeks and months, there's been a lot of discussion and headlines related to China, Canada and Mexico tariffs. With respect to these 3 markets, our potential exposure is not material with the exception of potential retaliatory tariffs from Mexico if the tariffs would be applicable to our products. With approximately 6 months of inventory already within the borders of Mexico, any meaningful potential exposure, if any, would be in the later part of the year. For that reason and the lack of clarity on what if any retaliatory tariffs might be implemented, we have excluded any potential impact from guidance. |
| Crocs Inc. | U.S. | BB | Stable | 4,102 | 2/13/2025 | Before turning to guidance, I would like to address the topic of tariffs. Our guidance embeds an additional 10% tariff on goods imported from China into the U.S. beginning February 4 as well as the anticipated additional 25% tariff on goods importing from Mexico beginning in March and assumes these will stay in place for the remainder of the year.<br>We do not have any production in Canada. In 2025, we expect the share of enterprise imports into the U.S. from China to be approximately 15%, with Crocs at 10% and HEYDUDE at 27%. Our exposure to Mexico is expected to be under 4% and for the Crocs brand only. For the enterprise, we estimate an approximate $11 million headwind to gross profit from these additional tariffs or roughly 25 basis points to our margin rate.<br>Taken together, we expect our adjusted operating margin to be approximately 24% for the full year. This includes an anticipated negative impact from both foreign currency and tariffs of approximately 60 basis points. Beyond 2025, we are committed to maintaining an adjusted operating margin at or above 24%, assuming a normalized currency and tariff environment. |
| Brown-Forman Corp. | U.S. | A- | Stable | 4,045 | 3/5/2025 | The EU tariffs, I mean, it's a real possibility, obviously. I mean they automatically roll over on March 31. If it rolls out where they're coming after American whiskey again, and we don't have a situation of reciprocity, then the market for spirits once again gets very distorted. That is a big disadvantage for us. On what we've done in preparing for this, it's a tough thing to talk about. It's very competitively sensitive. So we're not going to say very much, but know that we do have measures in place<br>So Canada and Mexico and the EU for that matter, there are different situations there. But Canada particularly is different than the others. So they removed basically American, not just beverage alcohol, but a lot of American-made products have come off the shelves in Canada, which is tough. I mean that's worse than a tariff because it's literally taking your sales away. Completely removing these -- our products from the shelves, we -- that's a very disproportionate response to a 25% tariff. So frustrating, and we're going to continue to try to fight for getting, as I said just a minute ago, these reciprocal to 0 for 0 tariffs is the best thing for our industry as a whole.<br>And we're going to see how that all plays out. Now Canada is not a massive company for Brown-Forman, and it's around 1% of our sales. So we can withstand.<br>So Mexico, we're going to have to see what happens with Mexico. They haven't announced anything either as specific of what is going to happen there. And I think we'll have to see when that actually comes out into the public. |
| Reynolds Consumer Products Inc. | U.S. | BB+ | Stable | 3,695 | 2/5/2025 | Finally, we have been following the tariff developments over the last several days, and we will all have a lot to learn as these developments unfold. As such, recently announced tariffs have not been factored into our guide.<br>We still have a lot to find out there. But from just the general environment, you could expect commodities to be a fairly significant headwind. As for the more direct impacts to our business, purchases of raw materials and finished goods from the impacted geographies represent a single-digit percentage of our overall COGS basket. So fairly de minimis in the scheme of things.<br>Conversely, as Scott said, we're a U.S.-centric manufacturer. So there are parts of our business that could benefit competitively from a sustained tariff environment if they impact our competitors disproportionately to us. But I mean, what we do know, we have a lot of experience managing through these sorts of tariff environments, however, they shake out. |

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| Hanesbrands Inc. | U.S. | B+ | Positive | 3,507 | 2/13/2025 | With respect to the current situation regarding tariffs with China, Mexico and Canada, we do not expect a material impact on our cost. Products from China to the U.S. represents a low single-digit percent of our U.S. cost of goods sold. Therefore, the recent incremental tariff does not materially impact our input cost and is factored into our guidance. With respect to Canada and Mexico, we do not source or manufacture any products for the U.S. from either of those countries. |
| Central Garden & Pet Company | U.S. | BB | Stable | 3,222 | 2/6/2025 | But we've looked at the potential -- we sized up the potential impact of the 10% tariff on China as well as 25% on Canada and Mexico. And we were able to get comfortable that, given our exposure and the timing of when that would hit, some of the mitigation strategies we've got in place, that we'd be able to tackle those, absorb those and still, based on everything we see in front of us, stay within our guide. |
| Nomad Foods Ltd. | U.K. | BB- | Stable | 3,209 | 3/3/2025 | We don't export into the U.S. And if you look at our buy-side outside fish, which I will come to, we don't import ingredients from the U.S. So we don't see overall big impact on tariffs. |
| Spectrum Brands Holdings Inc. | U.S. | B+ | Stable | 2,972 | 2/6/2025 | Our operations and commercial teams are activating plans right now to minimize and mitigate the impact of the recently announced U.S. tariffs. While we purchased very few goods from Canada or Mexico, our HPC business and GPC businesses both source material levels of product from China. Many of those products are already subject to tariffs ranging from the high single digits up to 25%. The incremental 10% tariff on Chinese sourced products will impact our cash flows almost immediately. But given our inventory turns, the effect on our P&L won't be seen until the third quarter.<br>With all of that said, we do expect to mitigate the vast majority of any currently announced tariff impacts in the year. The business that will be most impacted by the recently announced tariffs is our HPC business. Nearly 40% of HPC's global purchases come into the U.S., and nearly all of those are currently Chinese sourced.<br>Last year, we began implementing a plan to move production for U.S.-bound products out of China. Moving production for our appliances is not a quick process because we want to ensure we have very high-quality product. That's the top priority. However, we've recently accelerated these plans. And by the end of this fiscal year, we anticipate that approximately 35% to 40% of all our U.S.-bound appliance product will be sourced outside of China. And we will continue to look at opportunities to accelerate and migrate our purchases out of China and in the meantime, intend to minimize the impact of incremental tariffs through both supplier concessions and pricing and cost improvements. |
| Energizer Holdings Inc. | U.S. | B+ | Stable | 2,902 | 2/11/2025 | Yes, I'll start with the exposure. So yes, we've really, with momentum, leaned into in-market/for-market production. So that helps us minimize some of that exposure. And I talked to last quarter our procurement from China for U.S. consumption is about 5% of our COGS. So it's not huge.<br>If you throw in now Canada and Mexico into the mix, we procure less than 1% of our COGS from those 2 markets, so not really large. I think the way we're thinking about it is we'll continue to mitigate these tariffs by optimizing our sourcing strategy. And then anything that we can't get out of the system, we're committed to taking pricing. And then on the competitive side and when you think about China tariffs or even Mexico tariffs, in particular, some of our competitors do produce -- including private label is produced in China. So as tariffs would be implemented on those, we would have to see what the details would be how retailers would react to that; how pricing would react to that; and what opportunities there may be as the tariff landscape becomes clear. And a lot of it is going to come down into what the details of any trade tariffs or trade restrictions might be. |
| Carter's Inc. | U.S. | BB+ | Stable | 2,844 | 2/25/2025 | Where possible for items such as tariffs and FX, our plan will be to offset some portion with pricing and other actions. |
| Kontoor Brands Inc. | U.S. | BB | Negative | 2,608 | 2/25/2025 | Moving to tariffs. Approximately 25% of our expected 2025 U.S. production volume originates from Mexico. Our China exposure is immaterial as the sourcing we do from China is directly for China. While the situation remains fluid, we have evaluated a range of potential outcomes and have developed a robust set of scenarios and mitigating actions should tariffs prove to be more permanent. |

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| | | | | | | Should tariffs be implemented in March at the proposed 25% level on all imports from Mexico, the unmitigated impact to operating profit in 2025 is approximately $50 million. This assumes no mitigating actions, including transferring production within our global supply chain, pricing increases, changes to foreign currency, or other proactive mitigating cost actions.<br>We would expect the mitigated impact in 2025 to be below $50 million and would work to largely offset any potential impact of tariffs more fully in 2026. We have experienced supply chain shocks in the past, including cotton spikes, supply chain and ocean freight disruption, and inflation. While we are not immune to these events over a near-term window, we are confident we can largely offset the impact of tariffs within a 12- to 18-month period.<br>Our outlook excludes any potential impact from tariffs as just discussed. |
| Edgewell Personal Care Co. | U.S. | BB | Stable | 2,243 | 2/15/2025 | As outlined in our earnings release, this outlook does not reflect the potential impact from U.S. or retaliatory tariffs given their rapidly evolving nature |
| B&G Foods Inc. | U.S. | B- | Stable | 1,932 | 2/26/2025 | I think the big thing where we would look and have looked is in certain categories, are we different from the competition? So for example, if we're importing something from Asia and everybody is importing something from Asia, that's probably more of a macro than a B&G specific. When we think about something like Mexico and our manufacturing facility there, they are probably offset. It's hard for me to say with certainty that they're linear.<br>Our impact would really just be in Mexico because what we source and sell in Canadian products right now. So I mean, so we source our vegetables in Canada and sell them in Canada. It would be the vegetables that we grow and produce in Mexico and then send it into the U.S.. So we have modeling on this, but I think it's really early to speculate on what's going to happen because last time, it kind of pulled back and I'm not sure that agricultural products will be in the tariff. I think sales on that business overall are probably something around $70 million. |
| Birkenstock Holding plc | U.K. | BB | Positive | 1,929 | 2/20/2025 | Also, we have a very strong order book, but keep in mind that there is a lot of macroeconomic uncertainty. Interest rates, currency movement, tariffs. The inflation in the U.S. is over 3%. In the Eurozone, we're facing inflation of 2.5% at the moment. And all this is before the impact of any new tariffs.<br>As you know, all final assembly is entirely in Germany. So we would only be impacted by tariffs on imports from Germany. And the good news is here that we have historically had the ability to take pricing at team globally that offset these inflationary pressures, including tariffs without any impact on our business.<br>One point I want to mention in addition is that besides we may see a couple of indirect impact as tariffs may drive inflation generally and may impact also consumer sentiment, which certainly adds to the uncertainty. |
| Wolverine World Wide Inc. | U.S. | B | Negative | 1,755 | 2/19/2025 | The outlook does not include potential impacts from recent tariff changes. This is a dynamic situation that we continue to monitor closely. As it relates to the February 4 tariffs on U.S. imports from China, we believe the impact to 2025 is manageable given our current exposure and the actions we plan to take to mitigate higher costs. |
| Fossil Group Inc. | U.S. | CCC | Negative | 1,145 | 3/12/2025 | From a tariff point of view, based on what we know today and the scenario planning, we do not anticipate a material gross margin impact. |
| Prestige Consumer Healthcare Inc. | U.S. | BB | Stable | 1,118 | 2/6/2025 | Looking ahead in terms of tariffs, our unique business attributes leave us well positioned to manage further changes in inflation, which include tariffs. We continue to plan and manage our actions to respond quickly to any future changes in tariffs and other related inflation.<br>Just like everyone, we're watching carefully for implications, not just for finished goods, but other derivative elements, and we'll understand that better as the landscape becomes clearer. Tariff is the cost just like any other cost that we would address. While we do source some of our products from the countries expected to be impacted, in aggregate, the business is well diversified, and that includes our supply base. As a reminder, the vast majority of our manufacturing is in the U.S. with the small remaining manufacturing fairly diversified across other countries and |

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| | | | | | | continents. And we think this is a strategic advantage versus others as things unfold. |
| High Liner Foods Inc. | Canada | B+ | Stable | 959 | 3/10/2025 | The one thing I would highlight that we'll certainly have to manage through is the potential impact of ongoing inflation, right, particularly as you think of tariff impact in the U.S. and what impact that could have on consumer demand. Tariffs can have an impact on cost. And as we demonstrated in the past, if necessary, we'll pass on additional price to cover any tariff impact, particularly as it relates to raw material.<br><br>On the potential tariffs between Canada and the U.S., I think what I should highlight there is we're in a fortunate position of having production capacity in both the U.S. and in Canada. In fact, most of what we sell in the U.S. today is made in the U.S. Most of what we sell in Canada today is manufactured at our plant in Lunenburg. We do have some volume that's produced in Canada that goes to the U.S., but it is less than 10% of our sales overall, and we have plans in place and capacity available to be able to mitigate impacts there as well. |

Source: S&P Global Market Intelligence, S&P Global Ratings. Data as of March 14, 2025.

Table 11

### Consumer products – consumer durables

| Company name | Country | LT FC rating | LT FC outlook | Sales (USD Mn, LTM) | Call date | Earnings call comments |
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| Whirlpool Corp. | U.S. | BBB- | Negative | 16,607 | 1/30/2025 | Now to your question with regard to geopolitical. Did we expect or anticipate more Asia imports coming in November, December into U.S.? Yes, and we continue to expect that. I mean, not all the customs data available. But I would expect once you see our custom data, but you will see an increase of people trying to load inventory prior to potential policy changes. Again, we don't have final data, but if you look at container tariffs and everything else, I think it's very fair to assume that you saw a temporary increase of shipment from Asia.<br><br>The second part of tariff, any impact of additional tariffs are not included in our guidance because we wouldn't know at this point what to plan for. As we all know, there's a lot of speculation.<br><br>The important thing is again, remind everybody, more than 80% of the products which we sell in the U.S. are produced in U.S. That is very different for our competitors. We are a U.S. producer and we're highly dependent on the U.S. and we're proud to be in the U.S. So most people read that you should be beneficiary from tariffs. As you also know, tariff have positive consequences and sometimes there are also unintended negative consequences. So -- once we know what might be communicated when we can give you a proper dimension on this one. But right now, it's not factored in, but ultimately, we are U.S. producer.<br><br>To recalibrate everyone on production volumes, more than 80% of what we sell in the U.S. is produced in the U.S. The remaining 20%, typically, we don't [split] up, but directionally put it half and half between China and Mexico. That's directionally with some plus and minus. But again, it's very different from our competitors.<br><br>Our competitors are largely not U.S. producers. Most other players are largely import players. So the profile is a very different one. And of course, there's multiple countries where we source from, it could be China, it could be Vietnam, Thailand, Mexico, it's spread on a number of bases. So yes, our profile is very different than competitive set.<br><br>But at this point, we just don't know what might come with a tariff. And once we know we very well know how to factor it in, but we just don't know what to factor in today. |
| AB Electrolux (publ) | Sweden | BBB | Negative | 12,302 | 1/30/2025 | Looking into 2025, there is still the uncertainty around tariff and trade policy, which will be implemented in North America. I think we need to focus on what we can control. I'm actually very positive on basically the fact that we are getting to a good level of -- out of our operation and all the investments we have been making in North America. And products are extremely well received in the |

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| | | | | | | market here today. We will be taking any advantage we can to extract value out of this new product moving forward. |
| Signify N.V. | Netherlands | BBB- | Stable | 6,360 | 1/24/2025 | Now when it comes to tariffs, things are changing on a daily basis. The only thing that I can tell you is that we've already faced that situation a few years ago, and we could compensate the tariff on China imports to the U.S. without impacting the performance of the company. So we know how to do this, and it was a mix of footprint and price increases.<br><br>Now if you look at the Chinese specific situation and when we look at our Chinese imports to our U.S. business, it's less than 20% of what we import. And we believe that what we've been able to do in the past years in terms of compensating tariff, we'll be able to do it again. We know the drill, and we have the tools in order to do that. When it comes to the rest, we talk a lot about Canada, we talk a lot about Mexico. What we prefer doing is let's wait when things are clearer, when tariff decisions are being made effective and then we will see better what the consequences are.<br><br>But what I can tell you is that when we look at our footprint, in terms of the proportion of what we import from these countries, we're pretty much in line with the industry at large. So we believe we will find a way to compensate through footprint and price increases. So we don't see tariff as a deterrent to performance. We just will need to act accordingly whenever we know exactly what's at stake<br><br>We believe that tariffs could be an opportunity because when we look at our footprint, we think we have our better footprint than many competitors that should help us to benefit from an eventual tariff that would be decided. Once again, benefiting from the tariff is the result of 2 factors: our footprint and our capacity to very quickly adapt to whatever is being decided. So the teams are on the starting blocks. And whatever is going to be decided, we have Plan A, Plan B and Plan C ready to be implemented. |
| Somnigroup International Inc. | U.S. | BB | Stable | 4,931 | 2/20/2025 | When I think about tariffs, they are moving around a lot. You're right. I mean whether it's the reciprocal tariffs in the Canada, Mexico tariffs, the ones that we're thinking about or they're out there in China, in the aluminum steel. The way that we're thinking about it is what -- to date, it feels like maybe one of those have stuck around China. Relatively de minimis as it relates to how we're thinking about it currently. And it's not only that impacted tariff, we do have good relationship with our suppliers, and we do have some lag in between when that tariff is enacted and when it goes forward when it gets -- when we see it in our P&L, I think it gives us an opportunity to think about from a pricing standpoint is there. So that's a lot of words to say that things are moving around. And we do have what we have visibility on and what is stuck we have that forecast.<br><br>As it relates to the reciprocal tariffs is the one thing I would -- that often comes to mind is our adjustable base business. I believe one of those countries that may be impacted by that is Vietnam. So again, we have flexibility. We have the opportunity to move things around. But what we see in front of us is a lot of uncertainty as it relates to that. And there's also the upside as well. So in tariffs, they go both ways. So as those tariffs and those finished goods are coming into the U.S., so it's an opportunity for us as well. Yes. I mean, obviously, it's complicated right now. But we're going to benefit from any tariffs that are put on imports. So that's kind of -- we'll call that a good guy in our terminology, then probably just care is in general, the ones that get our components and stuff from a competitive standpoint, it's actually an advantage to us because of our size and our volume, it's easier for us to deal with the suppliers on that issue than the smaller people who don't have that buy. So as much as it's kind of -- we call it a pain from a competitive position standpoint, I think of it actually -- it puts us in a better competitive position relatively speaking. And then all of it is all before you do any mitigation. And from an industry standpoint, the industry has had a history of if you have true cost increase in your components the industry passes that on to the consumer if that's what ends up happening. And then, quite frankly, all our suppliers are working through this and working on where to move production. And when we're talking about components that most of what you're talking about that production can be moved within a reasonable period of time. It's not like the auto industry, you can't move it pretty quickly.<br><br>So all in all, the way I think about it with no guarantees because I don't think any of us know exactly where things are going to land is |

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| | | | | | | we may have a little impact for a quarter or two when depending on how the tariffs land. But within a few quarters, I would expect the impact to be insignificant because of mitigating factors in our competitive position. |
| Samsonite Group S.A. | Luxembourg | BB+ | Stable | 3,589 | 3/13/2025 | One of the core competencies of Samsonite is our supply teams. And we saw it during the pandemic, we saw it during the first round of tariffs that we had to the U.S. In terms of what we have in terms of production that is coming to the U.S. from China specifically, we ended the year with 85% of our production is outside of China. So we have about 15% of exposure. It's relatively nominal. It's not something that we're overly concerned about. |
| Acushnet Holdings Corp. | U.S. | BB | Stable | 2,457 | 2/27/2025 | This outlook does not reflect the impact of any recently announced tariffs by the U.S. or potential retaliatory actions taken by other countries as the tariff and trade environment remains uncertain at this time and continues to evolve. As we have previously mentioned, we sourced about 6% of our cost of goods sold from China and have limited exposure to Canada and Mexico. The China 10% incremental tariff would equate to an approximately $7 million headwind. We are actively exploring actions to mitigate this impact, including leveraging our supply chain and potential pricing actions. |
| Fluidra S.A. | Spain | BB+ | Stable | 2,237 | 3/4/2025 | Please note that any effects of tariffs on Mexican inputs are not included in our guidance. We have been working on our action plan, which is ready to be implemented in case tariffs go ahead. This plan includes strategic supply chain adjustments to diversify our procurement base for the long term, together with cost saving and efficiency measures as well as commercial plans to offset the impact.<br>The impact that we shared since the beginning on Mexican tariff was around EUR 50 million, given the base of manufacturing that we have. And that plan offsets that headwind for us.<br>The second country of supply is China with around 15% and then some other South ASEAN countries with another 15%, the remaining being U.S. for the U.S., okay? What we have been developing is a combination of negotiation with current suppliers. We have different bases around the world. There's some minor changes to supplier base. And finally, there's also commercial initiatives that will take place to protect the P&L. All in all, we feel very confident that with this plan, we will offset the impact of both potential Mexican tariff, if implemented and the Chinese tariff that will be implemented in the coming weeks. |
| ACCO Brands Corp. | U.S. | B+ | Stable | 1,666 | 2/21/2025 | I also want to address how we are handling the recent enacted tariffs that will impact certain products imported from China. Over the last number of years, we have taken a proactive approach to lessen our dependence on Chinese imports. We are in discussions with our customers and suppliers as we enact our plans to counter the potential impact from the latest round of U.S. tariffs.<br>The first thing to reinforce is we have a very balanced supply chain. We're not overly dependent on imports from China, which is the one tariff that we know has been enacted that we've reacted to. Our supply chain is diverse. It includes other countries of origin in Asia that support the U.S., but we also have local manufacturing really across the globe that enables us to be competitive from a supply chain perspective, which is helpful in this scenario.<br>So our teams have sent price increase intent letters out to our customers. So we are working on passing along the impact of tariffs and price. And we're also actively managing our supply chain to ensure that we have the most cost competitive sources really across the globe. And I'm pretty comfortable with where we are. But as you know, it's difficult work and it's changing pretty rapidly. So as we get more information, we process that internally and we work with our customers and our suppliers to mitigate the impact to the company. |
| Hillman Solutions Corp. | U.S. | BB | Stable | 1,473 | 2/19/2025 | It is something that we're going to manage the same way we did in 2018. So for us, we managed in 2018. We're priced dollar for dollar. Our team did a great job executing with our retail partners. It's transactional. And as you know, we've done a nice job managing inflation and dealing with the price challenges that come out of whether it's the freight that went up and down, tariffs, and the overall inflation pressure.<br>Our expectation would be that we would be taking price in strategic categories in the second half of the year. And what I will tell you is that is not related to tariff. We talked a lot about all of |

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| | | | | | | the areas in our business where we're seeing inflation. That's kind of across the board, we believe, not only with us but with our customers as well as our competitors. And so it is our expectation that we're going to bring some price to the market in 2025 regardless of what happens with tariffs. |
| Hayward Holdings Inc. | U.S. | BB | Stable | 1,052 | 2/27/2025 | The first thing I would say is roughly 85% of North American net sales are produced in North America. The remaining, call it, 15% would be cost of goods sourced either directly from a facility that we operate in China or some products out of our European operations. So we have good understanding from a cost of goods standpoint there. What's a little harder to get our arms around completely would be Tier 2 and Tier 3 supply components.<br>But as for China, there was 10% that took effect February 4. We know exactly what that impact is from a Tier 1 from our Wuxi finished goods -- in terms of finished goods out of that facility.<br>Mexico and Canada. Mexico is really more of a Tier 2 or a Tier 3 that we have some clarity on and continue to get more focused on that. So we don't believe at this point that there's much impact with Canada. Our understanding is some of the reciprocal tariffs that have been in the news. We don't believe at this point, pool equipment will be impacted by that. And then the steel and aluminum, I think more to be determined there, but we don't think that's a sizable impact to our business either. |
| Lifetime Brands Inc. | U.S. | B+ | Stable | 683 | 3/13/2025 | Our approach to this matter has been developed over the past 3 years as we made the decision to work towards a reduced dependency on China-sourced products. Our actions since the dramatic and speedy implementation of tariffs are designed to mitigate the financial impacts of these tariffs on any effective product, which gives the company valuable time to integrate more structural changes. These actions have insulated the company from any negative impact of tariffs in the first quarter of 2025. We are in the midst of taking further action, including price increases on affected products to mitigate the tariff impacts for the remainder of 2025.<br>In terms of production in China today, still the majority of what we produce, and we're looking to move the majority of what we produce out of China, and we're hoping that we get the majority of it out within 2025.<br>So if you look at the global tariff, on steel, the exposure isn't very strong, and it's not related specifically to China, but it doesn't impact us that much. If you look at the other exposures, it's a function of exclusions that are eliminated -- related to China. And then the 10 and 10 are the incremental 20%. So if we look at 75% of our production being made in China, we're looking to reduce that hopefully by the end of this year to a much lower dependence. So taking over 50% of it outside of China. we are moving product to many geographies and Cambodia being one.<br>We had bought a Maquiladora facility in Mexico that we have now ramped up to full production. So we're starting to get the benefit of that. With 25% tariff on China, there's a noticeable benefit for the Mexican facility. If they put 25% tariffs on product coming out of Mexico, that benefit goes away. But now tariffs on related products from China are up to 45% and even 70% depending upon the item. So there's still benefits from the Mexico facility versus what we paid today.<br>So the magnitude of the tariffs, in our view, make it mandatory that everyone, you can't not pass it through. So what you're going to see is -- and if you look at the major retailers, they've already said, look, expect higher prices. It's just a reality unless the tariffs get reversed. So it's something that will absolutely happen that prices will get passed through and then prices are going to be raised on shelf.<br>The bigger question is, in the consumer group and economy, what does that do to [indiscernible] but we will be passing through prices that will take time, which is why we built a buffer, but it's because we wanted to protect ourselves against the time because you just don't -- when you work with the retail environment, it's just like we don't call them up and say, hey, prices are up 10%. We -- it takes time to implement that, and that will be over the next couple of months. |
| Traeger Inc. | U.S. | B- | Stable | 604 | 3/7/2025 | With respect to tariffs, our current guidance does not build any impact nor offsetting mitigation of recently enacted tariffs or any future tariffs. This is because trade policy is a highly dynamic topic, and there is significant uncertainty around how exactly |

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| | | | | | | policy evolves and how tariffs will impact our industry and the U.S. consumer more broadly.<br>With approximately 50% of our sales driven by goods imported to the U.S. from China, our organization has been analyzing news on trade policy and has been working aggressively on strategies to offset the potential impact of tariffs for some time. Our ongoing mitigation strategies include supply chain efficiencies and savings, negotiations with our contract manufacturers and potential price increases. We are taking a proactive approach to mitigating tariffs, and our strategies will continue to evolve as there is more clarity in this fast-changing environment.<br>It's important to note that nearly all of our consumables are manufactured in the U.S., and the majority of our accessories are not sourced from China.<br>It's going to take some time to understand the impact of tariffs on this industry. Our expectation is that we will see price increases. In Q1, we've been focused on bringing in as much inventory as possible ahead of anticipatory tariffs. |
| Latham Group Inc. | U.S. | B+ | Stable | 509 | 3/5/2025 | I think good news, bad news is we have had some time to get out in front of this and prepare for the impact for 2025. I guess the better news is it's not a significant impact for us overall, if you look at what we're importing from the currently announced tariff-impacted countries, think around a $15 million material buy for us overall from what we see today. What we've really been able to do over the years is we've completely diversified our supplier base, right? We've been dual and tri-source, right, the first lever is shift the buy back to domestic providers, which has been a big help to us. We have had the ability to say pre-buy material and more importantly, I'll say, pre-stage raw material as well as finished goods into the countries ahead of any of the enactment of any of this. And we also have the ability to shift manufacturing production between the facilities.<br>We will probably pivot and use Kingston for local production in the Canadian market and again, shift production from some of the other facilities here in the U.S. to fill back into the U.S. And I think that's the benefit of our really great manufacturing footprint that we have, having the 9 facilities, having multiple liner facilities in the U.S. and Canada. We can quickly maneuver things back and forth.<br>What technically is in the guidance is China. Our portfolio of imports is really limited to about 15% of the total raw material basket, right? The team has done not over the last few weeks, but months of great job of nearshoring. We have been pre-buying, now admittedly, that doesn't eliminate the exposure, just delays the exposure, but then really leveraging our network to work on mitigating the exposure for 2025 and beyond, right?<br>I think the thought process is really about balancing tariffs with logistics costs, right? So by making that shift, you mitigate on the tariff side, but there will be a little bit more logistics costs, right? In our guidance, we have not factored in the impact from the 25% Canadian and Mexican tariffs that starts earlier today. But then again, we have mitigated a fair amount of the impact, a fair share of the impact. And then as we said, pricing has been an effective lever to the remainder in the past. |

Source: S&P Global Market Intelligence, S&P Global Ratings. Data as of March 14, 2025.

Table 12

## Engineering and construction

| Company name | Country | LT FC rating | LT FC outlook | Sales (USD Mn, LTM) | Call date | Earnings call comments |
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| Fluor Corp. | U.S. | BB+ | Stable | 16,315 | 2/18/2025 | So we're doing everything we can to set up the projects for success, doing quality front-end work, helping the clients maneuver the challenges of the supply chain, helping them maneuver the challenges of potential tariffs and other issues. |
| EMCOR Group Inc. | U.S. | BBB- | Stable | 14,566 | 2/26/2025 | Look, a lot of talk will go around tariffs. We believe long term, the equalization of trade is a plus for EMCOR. There will be some near-term hiccups but we will work through like we always do. But long |

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| | | | | | | term, equalization of trade is a good thing for EMCOR as reshoring and nearshoring will be part of that. |
| APi Group Corp. | U.S. | BB | Stable | 7,018 | 2/26/2025 | We continue to build a greater sense of resilience into our model. And it really starts with that whole idea of driving inspection service and monitoring to 60% of our total net revenues. And that's where the resiliency component of it comes in, which becomes -- provides the opportunity for us to be more immune to any sort of fluctuations that you're going to see in the economy. Mean that includes even potential cost increases associated with tariffs. We price our inspection and service work in real time. So we're able to pass those increased costs on very, very quickly to our clients.<br><br>What we are watching more closely is tariffs and the effect that tariffs could have on inflation, making sure that we're protecting ourselves in our proposals today, for potential increases in the cost of the products that we provide to our customers. The most notable commodity that we continue to watch is steel pipe prices, and we've seen a small increase in steel pipe prices. But this is something that we actually anticipated when the election over and we saw that the new administration will be taking over, we knew that President Trump he likes to use tariffs. And so it's not like it was a surprise and not like it was something that we didn't see coming. It's just a matter of making sure that we're protecting ourselves. |
| Technip Energies N.V. | France | BBB | Stable | 6,956 | 2/27/2025 | Now the tariffs. First of all as a prudent contractor, I mean we T.EN won't be exposed to any risk associated to tariffs. So if tariffs were to be imposed, our price and our cost base will exclude any tariffs. So the tariffs will be a risk for the client not a risk for T.EN. The risk for T.EN is as you highlighted that the project doesn't reach FID because of tariffs being so high that they jeopardize the overall economics of the project.<br><br>So what we are working on at the moment as part of the price verification exercise on those 2 projects is to reconfirm where modules would be fabricated because in both cases, the execution plan is assuming a highly modularized execution and maybe less [Audio Gap] in other countries in other parts of Asia; India, Vietnam, Thailand, Indonesia. So it's part of the exercise to propose an execution plan that would, I would say, at least mitigate partly the risk on tariffs. So there might be a bit less China if tariffs are imposed by China on gas, but more of India. But that's more a question for those who do that on the day-to-day and really are customers. |
| Tutor Perini Corp. | U.S. | B- | Stable | 4,327 | 2/28/2025 | Given recent market concerns regarding the Trump administration's scrutiny of federal spending and implementation of new tariffs, it is important to point out that we do not, repeat, do not anticipate any significant impacts to our business related to these factors. From a funding perspective, we do not see the risk of any of our major projects being canceled, delayed, or defunded at this time. Some of our major projects are state- or local-funded or are a combination of state and local funding. The ones with federal money in whole or in part have funding that has already been committed and/or the projects are strategically important to the U.S.<br><br>In terms of potential tariffs, we frequently buy out materials such as steel and concrete as well as large equipment items like tunnel boring machines at the onset of projects, which mitigates the risk of future equipment and commodity price increases. In addition, many of our contracts have, buy American provisions, promote the use of domestic products, and many have allowances or escalation clauses that can protect us from certain unforeseen cost increases, including those associated with new tariffs. |

Source: S&P Global Market Intelligence, S&P Global Ratings. Data as of March 14, 2025.

Table 13

## Health care – Equipment and services

| Company name | Country | LT FC rating | LT FC outlook | Sales (USD Mn, LTM) | Call date | Earnings call comments |
|---|---|---|---|---|---|---|
| HCA Healthcare Inc. | U.S. | BBB- | Stable | 70,603 | 1/24/2025 | On tariffs, our purchasing organization has been working on tariff mitigation strategies for many years, including actions like fixed price contracting, supply chain mapping and risk assessments and a lot of work on sourcing. Many of our team suppliers have been working on derisking and diversifying their supply chains over the last many years, really kind of especially away from China. Like you, we are closely monitoring the announcements on tariffs from the new administration, including which countries are targeted, the rate of tariffs being implemented, and potential tariff exclusions for health care-related items.<br>I would note that for 2025, we have about 70% of our supplies being contracted with firm pricing. As it relates to kind of sizing it, we need more specific information on the details of these tariff policies as noted, and we're going to need that before we can produce additional estimates of impact. |
| Stryker Corp. | U.S. | BBB+ | Stable | 22,595 | 1/29/2025 | I think, first of all, just you got to keep in mind the scale here. We have roughly 40 manufacturing plants around the world, and we have one in Mexico. It does assembly of some of our products. So right now, we are looking at this closely. We're following the discussions. It's a little early to really evaluate what the possibility of that might be and the impact to us or even maybe the potential follow-on impact to customers. So right now, I would say we're like most companies, especially medical companies that may be excluded at some level from a certain level of tariffs. We're watching and sort of seeing which way this develops. But keep in mind, it's 1 plant out of 40. |
| Becton, Dickinson and Co. | U.S. | BBB | Stable | 20,640 | 2/6/2025 | Yes. Thanks for the question, Larry. So our largest footprint by far is in North America from a manufacturing perspective and particularly in the U.S. is by far our largest footprint. Mexico would be playing an important role after that, followed by Europe and then Asia. Obviously, as we think about tariffs, it was positive to see the leaders in the U.S., Mexico and Canada advance their discussions and achieve a temporary resolution this past week. And we continue to monitor this closely inclusive of if any future potential tariffs could include carve-outs for medical devices, right, to prevent what could be risks of shortages wanting to prevent negative impacts to health care costs and make sure that public health is protected. At this point, there's no confirmation in the form or timing of when any tariffs would take place. And so that's something we'll monitor very closely, and we can then frame any potential impact of that at that time. But too early at this point and something that we're managing very closely. |
| Fresenius Medical Care AG | Germany | BBB- | Stable | 20,019 | 2/26/2025 | In respect to tariffs, we recognize this is a fluid situation, and we continue to evaluate the impact on our business. So far, we estimate the impact to be very limited due to the nature of our footprint and supply chain. |
| GE HealthCare Technologies Inc. | U.S. | BBB | Stable | 19,672 | 2/13/2025 | While the U.S. tariff dynamic is fluid, we have incorporated the new China tariffs, which are in place today into our 2025 guidance. This impacts adjusted EBIT by approximately 10 basis points, assuming 11 months of impact. Therefore, we expect full year adjusted EBIT margin to be in the range of 16.7% to 16.8%, representing year-over-year expansion of 40 to 50 basis points. Operationally, we remain committed to driving productivity initiatives and expanding margins.<br>We're taking a measured approach to guidance as we start the year and see how the market dynamics, including China improvement and tariffs evolve. As a global company with a diversified supply chain and a significant U.S. manufacturing base, we will continue to proactively work on potential mitigation plans. |
| Boston Scientific Corp. | U.S. | A- | Stable | 16,747 | 2/5/2025 | As it relates to tariffs, we do not have significant levels of manufacturing in or sourcing from Mexico, Canada or China. As such, while the recent executive actions relative to these countries could present a minor headwind for the year, we view |

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| | | | | | | these headwinds as manageable, and they have been contemplated in our guidance ranges. |
| Universal Health Services Inc. | U.S. | BB+ | Stable | 15,828 | 2/27/2025 | The challenge about making any sort of terribly meaningful comments about the impact of tariffs on our results is trying to figure out what the tariffs are going to be, what countries, what the rates of the tariffs are going to be. The good news is that a great many of our supply contracts are multiyear contracts that essentially have pricing protection, so that the risk of tariffs or the risk of increased costs really fall on the manufacturer while those contracts are in place.<br>We certainly didn't really provide for any significant impact on our supply expense in 2025 from the tariffs. And I think that's generally our point of view. It's entirely possible that, that changes depending on these dynamics and retaliatory tariffs and that sort of thing. But we'd have to see how that plays out in sort of the real world before being able to quantify this in a more meaningful way. |
| Baxter International Inc. | U.S. | BBB | Negative | 10,636 | 2/20/2025 | First, I'd point out that our current guidance includes a slight impact from tariffs enacted in China, but does not reflect any impact from potential tariffs that are contemplated for Mexico and Canada, given the fluidity of the situation and potential for further delays implementation and possible exemptions. |
| Alcon Inc. | Switzerland | BBB+ | Stable | 9,911 | 2/26/2025 | The dynamic is hard to read. I would just say that we're fortunate in many ways that we manufacture inside of the regions we deliver to mostly. That doesn't limit our supplier tariff risk. So we do buy from markets all over the world supply for our products. We manufacture most of them in the market. We manufacture most of the U.S. in the U.S. We manufacture most of Europe in Europe. We manufacture a lot of Asia product for us in Singapore.<br>But I would just say that we'll have to play that one out and just see what happens. I do think we have identified those risks and created plans around if we needed to move things, we could. We probably will wait and see how long these things last. And obviously, everybody is exposed to the same kind of deal, but maybe we're in a little bit better position than most because of the nature of the location of our facilities.<br>I would also just say, though, that the beauty of one of our business is the diversity of markets and the diversity of products that we make. And so when you kind of cut through the broad strokes of our business, we've got countries all over the world that we can benefit from sort of one country increases tariffs, we may be able to make it up somewhere else. The same thing with our product lines. We got a little bit of implantable pressure in the U.S., but we're doing really well in China. So it is a matter of geographic diversity and category diversity that really drives our steady growth going forward. |
| Solventum Corp. | U.S. | BBB- | NM | 8,254 | 2/28/2025 | Our guidance does not assume any tariff impact at this time, given the current dynamic environment and an inability to predict potential financial impact.<br>All we know at this point really is that China has had the 10% tariff put on it from the U.S. And given that that's implemented, we are including that small piece in our guide, but it's very small relatively, given our limited imports from China.<br>We do believe our global footprint likely has less exposure than the other countries. And we have less manufacturing in China. We have 1 plant there, 2 in Mexico and 1 in Canada. And so relative to others, we do think we probably have less exposure. But having said that, we do have plants and businesses in these regions. And depending on where this lands, there may be an impact from tariffs. But at this point, we're not going to speculate on what it is.<br>Maybe the last thing I would just add is one of our segments, HIS, does not have manufacturing production. So it does not have any exposure. So in addition to a lot of our manufacturing being within the U.S. One of our segments doesn't have any exposure at all. |
| Agilent Technologies Inc. | U.S. | BBB+ | Positive | 6,533 | 2/27/2025 | We have a very diverse manufacturing capability around. And if you talk about the 3 areas for tariffs, we talked about in Mexico, we have no manufacturing, in Canada, we do have manufacturing with BIOVECTRA, but it's -- about 30%, I think, is put into the U.S. And of course, in China, we have in China for China on it. So we believe the overall impact is about $5 million. And we actually believe that's very mitigatable down to much less than that, and we're working on it. Just to give you a sense of it, we were able to shift our supply chain pretty quickly in areas from, say, China back |

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| | | | | | | into the U.S. and into Singapore as well, which really is very mitigatable. |
| Smith & Nephew plc | U.K. | BBB+ | Stable | 5,810 | 2/25/2025 | When you look at what's been announced so far, this is primarily on China, that is within the realm of what we had contemplated and within the realm of what we I also remind you that tariffs in China is not a new thing. We've had to navigate that also in the past administration. The topic of reciprocal tariffs and the impact of that at this point, it's hard to know how that's actually going to play out. The headline for us is we've got a team looking at it. In terms of the U.S., the largest proportion of our U.S. business is served through manufacturing plants in the U.S. So we are reasonably well covered there.<br>But where we expect the impact would be primarily in our Wound business, where we've got a significant presence in China in terms of manufacturing. But having said that, all of our scenario analysis we've done leads us to believe within the realm of the impact will be the realm of what we expect. But the headline, again, is as dynamic and hard to know how it's going to play out exactly. |
| Edwards Lifesciences Corp. | U.S. | BBB | Stable | 5,440 | 2/12/2025 | Regarding tariffs, based on what we know today, our guidance ranges could accommodate any potential impact of tariffs, which we expect to be immaterial for Edwards. |
| Encompass Health Corp. | U.S. | BB | Stable | 5,373 | 2/7/2025 | With regard to the threat of tariffs in the near term, it's very low for us in terms of design and construction. There could be some impact if you impose those upon Mexico in terms of our concrete cost, but that's a very small component of our overall construction costs. With regard to steel, we use predominantly U.S. source steel and much of it is recycled specialty steel that comes out of the U.S. We did a broader analysis of our potential exposure to tariffs coming out of Mexico, Canada and China around overall supplies. You should also bear in mind that in prior periods when tariffs have been invoked, typically, medical supplies have been exempted from those tariffs. Having said that, we do not believe that there's a lot of near-term risk to the imposition of any tariffs. |
| Hologic Inc. | U.S. | BBB- | Stable | 4,039 | 2/6/2025 | Manufacturers in Mexico make our skeletal and Gynesonics products. So we could be subject to tariffs that lower our gross margins as we import them into the U.S. Although these are relatively small pieces of our businesses and the tariffs have been delayed for now, we believe it is appropriate to risk adjust our forecast for the potential impact.<br>Our biggest exposure would be related to our manufacturing in Costa Rica. We manufacture all of our surgical products, except for Gynesonics in Costa Rica and substantially all of our disposal Breast Health products in Costa Rica. So if there was a tariff imposed there, that would be the most significant challenge to us. I think the tariffs that have been talked about right now, Mexico is the one that would -- if was enacted, would impact us, but not terribly significantly, but we did want to call it out. |
| Surgery Partners Inc. | U.S. | B | Stable | 3,114 | 3/3/2025 | The worst-case tariff scenario has been factored into our guidance for 2025. We believe the exposure that we have there is around 1%. From a cost basis, we think we're in control there, and we have greater flexibility because we operate this business in partnership with physicians who have an economic interest in in navigating through. |
| Teleflex Inc. | U.S. | BB+ | Stable | 3,047 | 2/27/2025 | Our 2025 guidance includes tariffs currently enacted but does not contemplate newly proposed tariffs. Our most significant exposure to tariffs on U.S. imports is associated with our manufacturing facilities in Mexico. Any implementation of tariffs on medical device products in this geography would have a negative impact on the financial results and may impact our 2025 guidance as set forth today.<br>With regard to the tariffs, there's a lot of variability in relation to those, it's not really clear. Will there be exceptions for medical devices? Is it value add only impact? How is the Maquiladora arrangement being managed.<br>Obviously, we saw last night, there are now an intent on Europe. And again, there's a complete lack of clarity so we really need more information. Obviously, we're taking actions. We've moved inventory north of the border and if tariffs did hit, a lot of it would be capitalized into your inventory and then would flush out a little bit later in the cycle. So difficult to give you specifics on the various different tariffs. But all tariffs that are in place as of right now are contemplated within the guide that we provided. |

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| ICU Medical, Inc. | U.S. | BB- | Negative | 2,382 | 2/28/2025 | Our guidance also excludes the potential impact of any new tariffs on our business, which could be material as approximately 1/3 of our global revenues are for products that are manufactured in one of our 3 Mexico plants and then distributed through our U.S. supply chain. The implementation of tariffs remains an evolving and uncertain situation, and we are evaluating options to potentially mitigate the impact, ranging from rerouting our distribution channels for sales outside of the U.S. to manufacturing footprint considerations that could leverage our existing operations in Costa Rica or other locations. However, some of these mitigation options have long lead times and would require meaningful investment and would be difficult to undertake without better clarity on the expected length of time that tariffs would be in place in order to ensure a positive return on any investment. |
| ConvaTec Group PLC | U.K. | BBB- | Stable | 2,289 | 2/26/2025 | We're not expecting a material impact from tariffs. Historically, the nature of our products has meant that we haven't been subject to tariffs. Last time there were tariffs from the U.S.A., we weren't subject to it. There are various legal protocols and precedents, which lead us to believe that we won't be impacted by tariffs this time either. So we haven't built it in, no. |
| Embecta Corp. | U.S. | B+ | Stable | 1,108 | 2/10/2025 | Our updated financial guidance does not factor in any newly implemented or proposed tariffs following the recent administration change and as such, remain consistent with those tariffs in place when we provided our initial fiscal year 2025 guidance in late November of 2024.<br>We manufacture our products across 3 facilities: Dun Laoghaire, Ireland; Holdrege, Nebraska; and Suzhou, China. We do not perform any manufacturing in either Canada or Mexico. We should note that the tariff regulations include other elements beyond manufacturing location and require analysis of the specific rules to determine impact.<br>Regarding the U.S., most of the products that we sell in the U.S. are manufactured either in Ireland or domestically within the U.S. In fact, less than 1% of our global revenue is derived from products we manufacture in China and sell into the U.S., and those products are currently exempt from tariffs.<br>As it relates to China, most of our revenue in China is from products manufactured at our plant in China. Less than 1% of our global revenue is derived from products we manufacture in the U.S. and sell into China, and those products are currently exempt from tariffs.<br>Turning to Canada, approximately 1% of our global revenue is derived from products we manufacture in the U.S. and sell into Canada, and our products were not included in the recently published, but delayed, retaliatory tariffs, though this remains subject to change.<br>Finally, as it relates to Mexico, approximately 3% of our global revenue is derived from products we manufacture in the U.S. and sell into Mexico. We continue to closely monitor these developments and remain committed to mitigating any potential impact where possible to both our customers and people living with diabetes who rely on our products. |
| Varex Imaging Corp. | U.S. | BB- | Negative | 821 | 2/7/2025 | Let me comment on the tariff announcements between the U.S., China, Canada, and Mexico. This is a rapidly changing situation, which we are monitoring very carefully. At this time, based on our current knowledge, we do not expect any significant direct impact to our business. However, additional tariffs or retaliatory actions or changes to currently announced tariffs could change the anticipated impact to our business. |

Source: S&P Global Market Intelligence, S&P Global Ratings. Data as of March 14, 2025.

Table 14

## Health care – Pharmaceuticals

| Company name | Country | LT FC rating | LT FC outlook | Sales (USD Mn, LTM) | Call date | Earnings call comments |
|---|---|---|---|---|---|---|
| Bayer Aktiengesellschaft | Germany | BBB | Stable | 48,251 | 3/5/2025 | Our current guidance does not account for any geopolitical uncertainty, particularly around potential tariffs as well as exchange rate fluctuations.<br>On the question of tariffs, we've modeled this extensively. And I would say over the recent years, we've actually done quite a bit to insulate our business from exposure to changes in trade conditions. So for example, in terms of impact on tariffs from China, Mexico and Canada into the U.S. that has a very minimal impact on us. We just don't have much of flow in those directions.<br>Most of our products that are sold in the U.S. in crop science and in consumer health are manufactured in the U.S. the -- probably the exposure we have a little more on would be pharmaceuticals, where we have quite a bit of production in the EU and so if there were tariffs EU to U.S., that's probably something we have to contend with a little more. It's very difficult to say what the impact would be because, of course, it depends on the duration of the tariffs, are these sticky? Is this part of a negotiation and gets resolved? And obviously, we have various levers that we can pull in terms of inventories and timing and things to try to minimize the impact. But yes, it's something that we take very seriously, and we're prepared to act on. |
| Takeda Pharmaceutical Co. Ltd. | Japan | BBB+ | Stable | 29,125 | 1/30/2025 | Another element that we are also watching is more geopolitics. Will there be a tariff, for example, impacting pharmaceutical medicines? There could be. And obviously, at Takeda, we have a manufacturing network focused on the US, Europe, Singapore and Japan. So it's a global network that was built on the premise of free trade. If there are more forces against free trade, we'll have to adapt over time. |
| Merck KGaA | Germany | A | Stable | 21,903 | 3/6/2025 | Your second question on the tariffs. If I look back the last 3, 4 years, our strategy was clearly to go more to an in-region, for-region model, right, going away from big centers supplying the whole world, and we have done that, obviously, in parallel as the COVID situation developed. So we have a very strong footprint in the U.S. We have more than 20 plants. We have a strong footprint in Europe. We have a high share of in-region, for-region, both in Process Solutions as well as in Life Science. It's not 100%, it can't be 100%, but we feel we are very well covered. We have some options to move, obviously, production around. Obviously, we have single use in the U.S., even in Europe, it depends a bit also on the customer demand. But I think from a supply chain perspective, we have now a much better global and regionally diversified footprint. |
| Sandoz Group AG | Switzerland | BBB | Stable | 10,384 | 3/5/2025 | on tariffs, I mean, look, every morning, we get up and something seems to change. So it's very hard to predict. I think just a couple of points. First and foremost, more than 80% of our revenues have got nothing to do with the U.S. So I think we're very well hedged anyway. And the harsh reality is this is an industry-wide effect. Virtually nothing is manufactured in the U.S. anyway. And even those products manufactured in the U.S. are accessing API coming from Asia. So pretty much everybody is going to face a tariff impact, which ultimately means 1 of 2 things, either further disruption to patients on already slim margin simple generics and/or, over time, those prices will just get passed on to payers and ultimately to patients. So I don't see, in the medium and long term, other than disruption, a major impact to the core business.<br>With regard to the tariffs, just to give you some numbers. First of all, there has been now announced, in the last 24 hours, for Canada and Mexico 25% and China got 10% to 20%. Depending on the way this all has to be calculated and before any compensating actions on our end, the annualized impact of that would be between $35 million and $50 million. Through '25 itself, we expect it between $25 million and $35 million.<br>Now of course, then the question about EU, we don't know. There are [multiple] scenarios. The reciprocity way of handling with regard to duties could be a way forward. If that happens, we calculate an impact on the full year between [ 15% and 35% ], |

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| | | | | | | which would be between $10 million and $25 million impact. If it will be 25% across the board, it's a wider range. It would be between $35 million and $85 million for the full year, and for '25, between $25 million and $60 million. So you see a very wide range because there are a lot of technicalities underlying, which can make the difference. And of course, we will look at all compensating ways to handle this. |
| Bausch Health Cos. Inc. | Canada | CCC+ | Negative | 9,625 | 2/20/2025 | In terms of the tariffs, it's still too early. There's a lot of discussions here on the tariffs of what it would mean for us, and we've been closely following it in terms of our supply chain and what impact it would mean. In terms of our setup in our supply chain, of course, the fact that cost of goods sold is a relatively small proportion of revenue for a pharmaceutical company, the financial impact of those tariffs, let's assume the scenario that has been the most publicized, 25%, and that would be for a full year, the impact would be below $50 million in terms of cash flow for the company. So I wanted to give you some order of magnitude on how to think about it. |
| Zoetis Inc. | U.S. | BBB | Stable | 9,256 | 2/13/2025 | Guidance does not account for the impact of recent and potential policy changes, including tariffs, tax reform or other regulatory changes. |
| Grifols S.A. | Spain | B+ | Stable | 7,467 | 2/26/2025 | On the tariff situation, I would call it fluid and moving. So we have to be prepared and we are. I think our company situation in this front is quite safe from the point of view that we have a large fractionation capacity in the U.S. and that we collect most of our plasma from the U.S., too.<br>So yes, we still have some fractionation or significant fractionation in Barcelona. But definitely, if the tariff which become in place, I mean, we might need to make some adjustment to the supply chain, but we are in a position to do it because of our capacity in the U.S., both from a plasma generation and from a fractionation capacity. So we are good in that front. |
| Elanco Animal Health Inc. | U.S. | BB- | Stable | 4,439 | 2/25/2025 | We're very focused on the global dynamics that are out there today. The only tariffs that are currently impacted are the 10% additional in China. We factored that into our guidance for 2025. It's about a $3 million to $4 million impact on our cost of goods sold in 2025 based on just the timing of when those products would hit into the products that we sell and recognize revenue on. We're continuing to look and make sure we're aware of the future tariffs that may come into play.<br>Mexico and Canada are not big players for us from a manufacturing standpoint. So if those are reintroduced later this month, that will have less of an impact. So again, we're very focused on the global macro, and the tariff impact on the dollar seems to be the place where we've had the bigger headwinds as we called out today relative to November. |
| Hikma Pharmaceuticals PLC | U.K. | BBB- | Stable | 3,127 | 2/26/2025 | We do have the ability between Portugal and Cherry Hill, where there are overlaps in the production. So if we see opportunities for the U.S., specifically around tariffs, there is an opportunity that we can shift production of some products from Portugal to Cherry Hill and vice versa. So we have those types of opportunities as well. |
| Glenmark Pharmaceuticals Ltd. | India | BB+ | Stable | 1,631 | 2/17/2025 | As far as the tariffs go, it's extremely hard to predict for anyone. What we've heard is that some of these are getting postponed, but it's extremely hard to predict how this will all play out in the long run. |
| Alkermes plc | Ireland | BB | Stable | 1,558 | 2/12/2025 | We've done a tariff analysis on our own business. Just given the way our supply chain is configured we don't have a major exposure to tariffs. |

Source: S&P Global Market Intelligence, S&P Global Ratings. Data as of March 14, 2025.

Table 15

## Homebuilders and developers

| Company name | Country | LT FC rating | LT FC outlook | Sales (USD Mn, LTM) | Call date | Earnings call comments |
|---|---|---|---|---|---|---|
| D.R. Horton Inc. | U.S. | BBB+ | Stable | 36,688 | 1/21/2025 | It has yet to play out to see what happens with this administration and what that impact is either through tariffs and/or labor if it becomes a little more scarce but we feel good about our positioning in the markets with our market share and our ability to maintain the labor and the parts and pieces we need and still don't expect to see much inflation in either of those over the next 12 months. And we have had to deal with both immigration changes and tariffs in the past. So it's something that we're familiar with. And although it is way too early to say the ultimate outcome, likely it's more regional in nature than something sweeping across our entire footprint. |
| Toll Brothers Inc. | U.S. | BBB- | Positive | 10,758 | 2/19/2025 | We have not seen any immediate supply chain impacts from tariffs or labor shortages due to changes in immigration policies. Although we are monitoring developments closely and will pivot as necessary to deal with any issues that arise. We have all learned valuable lessons from the supply chain shocks, we navigated through a few years ago with the pandemic. |
| Taylor Morrison Home Corp. | U.S. | BB+ | Stable | 8,168 | 2/17/2025 | We are watching the evolving tariff situation closely and believe our range for the year appropriately accounts for the likely outcomes we could face based on our best understanding of product exposure. Fortunately, given the steps we have taken to streamline our option SKUs, reshore products and strengthen our supply chain resiliency in recent years, we believe we are prepared for any potential disruptions should they arise.<br>Up until a couple of weeks ago, I would say that the cost environment was probably pretty stable as well as the overall supply chain. But like you, we've been following the news relative to the discussions on tariffs. And so as we look at that, depending on kind of which tariff and you want to speak to, whether it's steel or any of the other tariffs relative to our friends to the north or to the south, we do expect some cost pressure from some of that.<br>If it's just the steel, it's quite minimal from that perspective, maybe $1,200 a lot. And that would only impact us in the back half of the year. Relative to the other tariffs that are out there, as we're looking at it and doing our homework, it's really early in the process. And depending on if they come back, when we're looking at it, it might be an impact of $4,000 to $5,000 a house, roughly speaking. |
| Tri Pointe Homes Inc. | U.S. | BB | Stable | 4,493 | 2/18/2025 | The tariffs are going to have some impact, but it's still too early to tell exactly where that's going to land out. |
| Century Communities Inc. | U.S. | BB | Stable | 4,398 | 2/3/2025 | We have not seen anything on the ground or in our cost structure that needs us to react in a certain way. And so it's just wait and see. But right now, we're not seeing anything that is negative to the business. |
| Landsea Homes Corp. | U.S. | B | Stable | 1,550 | 3/1/2025 | So as of right now, we're not seeing really any real impact that's a result of tariffs. For the most part, our contractors, vendors, suppliers have already sort of forward committed to their material purchases that are going into our house before many of these tariffs were going into place.<br>Also, by result of the distribution or the disruption to the distribution chain that came out of COVID, many of our suppliers now have multiple channels in which to access materials as opposed to before where they were single sourcing many materials from one single location, maybe one single foreign location. So for the most part, we have not seen really any big impact as a result of tariffs from that standpoint. |

Source: S&P Global Market Intelligence, S&P Global Ratings. Data as of March 14, 2025.

Table 16

## Hotels, gaming and leisure

| Company name | Country | LT FC rating | LT FC outlook | Sales (USD Mn, LTM) | Call date | Earnings call comments |
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| Polaris Inc. | U.S. | BBB | Negative | 7,273 | 1/28/2025 | Note that our guidance does not assume a change in regulatory policy, which includes tariffs. We've got about call it, $60 million to $70 million of tariffs in the business today. and that's largely the 301 tariff, List 1, 2 and 3 that were put in place under Trump's first administration. We're going to steer clear of trying to forecast where this is all headed. We're obviously watching it very closely.<br><br>At this point, we're staying focused on the things we can control within the business. If you look at China, we procure about $0.5 billion of components out of China. About half of that goes into the U.S., about half of that goes into our Mexico facilities. Obviously, the stuff going into the U.S. is where we're paying tariffs today on all the applicable items that hit unless 1, 2 and 3. We have a couple of billion dollars worth of revenue that comes out of our Mexico manufacturing facility. It's about 1/3 of our production in terms of sales that come into the U.S. And we have less than $100 million worth of revenue that comes out of the U.S. into Mexico. We're less than $0.5 billion worth of revenue into Canada, and we import less than $50 million into the U.S.<br><br>What I would tell you is for China, we have been working since the original set of tariffs were put in place. We've pulled down considerably by about a couple of hundred million dollars, the amount that we're procuring out of China. The team has plans in place. As we've talked about, this is not stuff that you can do overnight. These supply chains have been established for decades. But we've been working with our Chinese suppliers. Our sourcing organization has worked aggressively to find alternative supply. We're going after an aggressive amount during 2025.<br><br>And then we obviously have plans identified for '26 and '27. The list gets harder and harder as we get lower and lower into the components that we would be going after. And that's what we're going to be focused on. I would say that we have, relative to the rest of the powersports industry up and to this point, been incredibly disadvantaged. We're the only U.S. manufacturer yet we're the only ones paying tariffs. Some of our competitors, 3 of them specifically have pretty heavy manufacturing bases down in Mexico. And obviously, we would be impacted, but they would be more impacted, some of which have almost all their manufacturing coming out of Mexico. So it's a volatile environment. We're going to stay focused on the things that we can control as it relates to how much we're procuring out of China. And we're going to do what we can to help influence policy where appropriate. |
| Wynn Resorts Ltd. | U.S. | BB- | Stable | 7,128 | 2/13/2025 | Depending upon what happens with inflation, what happens with tariffs, we could have an impact on some input costs, but that's primarily on the food and beverage side, and that really comes down to procurement and sourcing and how we plan and manage our business. |
| Brunswick Corp. | U.S. | BBB- | Positive | 5,237 | 1/30/2025 | The uncertain tariff environment has, of course, become an elevated consideration. We have the benefit of reducing the large majority of our products in the U.S. and for the U.S. market and we have significantly reduced our exposure to China over the past few years. However, at current tariff rates, we anticipate an annualized impact of approximately $35 million in 2025. We are preparing for a range of scenarios and have many short- and long-term mitigating actions already underway, including continued migration of our supply base, inventory staging and optimization of our facilities.<br><br>The combination of tariffs and the impact of foreign exchange rates creates a headwind of just under $0.80 per share split roughly evenly. The tariff estimate reflects our base impact predicated on current rules and rates. If you look at speculative tariffs, just over about 20% of our COGS, so under $900 million actually originates from outside the U.S. and comes into our U.S. operations. Of that, China is less than 5%, Canada is a couple of points, and Mexico is at or about 10% |
| Harley-Davidson Inc. | U.S. | BBB- | Stable | 5,187 | 2/5/2025 | Not having a clear view of what is to come, when and for how long, we've not yet incorporated any new tariffs in our outlook. We |

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| | | | | | | believe we have and are continuing to take all possible actions to mitigate the impact of tariffs and will continue to take precautionary measures where possible. That said, with neither production in Canada or Mexico and 100% of our bikes in our core product segments are manufactured in the U.S.<br>Those motorcycles manufactured in our U.S. plants and in partnership with our skilled union workforce account for the vast majority of our profits in the U.S. business and most of our sourcing also being U.S.-centric. We'll provide more detail once we have a more complete tariff picture. Any discriminatory tariffs against Harley Davidson, the great American icon, returning in Europe, we identify aggressively with all means available and call for reciprocal treatment for all motorcycles imported into the U.S. |
| Hilton Worldwide Holdings Inc. | U.S. | BB+ | Stable | 4,746 | 2/10/2025 | So far, obviously, we've talked to a lot of people, not any real impact to speak of. It depends what happens. I do believe what's playing out is a series of trade negotiations that are delicate and I believe tariffs are part of that negotiation and part of the strategy of getting to the right kinds of deals in the end. So that doesn't mean there won't be tariffs. But my guess is that we will end up in most cases, in a place where we get some form of trade deal done that will not involve major tariffs.<br>We've diversified our supply chains in a very aggressive way over the last 5 years. I mean think about what happened in COVID, like couldn't get things. So part of it was driven by the necessity of diversification coming out of COVID. But then we continued on because we just think it's a really good idea to have various places in the world where we can get various products. So that's not like we're getting carry from one place in the world for the whole system because that would create risk that if you had a problem with tariffs in that particular location, it could cause a ripple effect. |
| Hasbro Inc. | U.S. | BBB | Stable | 4,136 | 2/20/2025 | Our guidance includes the anticipated impact of U.S. tariffs on imports from China and potential tariffs on Mexico and Canada imports as announced on February 1. It also reflects mitigating actions we plan to take, including leveraging the strength of our supply chain and potential pricing.<br>We also continue to diversify our manufacturing footprint to create optionality as we navigate the trade environment, and we are on a path to move from 50% of our U.S. toy and game volume originating from China to under 40% over the next 2 years. |
| Patrick Industries Inc. | U.S. | BB- | Stable | 3,716 | 2/6/2025 | We want to discuss our estimated tariff exposure relative to our current expectations that align with the President's announcement on Saturday. Although we have seen changes this week to the original proposal and we will adapt as necessary, we believe it is worth providing color on our exposure to these 3 countries. In total, China, Mexico and Canada account for approximately 10% of our cost of goods sold with approximately 1/2 focused on China and the other half on Mexico and Canada. We have been diligently derisking our offshore exposure over the past 2 years to China and are confident in our ability to further reduce our exposure to China by more than half, if necessary.<br>We will continue exploring alternative sourcing options across all 3 countries where possible. We will continue to monitor the tariff situation as it is extremely dynamic. We have many optional tools at our disposal including working with both our suppliers and customers in partnership through our good, better, best product offering, VAVE initiatives and our strategic sourcing decisions to materially mitigate the impact to our margins at this time. |
| Light & Wonder Inc. | U.S. | BB- | Stable | 3,188 | 2/26/2025 | Yes, so this will absolutely be a very fluid and dynamic kind of situation here over the coming potentially days, weeks, months et cetera. I think we've done an incredible job here over the last couple of years of really diversifying our supply chain and putting us in a position to be able to mitigate any potential headwinds that we see here. Obviously, with some of the recent news coming out of the current administration, we have started kind of implementing efforts, and we actually started that last year as we knew that some of this would come into play here.<br>If you think about China, Mexico, Canada from a tariff perspective, we think about that as probably a single-digit million impact for us or headwind that we're going to look to obviously work through here between now and the end of the year. But we'll continue to kind of work with our customers in terms of just communications around any kind of pricing impacts. But at this point, that's why margin enhancement becomes a very critical component and has |

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| | | | | | | been. We can either take that to the bottom line as we've done in certain respects over the last couple of years, gives us optionality to reinvest, but also as a mitigation factor for us when we see headwinds in the marketplace. |
| Park Hotels & Resorts Inc. | U.S. | BB- | Stable | 2,630 | 2/20/2025 | There's uncertainty obviously with inflation still while coming in, still a little sticky. And obviously, the impact of some of the policy decisions that are being talked about, including tariffs. |
| Pebblebrook Hotel Trust | U.S. | B | Stable | 1,453 | 2/27/2025 | While we were quite optimistic just a month ago due to the overall optimism expressed by businesses and much of the public following the election, some of that enthusiasm seems to be waning as concerns increase about extensive talk of tariffs, government firings, mass deportations and significant reductions in federal spending, including many spending freezes already put into place. Most of these items are not business-friendly. Without these very significant concerns, we would be much more positive and confident in our 2025 outlook. |
| Full House Resorts Inc. | U.S. | B- | Stable | 292 | 3/7/2025 | Well, there are ways to hedge, but we haven't done it. I mean you can go buy steel futures and stuff, but it's pretty unknown what tariffs are going to be out there. And I think we've somewhat dealt with that in Chamonix. The Chamonix was my 12th to 13th casino. And I will tell you, the other ones, most of them either the steel came from China or the glass came from China or the possibility of buying the steel or the glass from China held down prices from domestic manufacturers. And people forget there are already pretty significant tariffs plus the pandemic supply chain issues as we were starting construction in Chamonix. And we got through it. I mean it wasn't fun, but we got through it. |

Source: S&P Global Market Intelligence, S&P Global Ratings. Data as of March 14, 2025.

Table 17

## Media

| Company name | Country | LT FC rating | LT FC outlook | Sales (USD Mn, LTM) | Call date | Earnings call comments |
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| Thomson Reuters Corp. | Canada | BBB+ | Stable | 7,258 | 2/10/2025 | So I would say cautiously optimistic, but it is too early to tell. I think, similar to the other folks that you follow, we're all sort of in that stance of understanding how this is going to play out. But certainly, as an example, our offerings in and around global trade are very, very important for companies that have a changing tariff environment. |
| Gray Media Inc. | U.S. | B- | Stable | 3,644 | 2/27/2025 | Caution is most evident among our automobile advertising customers. We hear that some dealers and manufacturers are pausing or reducing their advertising campaigns, as they evaluate how tariffs and continued high interest rates may impact near-term demand for new and used cars. |
| Cimpress plc | Ireland | BB- | Stable | 3,357 | 1/30/2025 | Let me start with the facilities we have. Our North American production is across Canada, the U.S. and Mexico. Roughly 2/3 of our North American production space is in Mexico and Canada. Facilities that we have now or that we're about to open up in Pennsylvania, wouldn't, in their current form, be able to handle this volume without expansion.<br>That being said, in the case of, I'll call it the worst case of Trump tariff taxes, it would not be a question of buying new capital equipment. It would be a question of moving the capital equipment, training up new teams or to expand that facility. I think it's an unlikely possibility it would be that extreme, but we are taking that into our scenario planning.<br>Now to the extent we end up do moving facilities, we do have quite a bit of experience doing that. We recently moved our Irish facility to the Czech Republic for National Pen. We recently moved a very large amount of our production operations from Canada to Mexico for large-format production. So we have experience moving facilities, and we've done that for years. We would not be duplicating CapEx, again, we'd be shifting it.<br>Now there's a question about the de minimis exemption under Section 321. For those who are not familiar with it, that allows smaller value orders to be imported without tariffs. To the extent |

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| | | | | | | that, that changes for us, we do have plans to be able to work around that, not in place right now, but again, in our scenario planning. If 321 was in its worst case, permanently eliminated for all products, it would have a material impact on us in the near term until we were able to shift production resources. And we would obviously consider things like pricing -- passing that pricing through to customers to the extent we have pricing power. And I think that a lot of these changes we're talking about in tariffs could give us pricing power in different parts of our product line. |
| Quad/Graphics Inc. | U.S. | BB- | Stable | 2,672 | 2/19/2025 | I'd say that if you think about where would be the biggest impact of the tariff in North America, meaning Mexico or Canada, it actually would be a 25% tax on Canada if that were to happen, because as print has consolidated, so has the paper industry. And now much of the paper that we use for a lot of our marketing clients, you can only get mostly in Canada and can no longer get in the U.S. And so there is no replacement opportunity for that. So if there were to be a big tariff that was put on, it would impact paper.<br><br>Now I will remind you that paper is a pass-through to our clients, so we don't incur that risk. However, if you were to incur that, you would maybe see some indirect further pressure on volume.<br><br>Now what we have done for many of our clients is we've bought forward Canadian paper that we believe will allow us to weather what we think would be more of a short-term storm as the North America tariff game plays out. If it were longer term and they stuck to a significant tax, then we would look to further help our clients mitigate that through more clever uses of marketing to offset that big increase. But we feel in the short term, we've been able to mitigate that.<br><br>We really don't have much exposure to China, not directly. Maybe through some of our clients' source product, but not for us. And then Mexico, our biggest exposure is that we do export some books from Mexico into the U.S. that ultimately we probably could find a solution for in the U.S. if that happened in the short term. |
| The E.W. Scripps Co. | U.S. | B- | NM | 2,510 | 3/12/2025 | Auto is certainly one of the more challenged categories right now because of all of the disruption coming out tied to potential impacts for tariffs and so on and so forth. And so right now, it's kind of trending down. I would say, it's the -- it's down the most of any of our categories right now. As I said earlier, services and home improvement are faring a little bit better. |
| Deluxe Corp. | U.S. | B- | Positive | 2,122 | 2/18/2025 | We don't think that's going to have significant or material impact for our operation. Most of our things that are used in our Print business specifically around checks and paper are produced domestically. Of course, some of the items in the promotional side of the business may be produced outside of the country. But you'll recall that is the lowest margin part of our business. So I think there's a natural hedge for us against any issue there. Will tariffs impact our customers ultimately? I don't have a crystal ball, but as far as direct impact in our business, we don't anticipate much direct impact. |
| Cineplex Inc. | Canada | B+ | Stable | 925 | 2/11/2025 | As a reminder, our business is primarily based on providing compelling entertainment experiences to our guests in Canada and not transferring physical goods across borders. With respect to the threat of any U.S. trade tariffs, approximately 99% of our revenue is generated in Canada through our operations and facilities in Canada.<br><br>And with respect to any potential reciprocal Canadian trade tariffs, I remind you of our overall cost structure, with approximately 78% of our 2024 total costs coming from 4 categories: film rent, employee costs and occupancy costs. All intangible items and not caught by any current tariff discussions represent 70% of overall costs. The next largest cost category is food costs, which represents approximately 8% of our overall costs. We are continuing to evaluate any potential impacts and additional sourcing opportunities for any item potentially caught by tariffs and do not believe that the currently proposed tariffs will have a material impact on our business. |
| Cars.com Inc. | U.S. | BB- | Stable | 719 | 2/28/2025 | The macro changes in OEM and supplier relationships has never in the past impacted our applicability to consumers or the industry. And so I don't see any impact there on the tariff side. |

Source: S&P Global Market Intelligence, S&P Global Ratings. Data as of March 14, 2025.

Table 18

## Metals and mining

| Company name | Country | LT FC rating | LT FC outlook | Sales (USD Mn, LTM) | Call date | Earnings call comments |
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| Glencore plc | Switzerland | BBB+ | Stable | 230,944 | 2/19/2025 | Everybody can be an expert, but you wake up tomorrow and there's a different tariff here and a different tariff there and a fight with this one and a peace deal here. And I mean, it's unknown. So we're not going to sit and guess. We obviously understand we're a very flexible business in how we move. We move very quickly. I've explained that the more that you have those incidents or changes, the better for our marketing business. And we're so well -- you don't have to position yourself specifically for a specific tariff or geopolitical event because we're naturally positioned like that. We're naturally positioned through both our industrial business and through our third-party trading business that we're naturally positioned all around the world. So from a tariffs, geopolitical perspective, more volatility, better for our business because we're naturally positioned for that. On our industrial business, you can look at it in many ways. Tariffs naturally are a onetime inflationary measure. If the tariffs stay, it's a onetime hit to inflation. It's not a continuing inflation. It's just a onetime hit. |
| ArcelorMittal S.A. | Luxembourg | BBB- | Positive | 62,441 | 2/21/2025 | In terms of specifically the tariffs against Canada or Mexico, we've been there before. I think if you remember in 2018, 2019, when 232 was imposed, there was tariffs that came from -- there was tariffs on Canadian steel and Mexican steel. And roughly, it costed us about $100 million per quarter. But this was more than offset by revenue, right? So if you look at the revenue impact, it was far greater. I'm not suggesting that, that would happen again in this period in time. But clearly, one mitigating factor would be the revenue impact on some of these tariffs. |
| POSCO Holdings Inc. | South Korea | A- | Negative | 49,205 | 2/5/2025 | Yes, 25% tariffs imposed on Mexican products or products that are exported through Mexico will be implemented, but I think that we have to continue to closely monitor the developments. So there are products that go through Mexico to the U.S., about 100,000 tons. So that is not very much. It only represents about 0.01% of the sales -- overall sales. And Mexico and the U.S., if you look at their trade relations, actually, the goods that we export to Mexico are 100% coated products, coated goods and the coated goods from Mexico to U.S. is about 580,000 actually from us to Mexico is from 580,000 to -- from Mexico to U.S. to U.S. to Mexico, 480,000.<br><br>So you can say that it will provide maybe a better condition for us to send goods to Mexico and sell goods to Mexico. And in the worst of all cases, there could be the end product or end vehicles that are sent from Mexico to the U.S., there are about 250,000 vehicles that are concerned. And of course, that could lead to increased consumer prices for the U.S. consumers. So I don't know how much that additional cost will be transferred to the consumer prices, but we believe and we expect that there will not be a drastic decrease of sales on our part. |
| thyssenkrupp AG | Germany | BB | Stable | 35,916 | 2/13/2025 | Tariffs are being discussed a lot these days. Overall, we estimate that the impact for the group from today's perspective, from direct effects, will be limited. We will see some impact on the automotive side once tariffs are more clear.<br><br>But overall, for the complete group with all of the businesses that we have and some upsides that we see in some of those businesses that are completely local, for local structured, we see the impact limited from today's perspective. |
| Tata Steel Ltd. | India | BBB | Stable | 25,825 | 1/28/2025 | In 2024, several nations relied on trade measures such as antidumping duty to combat the impact of steel imports, particularly from China. This, along with the new U.S. administration's inclination towards imposing tariffs, has a potential to regionalize steel trade flows with implications on prices. |
| Freeport-McMoRan Inc. | U.S. | BBB- | Stable | 25,455 | 1/23/2025 | Well, in terms of the tariffs with respect to specifically in the U.S., Freeport does not -- we basically sell all of our product in the U.S. The U.S. as a market itself does import copper, but we do not |

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| | | | | | | export copper from the U.S. So the import of copper is what people are wondering about and whether those will carry a tariff. And you see the premium being built in right now to the COMEX versus the LME, and people are trying to handicap what that tariff might be for copper being imported into the U.S.<br>But for us, we sell copper that we produce in the U.S., in the U.S. If there is a continued premium for copper in the U.S., we would capture that at Freeport because our U.S. contracts are based off of the U.S. price. In terms of globally, we produce in Indonesia, we'll be producing copper. Those flows will generally go to Asia. And from South America, they will go to -- generally, they don't come to the U.S., the piece from Cerro Verde. So in terms of the impact on our situation, it's not a trade flow issue for us.<br>The more concerning thing that we're watching with respect to tariffs is whether or not they would impact global growth. And that's the focus, the concern that we have. We want to make sure that the tariffs are in place, it doesn't impact overall global growth or create inflationary pressures in the U.S., which we're just coming off of moderating inflation. And so those are the 2 things that we're focused on is whether the tariffs will have an impact on overall global economic growth and whether they will be inflationary for our U.S. operations. Those are the 2 major things. |
| Cleveland-Cliffs Inc. | U.S. | BB- | Stable | 19,185 | 2/25/2025 | Regarding trade, the steel industry has been dealing with unfair competition from foreign producers for decades. We have always been very vocal in calling out each one of the problems, particularly the dumping of artificially can steel into the U.S. market. subsidies that foreign governments hand out with [indiscernible] to their steel producers, currency manipulation, weak environmental regulations or lack of enforcement and insufficient or nonexisting [indiscernible] for bad actors who manipulate the global market.<br>Cleveland-Cliffs is not depending on imported inputs and we do not rely on foreign supply chains that can be disrupted overnight. The tariffs will penalize the foreign competitors who have been playing by a different set of rules while strengthening the domestic producers who actually invest in American workers, American manufacturing and American supply chains. The trade angle isn't just important for steel, but for finished goods as well.<br>We also appreciate that the recent tariff announcement includes downstream products containing steel, and that should benefit our clients in automotive and in other sectors. The tariffs will also benefit our newly acquired Stelco that's right. Despite what some might assume, the best financial year for Stelco in the previous decade was 2018. When 25% tariffs on Canadian steel imports were in place. The Stelco sells more than half of its output in Canada, and we compete with other Canadian suppliers who send the material into the U.S.. The Canadian steel market pricing reflects the U.S. market pricing. So any resulting rise in pricing will flow directly to Stelco as well on top of the benefit we're seeing from the weakening Canadian dollar. |
| Reliance Inc. | U.S. | BBB+ | Stable | 13,835 | 2/20/2025 | So as far as pull forward goes, with the impending tariffs in March, we have seen a little bit of customer activity, trying to make sure that they get their material before the price increases. So we're pretty optimistic about the first quarter.<br>Historically, when there have been tariffs or different trade policy enacted and it reduces the amount of import material coming into the U.S. We generally see prices increase in the U.S., which has been positive for us. We currently anticipate that would be the impact again. But until we start operating in that environment, we won't know, but we do see potential upside on the pricing front.<br>We're not baking in anything from the tariffs, not at this point. We think it could be positive for pricing. |
| Alcoa Corp. | U.S. | BB | Positive | 11,895 | 1/23/2025 | Turning to the outlook for the full year and first quarter of 2025. To be clear, our outlook does not include any estimates for the impacts of potential tariffs.<br>When we speak of the possibility of changing trade flows, it is important to point out Alcoa's competitive advantage as a vertically integrated primary aluminum player from mine to metal with bauxite mines, alumina refineries, and aluminum smelters and cast houses located across the world. This positioning gives Alcoa the ability to maneuver and respond to challenging and changing market and policy conditions. |

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| | | | | | | When you transition from Alcoa's global footprint to look at the primary aluminum supply flows into the U.S., you can see the U.S. currently has a significant inflow from Canada. The current discussions and proposals on tariffs by the U.S. government may have significant impacts on how metal is flowing from one country to another. Currently, the U.S. imports 2/3 of its primary aluminum from Canada. This was true both before and after the Section 232 tariffs on aluminum implemented by President Trump in his first term, who also granted an exemption to the tariffs for Canada and select other countries.<br>If there were to be tariffs on Canadian aluminum imports to the U.S., this would represent a threat to U.S. industrial competitiveness. A 25% tariff on current Canadian export volume to the U.S. could represent $1.5 billion to $2 billion of additional annual cost for U.S. customers. In addition, increasing costs on trade with Canada and Mexico would particularly hurt the U.S. transportation supply chain, the largest end market in North America, and specifically the automotive market. Trade flows would likely be impacted such that U.S. aluminum imports would increase from countries and regions that have a lower import duty level like the Middle East and India, while Canadian metal could reroute to Europe and other countries.<br>In Alcoa's case, we could reroute supply from our Canadian smelters to Europe. While it is an advantage to have this optionality, it certainly is not a benefit for our customers and supply chains like them. That said, Alcoa is a 135-year-old global company, which operates in markets all over the world, and has worked with governments on many topics throughout our history. If the U.S. government decides to implement new tariffs for strategic purposes, we will work with the administration to protect Alcoa's interests.<br>Remember the differential between the size of production in the U.S. versus the size of production in Canada. We have roughly 900,000 metric tons in Canada and operating in the U.S. roughly 300,000 metric tons, so the differential would not offset. Now before we speculate too much, the tariff structure hasn't been set. We have been appreciative of the U.S. government taking the time to think through these tariffs. And we'll wait and see what it brings and then give you a view of the outlook at that point. |
| Gerdau S.A. | Brazil | BBB | Stable | 10,837 | 2/20/2025 | So I think that from Canada to the U.S. we have about 7% to 8% of what we saw in North America. These are products, the 7% to 8% of products that we manufacture in Canada and transport to the U.S. Of course, we are working with [indiscernible] to see what is the best way to mitigate potential additional tariffs we might have. This is going to be an exercise to understand what kind of exemptions, rebates, the clients will be able to get from the government and have the usual trade negotiations. But we are were talking about 7% of what is a question mark versus 93%, which is certain to have a more positive and constructive market situation.<br>And as regards to Mexico, basically, we don't have exports from Mexico into the U.S. So for us, this is not an issue. |
| BlueScope Steel Ltd. | Australia | BBB- | Positive | 10,167 | 2/17/2025 | There was a degree of uncertainty as the administration changed, what would it look like, what are the early signals around guidelines. And I think the new president is being very clear about what he wants to do the support is going to give American industry. And I think naturally that has led to more confidence, some restocking, firming in pricing. The tariffs have clearly helped I think what you're seeing play out is as we expected, where post the administration change, things would settle down and we'd get back to business. And I suspect that's what you're seeing.<br>I mean what we saw last time was we saw prices increase up. So you're going to make an assumption if there's a 25% tariff in an import market like the West Coast, the prices are going to go up 25% or else people are eating some of that cost increase. So that's the range that we're operating in right now. If we got to pass like we did last time, then that's great. We'd get the benefit of the price increase because other imports would be hit by the tariff. If we don't get a pass, then I mean my base case assumption is that prices would move by the 25% is how I'd be thinking about it right now. |
| Constellium SE | France | BB- | Stable | 7,335 | 2/20/2025 | I wanted to give a quick update on the latest Section 232 tariffs and how we see the potential impact to Constellium. The tariff situation is a fluid and multifaceted situation. We see both some |

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| | | | | | | positive and negative impacts on our business. And at this stage, we believe it presents us with various opportunities.<br>The guidance we are giving today does not include any impacts from tariffs. On the production side, we are mostly local for local in the regions where we operate. We have a joint venture in Canada that provides extrusions to our automotive structures business in the U.S. and these extrusions will become more expensive under Section 232 tariffs. In Aerospace, we ship small quantities from Europe to the U.S. to serve global OEMs, though this has a pass-through today, and it will not be impacted. On the Metal Supply side, we import some primary aluminum from Canada given the lack of smelter capacity in the U.S. and some of these imports will become more expensive.<br>Commercial negotiations will be necessary to mitigate tariffs and there may be a lag in passing additional costs through. In terms of scrap now, aluminum scrap is excluded from the current scope of Section 232 tariffs. We purchased most of our scrap needs from dealers in the U.S. The impact on scrap from tariffs could be a net positive as it could increase the availability of scrap in the U.S. and scrap spreads could improve with a rise in the U.S. regional premium for aluminum.<br>Now in terms of commercial impacts, these two could be a net positive for Constellium. Today, around 1 million tonnes of flat-rolled aluminum imports are coming into the U.S. Tariffs will make domestically produced products more competitive, and we should benefit from this. As an example, earlier this week, we announced a price increase for all flat-rolled products shipped in the U.S.<br>We have some business in the U.S. that is priced quarterly, and we should benefit as soon as the second quarter of this year from the new market dynamics. The overall impact on our end markets is way too early to estimate and will depend on the overall health of the U.S. economy, and it will also depend on the types of tariffs to be implemented in the future, including the originally announced and then paused blanket tariffs on Canada and Mexico.<br>The same logic should apply in terms of impact on aluminum, though the overall impact at this time is unknown. To close out on tariffs, as I said before, the situation remains very fluid. We are continually monitoring and assessing the potential impact of current and future trade policies, though at this stage, we believe it presents us with some opportunities. |
| Companhia Siderúrgica Nacional | Brazil | BB- | Stable | 7,064 | 3/13/2025 | The price of steel in the U.S. makes it worthwhile selling very even with the 25%. And in Brazil, where we exported to the U.S. was a very small part of our production. |
| Teck Resources Ltd. | Canada | BBB- | Stable | 6,300 | 2/20/2025 | We are closely monitoring the potential impact of tariffs and other restrictions between the U.S. and Canada, which is a fluid and rapidly evolving situation. To put the potential tariffs into context, any imposed tariffs by the U.S. are not expected to have a material impact on our business. Our copper and zinc concentrate sales would not be impacted as we primarily sell to Asia and Europe and not into the U.S. Trails refined zinc, lead and specialty metals such as germanium, indium and sulfur products are sold into the U.S. But in the event that tariffs are imposed, we expect trade flows to adjust. |
| South32 Ltd. | Australia | BBB+ | Stable | 6,211 | 2/13/2025 | If you think about our exposure to the U.S., what do we sell into the U.S.? If you look at the first half of FY '25 by region, probably about 9% of the group revenue went to the U.S. If you think about the individual books, it's about 5% of our ferro-nickel book, so nickel coming out of Colombia, and it's about 16% of our aluminum predominantly coming out of Hillside at the moment of that part of the world. So in the scheme of things, we don't have a huge exposure.<br>I think it will be interesting, it's not like it's not the first time you haven't seen tariffs appear on aluminum in the U.S., obviously under previous administration. I think the critical piece for us is going to be what does it actually mean. The reality is no matter which way you cut it, the difference it will make in this space is if there's actually a change in domestic production. And last time we had tariffs in place, we didn't see an inducement of U.S. production. If you think about where the U.S. is today, roughly 80% of the primary U.S. aluminum demand is imports from Canada. And if we see the Europe tariffs coming in, our general view is that it will reflect a higher premium reflected in the U.S. Clearly, the supplier will obviously have to -- the tariff itself will be |

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| | | | | | | lodged on the supplier and collected by the government, but the ultimate price in our view will be paid by the consumer. |
| First Quantum Minerals Ltd. | Canada | B | Negative | 4,802 | 2/12/2025 | We expect continued price volatility as the market tries to get a feel for how broad and extended the potential tariffs and associated trade wars might be. |
| Ryerson Holding Corp. | U.S. | BB- | Negative | 4,599 | 2/21/2025 | With respect to tariffs and trade policy impacts, it is still too early to call the magnitude and duration of what these prospective changes may bring in demand and price conditions. But we expect we will know more as we move through the balance of the first and second quarter of 2025.<br>There's going to be a lot that we're going to learn over the next 2-3 weeks as the tariffs take effect, at least as far as we know right now. But the impacts that it's having on both commodity prices as well as conversion markets -- you take aluminum, for example, over the last month or 2, we've seen Midwest premiums reflect that replacement cost increase of about $0.10 to $0.15. Similarly, on conversions, I'd say similar moves, $0.10 to $0.15. We're seeing mills increase their conversion prices, depot inventory prices are going up and inventories are getting a bit depleted. So we have to adjust our own price book to reflect that.<br>And then on the carbon side, as I'm sure you know well, futures have certainly re-ratcheted higher to reflect that that potential for the need to increase the replacement costs there because we're still going to be a net importer of steel. So if those tariffs remain in effect, that metal is still going to flow in. It's just going to flow into the country at a higher price. |
| ATI Inc. | U.S. | BB- | Positive | 4,362 | 2/4/2025 | Let me take a minute to address the dynamic macroeconomics we're all experiencing, including tariffs and trade actions. The steps we've taken to mitigate risk give me confidence that we're well positioned for any environment. We're predominantly a U.S.-based manufacturer. And in recent years, we've taken deliberate action to diversify our supply sources. We have purposely expanded pass-through mechanisms in our contracts.<br>We have diversified, as you said, a portion of our nickel comes from Canada, but it's much less than 50%. In fact, it's probably closer to 25% and a lot of that is going for additional processing into Norway and other countries in Europe. So -- but we've got multiple sources. It's 3 or 4 or 5 which does allow us a little bit of flexibility as we think about the changing and evolving situation. The pass-through mechanisms, I'd say, were in place, nickel, obviously, based on an LME price, we had surcharges and premiums that were already in place before the pandemic.<br>But as we came out and we saw rapid inflation, we took that opportunity to really enforce those mechanisms to make sure that we get close alignment and our intention is to pass through any increase in cost that we're seeing in our raw materials. |
| Fresnillo plc | Mexico | BBB | Negative | 3,496 | 3/4/2025 | On the other items, operating materials, et cetera, we're not expecting any increases unless these tariffs that might go on, I'm not sure we can -- I have a clear vision on that in terms of the impact in the unit pricing of our operating materials. But outside of that, we're not foreseeing any important increases in unit price of our intakes. |
| Atkore Inc. | U.S. | BB+ | Stable | 3,065 | 2/4/2025 | We are pleased that an announcement was made related to tariffs on Mexico. Should these tariffs go into effect, they should have a positive impact on our business. |
| Russel Metals Inc. | Canada | BB+ | Positive | 2,962 | 2/17/2025 | Let me talk about tariffs for a moment. And obviously, it's a bit of a moving target. But we do not have any material direct impact from tariffs as we're generally a cost-through business and the impacts are more on steel producers, in particular, those who export cross-border. By contrast, we generally sell our products to local customers.<br>The indirect impacts relate to steel prices, supply chain disruptions, currency movements and the business activity for some of our customers who may export finished equipment. There are some industries like automotive that are integrated in their cross-border supply chains and expect that industry to face some challenges, but we do not serve that industry.<br>The key thing from a Russel perspective is that we have a very flexible business model with an ability to flex to whatever circumstances may unfold. And if we look back to the introduction |

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| | | | | | | of the Section 232 tariffs in 2018, that was actually a positive for North American steel prices and that was good for Russel. |
| Alpha Metallurgical Resources Inc. | U.S. | BB- | Stable | 2,957 | 2/28/2025 | If new tariffs are imposed and trade wars occur, these circumstances will likely impact natural coal trade flows and the cost of materials for coal producers. As we've seen in recent weeks, the tariff situation is one that changes rapidly, so we continue to keep an eye on it, and we will adjust as necessary depending on where things will end once the dust settles. |
| Carpenter Technology Corp. | U.S. | BB | Positive | 2,878 | 1/30/2025 | It wasn't too long ago, we had the last "tariff regime" and that had little impact on our business. We anticipate the same. And even if there are any types of tariffs, that would be applied in addition to maybe what they were in the past to any of our inputs that correspondingly could increase our cost, we would pass those through to the customer. |
| Coronado Global Resources Inc. | Australia | B+ | Stable | 2,452 | 2/24/2025 | We remain uniquely positioned for the potential advantage that will come from the tariffs and the trade flows that will result. We are located near key rail and port infrastructure, providing access to both domestic and seaborne markets. |
| Alliance Resource Partners L.P. | U.S. | BB- | Stable | 2,449 | 2/3/2025 | It's really hard to know from my perspective, exactly how that may impact us. I think specific to Canada and Mexico, it would be limited. I'm not sure that there's any products that would impact us.<br>As far as beyond that, the tariffs that China should not impact us that much. Most of our products are domestic based. We do have products that we're buying Europe that we don't see right now that there will be any impact. |
| Core Natural Resources Inc. | U.S. | BB- | Stable | 2,236 | 2/20/2025 | Although the tariff situation certainly moved the trade around, I will tell you that there's certainly enough demand out there today to cover the volumes that we were moving to China last year. |
| Century Aluminum Co. | U.S. | B- | Stable | 2,220 | 2/21/2025 | I'd like to end the prepared portion of our call by thanking President Trump for so quickly taking action to strengthen the Section 232 tariffs on aluminum. When President Trump originally created the Section 232 program in 2018, it allowed the U.S. aluminum industry to steady itself and begin to invest again in U.S. production. We were proud to do our part as we invested in U.S. production and became the largest producer of primary aluminum in the U.S. Unfortunately, after President Trump left office, the effectiveness of the program was degraded through a number of country exemptions that allowed foreign producers to bypass the program and even increase their imports to all-time high levels, including imports<br>Effective March 12, President Trump's actions will restore the original effectiveness of the Section 232 program by revoking all country and product exemptions and raising the tariff rate from 10% to 25%. The effects of President Trump's action are beginning to be reflected in the Midwest premium, which has already risen from the $0.20 we realized in Q4 to $0.39 spot today. We believe that the Midwest premium has room to increase further following the effective date of the program in March.<br>As the largest producer of primary aluminum in the U.S., Century is doing its part to build and secure the aluminum production that is so essential to U.S. national security needs. When complete, our new smelter project will represent the first new smelter built in the U.S. in 50 years and will double the size of the existing U.S. industry. The new Century smelter will build on our leading market position to fulfill the ever-growing strategic need for a secure American supplier of cutting-edge primary aluminum alloys and value-added products. |
| Cameco Corp. | Canada | BBB- | Positive | 2,179 | 2/20/2025 | We learned a lot of lessons, I think, after the 2017, 2018, 232 move on uranium was aluminum, steel and uranium at the time. We spent a lot of time in Washington, D.C. and talking to the elected officials and the White House to just explain to them how much the U.S. needs Canadian uranium. And I think we were successful, the DOE withdrew uranium from the 232. So we're hoping for that result.<br>Again, this time, they're talking about a 10% tariff. I mean, we've taken other measures out of that. We learned a lot of lessons there. Our contracting portfolio has added some new clauses in that regard since then. Any new contracts we signed since then would place any of those costs back on the customers buying the material. We were able to position material around the world in |

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| | | | | | | different jurisdictions. For us, we think it wouldn't be really financially material and that we could manage it.<br>But I think what's lost in the tariff discussion a little bit is what the uranium market impact would ultimately be. I mean, it's not hard to figure out. It's kind of ECON 101 to figure out what the impact of tariffs are in the situation. So think about the uranium market, a 10% proposed tariff from a major supply source like Canada will effectively raise the uranium price by 10%. Because if you think about it, U.S. domestic demand is inelastic for contracted volumes. Domestic supply substitution is low. You would still need imports from tariff and nontariff countries to meet the inelastic demand.<br>And what does history tell us? History tells us nontariff countries will simply increase their offer prices to just under 10%. So this is a structural -- this will be a structural increase in the price of uranium because tariffs are very clearly a sales tax on imported goods. And that sales tax will be ultimately passed on and those who aren't subject to it will take advantage of it. So Cameco is well mitigated. The market is just going to face more structural challenge, which will be price-supportive. |
| AZZ Inc. | U.S. | BB- | Stable | 1,592 | 1/8/2025 | We don't see tariffs having a big impact on us as we get into the year. There's kind of a mixed bag on the Precoat side and on the galvanizing side or Metal Coatings side, it's a nonfactor as long as steel is available for projects. |
| Warrior Met Coal Inc. | U.S. | BB- | Stable | 1,525 | 2/13/2025 | In addition, any new tariffs or other trade measures that may be implemented by the U.S. or retaliatory tariffs and trade measures by other countries, such as those recently announced by China may or may not negatively impact our financial results. This impact would result from reduced economic growth, changes in purchasing behaviors by our customers, material changes in the pricing of steelmaking calls or other factors. |
| AMG Critical Materials N.V. | Netherlands | B | Stable | 1,440 | 3/10/2025 | We are the sole producer of ferrovanadium in the U.S. U.S. is a net importer. So the rest of the ferrovanadium consumption in the U.S. is imported. And that gives us, of course, a very interesting position competitively. And we don't see any reason to believe that that will change. And if tariffs occur, they occur and will benefit us. |
| Compass Minerals International Inc. | U.S. | B+ | Stable | 1,083 | 2/11/2025 | One new factor that could influence production plan is the tariff on Canadian imports that the U.S. administration announced and then quickly paused last week, and the impact that this would have on both Salt and SOP produced in Canada and sold in the U.S. should the tariff eventually be implemented. There's obviously a lot of details to work through, but I'll share a few of our initial thoughts.<br>Regarding our highway deicing business, we don't expect the tariff would materially impact the current year's deicing season as the inventory is largely forward deployed and available for our customers. It does have the potential impact next year as we will need to produce and then move salt across our deepwater network. We're evaluating options to minimize the more immediate impact of such tariffs could have on our C&I, chemical and [ Wineyard served ] SOP business. As we see, this matter will likely be very dynamic for some time, and we will continue to monitor it closely. |
| Aura Minerals Inc. | U.S. | B+ | Stable | 594 | 2/28/2025 | So a lot of gold that is coming from going out of the vaults in London going to U.S., going to China. That might be related to eventual tariff that Trump might put on import gold, which I don't believe that will happen, but some investors want to anticipate that. But it might be also another reason, right? You see more and more the Trump economist talk about gold, importance of gold, putting more reliability on the finance, you see now the Trump administration trying to audit the gold reserves. Trump just mentioned that he would go with Elon Musk on the vaults, Fort Knox and other ones to audit the gold. So that's interesting movement happening around the gold that can even push higher prices to gold as it is today.<br>So what is happening in the world is what we also were discussing along the last years is a debasement of the fiat currency, dollar and all the other currencies. Gold is all-time high for all compared to the currencies. And people understanding that gold does have intrinsic value more than any currency because the world has kind of got addicted to printing money. That started with the pandemic, but nobody stopped. So you see U.S. with a record high |

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| | | | | | | deficit having to print more money. You see Europe also with that having to print more money. And gold is a hedge for everybody that wants to escape from excess of printing money, which is a devaluation of the currency. |
| GrafTech International Ltd. | U.S. | CCC+ | Negative | 539 | 2/24/2025 | We are particularly focused on potential for tariffs, including retaliatory tariffs as it relates to Mexico and how this might impact our North American supply chain. While this remains a fluid situation, we are considering a variety of potential tariff outcomes. We are actively evaluating our response to the various scenarios and are prepared to act in order to minimize any potential impact, whether it be through proactive inventory movements or other adjustments to our supply chain. |

Source: S&P Global Market Intelligence, S&P Global Ratings. Data as of March 14, 2025.

Table 19

## Midstream energy

| Company name | Country | LT FC rating | LT FC outlook | Sales (USD Mn, LTM) | Call date | Earnings call comments |
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| Plains All American Pipeline L.P. | U.S. | BBB | Stable | 50,073 | 2/7/2025 | If you look at our guidance range, we think that guidance range easily encompasses the probable outcomes of what the tariffs may be. But as far as jumping to the conclusions of what they might be and when they may take effect, I think it's just best to know that we've been spending time on it, and we've tried to mitigate a lot of these proactively. And until the tariffs come out on what they might be or if they come out at all, it's really a scenario planning exercise of what might happen in our system. But you should know that we're ready for it. And again, in the end if it comes, our impact, it's going to be within the guidance range. |
| Enbridge Inc. | Canada | BBB+ | Stable | 37,164 | 2/14/2025 | We've got tariff concerns out there, but there's such a hard wiring of the energy system in North America. We just don't see that as a material impact. And I think given what we're seeing from customers, that's actually bearing out in reality, and we're going to see it happen on the investment side as well. Yes. I would say, unless it's a very high tariff and on a prolonged basis, we just don't see significant changes on that front. |
| Sunoco LP | U.S. | BB+ | Stable | 22,693 | 2/11/2025 | As everybody knows, it's early. It's still exactly how everything is going to play out still undetermined but there are a couple of things that we do know. First is that all variables equal, we know the higher tariffs mean higher prices. And within a higher inflation scenario, I think SUN, we have a very demonstrated good track record of strong results in inflationary period.<br>The second thing that we know is that uncertainty leads to volatility. Again, we do very well involved to commodity environments, and we expect volatility to remain high on a going-forward basis. The bottom line is we see this as an opportunity to distinguish ourselves, and we feel very confident about our guidance that we put out for 2025. |
| Targa Resources Corp. | U.S. | BBB | Stable | 16,382 | 2/20/2025 | So we aren't subject to the tariffs. So our procurement group is managing it. It will be a bit of a headwind, but I think it's a manageable one. |
| TC Energy Corp. | Canada | BBB+ | Negative | 9,571 | 2/14/2025 | We continue to assess the ongoing trade negotiations between the U.S., Canada and Mexico. There is significant energy flow between 3 countries, making our energy markets highly interdependent. We believe the 30-day pause on potential tariffs will support increased engagement with North America's leaders in order to reach an agreement that will benefit consumers across the continent. Given that 97% of our comparable EBITDA is under regulated cost of service frameworks or take-or-pay contracts, we do not anticipate any material impact on our financial performance. |
| Pembina Pipeline Corp. | Canada | BBB | Stable | 5,132 | 2/28/2025 | No immediate financial impact from the tariffs. We've been largely positioning ourselves, not tariff specific, but largely positioning ourselves as much off the West Coast as possible. And so that's really helped insulate us, first of all. And then I'd say, secondly, at least to date, we've seen a fairly reasonable approach with buyers where tariffs could have an impact and I think we will certainly be |

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| | | | | | | adding terms that are tariff specific and finding the right way to get that business done. It's not a big concern for us going into the NGL year. |
| Enerflex Ltd. | Canada | BB | Stable | 2,414 | 2/27/2025 | Based on currently available information, the direct impact of tariffs on Enerflex's business is expected to be mitigated by the company's diversified operations and proactive risk management. Enerflex's operations in the U.S., Canada and Mexico are largely distinct in the customers and projects they serve with negligible cross-border traffic for finished goods. The company has been working to mitigate the impact of potential tariffs. The U.S. is Enerflex's largest operating region, generating 45% of consolidated revenue in 2024 by destination of sale and we believe the company is well positioned to benefit from growth in domestic energy production.<br>Enerflex's operations in Canada and Mexico generated 10% and 3% of consolidated revenue in 2024, respectively.<br>Tariff impacts for us are largely a supply chain issue. And our -- 70% of our business roughly is infrastructure and AMS. And in those 2 -- in the infrastructure business, especially, our 3 biggest costs are lubricants, people and spare parts. And the spare parts are largely sourced out of the U.S. and we've been working closely with the providers of those spare parts to understand if they anticipate any increases in prices based on having to buy materials that will now have tariffs on them. And we've been working with those suppliers for going on 6 months now. And like we said in the prepared remarks, we're being proactive in doing our best to mitigate the potential impact.<br>But again, that's the third out of the 3 costs on pretty high-margin businesses. The Engineered Systems business is the one that has the biggest supply chain management requirements of us. And in the U.S., which is our biggest Engineered Systems business by far, we source in the U.S. and build equipment for U.S. customers primarily. And so again, we've been working with those -- with our supply chain to try to understand the impact of any price increases. But know also that when we quote new equipment, we put pretty short pricing validities on those quotations. And as soon as we get the orders, we work very diligently to lock in all of our major expenditures with our suppliers. And when there's not a lot of tariff noise going on, you could give a client a quote and it's good for 30 days, maybe 60 days and you could pretty reliably represent that price if you get an order.<br>These days, we got price validities to, say, 10 days or 5 days and we're in constant communication with our suppliers to make sure that they're not expecting price increases because if they're expecting and they tell us about it, we can capture it and make sure our customers know very quickly so that we're not caught, so that we're not caught unawares. And well over 60% of our costs for Engineered Systems projects are locked in within the first couple of weeks of getting the order. So it all happens very quickly. And unfortunately, we had to dust out the playbook from 2016, where we had the exact same situation going on when there were steel tariffs put in place by the first Trump administration. |
| South Bow Corporation | Canada | BBB- | Stable | 2,120 | 3/7/2025 | While a very small component of our business, the ongoing uncertainty around tariffs may create headwinds for our uncommitted capacity. Fortunately, for us, we have such a strong contracted base. I mentioned 90% of our EBITDA is fully contracted. So with what we see today, we believe we can manage the balance of the uncertainty on tariffs within that 3% range on our guidance. |
| Kinetik Holdings Inc. | U.S. | BB+ | Positive | 1,483 | 3/10/2025 | Oh tariffs. How can I forget tariffs? Tariffs is like literally the frenetic activity of every day within our business, who, when, what, how. It's about $15 million to $20 million, I think, is the impact, if I'm not mistaken. We got a lot of pipe. It was mainly steel for us predominantly because we've got the ECCC, Olympus North, low pressure in and around Carlsbad. There's a lot of steel. So we had secured a lot of it, no Kings Landing because that all had been taken care of. But it certainly was all of the additional development we see in Carlsbad, which is pretty strong. And obviously, ECCC, which we announced at the end of last year. |
| Archrock Inc. | U.S. | BB- | Stable | 1,158 | 2/25/2025 | The tariff question is vexing. I think it's very difficult for anybody to answer with any certainty. I'll point out that we and our major vendors and including the OEMs source most of their material in the U.S. So the supply base will have some time before tariffs could impact it. We need to watch it carefully. We don't have any |

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| | | | | | | certainty on this, but there is, of course, a risk that longer term that steel tariffs could impact the business in the same way that some of the supply chain challenges did back in the 2020 and 2021 time frame. But we're not expecting that. We're working closely with our key suppliers now to assess that risk, and we don't see it as being material at this time. |
| USA Compression Partners LP | U.S. | B+ | Stable | 950 | 2/17/2025 | As it relates to steel tariffs, that's a tough one. It's a brand-new factor that we're thinking through. Obviously, have been hearing about the potential of oil tariffs in the market and that got pushed or at least punted a few months. But steel tariffs and the implications for both compression and compression manufacturing, even though a lot of our specific components are U.S. born, they still do have steel associated with it. And then the implications for the broader industry, upstream and midstream, I just think it's too early to make a determination on that. |
| FTAI Infrastructure Inc. | U.S. | B- | Negative | 331 | 2/28/2025 | I do think that the recently announced tariffs for U.S. Steel and their specific facilities in the Mon Valley and Gary should be good things. We should see an uptick in volumes. Their volumes really do go to the domestic market with pressure on imports for purchases of steel products, that's a good thing, for these U.S. steel facilities. |

Source: S&P Global Market Intelligence, S&P Global Ratings. Data as of March 14, 2025.

Table 20

## Oil and gas

| Company name | Country | LT FC rating | LT FC outlook | Sales (USD Mn, LTM) | Call date | Earnings call comments |
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| Exxon Mobil Corp. | U.S. | AA- | Stable | 340,568 | 1/31/2025 | All the work we've been doing over the last 8 years has been to drive our production to the low end of the cost of supply curve so that we have a significant margin versus the last marginal barrel of production that's required to meet the market demand. None of that's going to change with tariffs. That's all going to get shifted around. |
| TotalEnergies SE | France | A+ | Stable | 195,610 | 2/5/2025 | On the tariff, we are entering a new world. None of us have never worked in a world of tariff or tariff wars. It was the old world. We have built a global world with almost no tariff. So we thought everything was easy to move.<br><br>We could have some difficulties. It's true that you have some spares some value chains, but it's true for not only for refining or downstream, it's true for car manufacturing. A lot of spare parts are moving across the border between Mexico and the U.S. So you could have this type, which is a trend, which is not a good news.<br><br>You could have also some good effects for European refiners, if you have a tariff on heavy crude oil in Canada, you will benefit of it. So yes, you might have your effect. At the end of the day, I think my view is that the U.S. administration will be pragmatic in the interest of the business people. It's fundamentally, it's a country where business is first more than in Europe. In Europe, we can't shout. We don't listen too much to us. unless we take strong decision. In the U.S., we are more open to that, including the President. So I say, let's say, today, you have a sort of -- I think '25 will be a little shaky. So let's be ready. But maybe it's the best for us is to not to take too quick decision in the wrong way, to observe what will remain really policies in place. |
| BP p.l.c. | U.K. | A- | Stable | 187,386 | 2/11/2025 | How do you see the impact of U.S. tariffs on Canadian crude on Whiting's refining margins? Pretty difficult to predict is my answer. We have the ability to flow volumes south to north in the U.S. if we need to. Obviously, the Canadian producers have optionality to flow some product to the West Coast and overseas as well. Upon announcement of the tariffs, the WTI-WCS spread opened up quite a bit, probably absorbing half of that tariff.<br><br>So I think it's a very, very dynamic scenario, and it's very difficult to predict what will happen to margins on the northern tier. And so we'll just have to watch and see how the market turns out on this one. I don't think it's straightforward because there are so many different flows that get impacted with Mexican flows with Southern U.S. to Northern U.S. flows, with Canadian flows. So I |

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| | | | | | | have studied it heavily with the teams, and I'm afraid I find it very, very difficult to predict what will happen, but we will update you in due course as we learn about it. |
| Phillips 66 | U.S. | BBB+ | Stable | 143,153 | 1/31/2025 | On the tariff question, I think, first of all, we don't know if we're going to have tariffs. But assuming that there are tariffs in Canada and Mexico, our view is that both markets will act a little bit differently. So we think tariffs in Canada, first thing that happens is TMX gets filled. The second thing that happens is, currently, the inventories are low, the inventories will start to fell. But ultimately, the differentials, the WCS differential, will widen to incentivize crude to move into the U.S. because crude actually has to move into the U.S. There's a lot of value in Canadian crude before there's any production cuts.<br>I think in PADD IV and parts of PADD II, there aren't as many alternative supplies, the [ crack ] [indiscernible] will also have to do some work.<br>And then on the Mexico side, Mexican tariffs, there's about 450,000 barrels a day of Mexican crude that comes into the U.S. We think that crude will be displaced. It will move to Europe, maybe Asia, and other crudes will come in. We would expect to see the heavy crudes firm a bit just on the inefficiency of logistics. But as the year goes on and OPEC puts more barrels back on to the market, we would expect those differentials to widen back out. |
| Valero Energy Corp. | U.S. | BBB | Stable | 129,881 | 1/30/2025 | The discussions on sanctions and tariffs are really what's driving the market. And until we see some resolution to that, I don't expect any meaningful moves in the quality differentials. It's so difficult to tell because it's been going along at the same time with all these tariffs and sanctions discussions<br>For the most part, our Quebec system is short gasoline. So we import gasoline, a lot of that tends to come from Pembroke. There are periods in the year where we're long diesel. And typically, that does go to New York Harbor. We could place those barrels anywhere in the world. So I wouldn't expect to see a throughput reduction as a result of tariffs. |
| SK Innovation Co. Ltd. | South Korea | BBB- | Negative | 56,982 | 2/6/2025 | Oil prices may be influenced by uncertainty on Trump 2.0 tariff energy policies, but Russia regulations and strong measures from OPEC to support prices are expected. Thus, oil prices are expected to be at the high $70 range until March. In light of the high market volatility due to the U.S. tariff policy on Canadian and Mexican oil, the company is planning to flexibly adjust run rates according to refining margin and market outlook and increase the import of heavy -- extra heavy oil to flexibly address market changes. |
| ConocoPhillips | U.S. | A- | Stable | 56,450 | 2/6/2025 | It's something that obviously, we've been looking at closely. And no surprise, our primary exposure to the tariffs that were announced last week would have been the sales of our Surmont liquids into the U.S. We sell around half of our Surmont liquids into the U.S. on a mix of pipeline and rail, but the remainder is actually transported to the Canadian West Coast or sold in the local Alberta market.<br>So if tariffs were to be implemented, it's pretty difficult to say exactly who is going to carry the burden where. The refiners in the Midwest and the Rockies have less options to substitute versus, say, the Gulf Coast or the West Coast refiners. Maybe just thinking about our other asset in Canada, the Montney, very quickly. So we don't actually sell any liquids or gas into the U.S. from the Montney. And we're actually pretty naturally hedged on gas between Montney and Surmont.<br>And if you come up above Canada and think about ConocoPhillips as a total, this is where our diversified portfolio really comes into play to provide some mitigation if we were to see tariffs, we'd likely see strengthening differentials for Bakken, for ANS and possibly even the Permian. So lots of moving parts. And I mean I'm probably just scratching on the surface of the implications. We'd also see movements in foreign exchange rates that we'd have to factor in. So there'll be an awful lot for us to work through. We hope to see that we don't get in a situation of having tariffs, but we'll obviously be doing the work to make sure that we're prepared if they were to come into play. |
| Repsol S.A. | Spain | BBB+ | Stable | 53,201 | 2/21/2025 | Any difficulty to use the Canadian or Mexican heavy oil in the North American or U.S. market means more products in the market, higher discounts and opportunities for the Repsol's |

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| | | | | | | refining business. So I mean, probably nothing is going to happen, but in case of seeing something like that is not bad for our refining business at all. |
| Cenovus Energy Inc. | Canada | BBB | Stable | 37,723 | 2/21/2025 | Different grades move in different times in response to market. And we've seen broadly, over time, about a 50-50 split of deliveries to Asia and California. So without tariffs, that continues unabated. Should tariffs show up, that would obviously look to an economic reason for rebalancing. We expect that would obviously drive as much volume as possible through Trans Mountain, perhaps beyond the contracted capacity, provided that, that volume can find a home out the dock and then it would preferentially head globally rather than to California.<br>We believe that demand at the dock will be robust for folks that want to come and pick it up there and take it and move it to the best global locations. So predicting the future a little bit, should tariffs come to pass, I think we would see increased flow in that direction and a rebalancing away from the U.S. and the balance to head globally.<br>When you kind of look at the spectrum of all the things that impact our cash flow, it's really not clear to us who's going to pay which portion of the tariff as well as what the overall impact would be to the company. So what we're doing is we're watching the price signals very closely to get a feel for that. And if we are in a world, unfortunately, in March where tariffs do come, we will watch those price signals and react accordingly. |
| HF Sinclair Corp. | U.S. | BBB- | Stable | 28,580 | 2/20/2025 | Tariffs are something that we've been looking at quite carefully. We have a full event command team looking at all the potential scenarios. And what we believe in our refineries is we have the ability to lighten up, and we're connected to many different hubs. We're connected to Guernsey, Cushing, even our own crude acquisition in the Permian, A&S. And to be honest, we think we will deal with whatever the market gives us. What we saw early on when the market opened up shortly after the proposed tariffs is, there were some indicators. And we think that a good portion of those tariffs will be borne by the producer and to a lesser extent, a customer but we have the ability to be flexible. And so we'll take those decisions as they come with whatever is enacted from a tariff perspective. |
| Baker Hughes Co. | U.S. | A- | Stable | 27,829 | 1/31/2025 | The demand outlook has an element of uncertainty given the potential for U.S. tariffs, which would likely dampen growth in key oil-consuming countries like China, where persistent structural imbalances still weigh on the economy. |
| Canadian Natural Resources Ltd. | Canada | BBB- | Stable | 24,781 | 3/6/2025 | It is our view that the U.S. consumer is going to end up having to absorb the cost of the tariffs. To what degree? We're not exactly sure how the market is going to play out. It could be on a shared basis. It could be leaning more towards the U.S. consumer paying more for it than the producer would. We'll see how that all balances out. But certainly, in our view, we believe it's going to be not all placed back on the producer. |
| Devon Energy Corp. | U.S. | BBB | Stable | 15,171 | 2/19/2025 | Obviously, there's been a lot flying around on tariffs and your guess is as good as mine as to when those will land and what will be the go-forward game plan. But we have done some work with our supply chain team to try to understand what that could look like, what the impact would be. Frankly, as we've done the rough math, which I would describe as pretty aggressive but kind of assuming that the tariffs were in place today, all the tariffs that have been talked about are in place today and carried forward into the future, we view it as less than a 2% impact on our overall capital program for the year. So we really don't see it as a big impact at this point in time. |
| Ovintiv Inc. | U.S. | BBB- | Stable | 8,943 | 2/28/2025 | We anticipate a pretty modest impact to our business. And let me kind of dig in and describe it a little bit more. As you flagged, there's still a fair bit of uncertainty about timing. Is there going to be any exceptions? What are the magnitude of the impacts and how are they going to be expressed in the market? And so what we've done is, as you might expect, sort of a ranging type scenario from sort of a more moderate tariff scenario to a more extreme tariff scenario. And even in the more extreme pictures that we can paint, it is a very modest impact to our cash flow in '25.<br>Maybe I'll just flag because it might be helpful for folks to understand the different places that we would see tariffs potentially impacting our business. We'd expect to see something in the supply chain. We already have the steel and aluminum |

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| | | | | | | tariffs in place, so that largely shows up as an OCTG impact. And remember here, we source all of our OCTG domestically in the U.S., but there could be some bleed-through to domestic prices because of the tariffs on international imports. So we've been proactive in purchasing and pricing a significant part of that 2025 supply chain already. But we don't anticipate that to be a severe effect.<br>On the gas side, of course, we export gas into Chicago and into the U.S. West Coast. And so there could be impacts there which also could see some bleed-through into the AECO and the Dawn markets. Again, all of this conditional on are there reciprocal tariffs for the gas that Canada imports. There is a range. And then, of course, all of our condensate we sell that domestically within Canada. And then finally, the sort of counterbalance point is around foreign exchange. And I'd say the consensus view is that tariffs on Canadian imports into the U.S. would strengthen the U.S. dollar relative to the Canadian dollar. And for our business, a lower Canadian dollar is favorable for free cash generation.<br>So you kind of put all those different categories together and their net-net scenarios suggest pretty neutral in terms of an impact to our 2025 cash flows, even in that more extreme tariff scenario picture that we can paint today.<br>And we've also thoroughly reviewed our supply chain for where are the other pinch points, whether it's pipe valves and fittings or chips or any of the pieces and parts that we utilize every day, to make sure that we don't wind up into a sole supplier-type dynamic and see a disruption or see a big tariff impact. And the team has done a really good job over the last several years of digging deep into our supply chains to make sure we had security of supply. That was our initial concern. So we've traced all of our not only initial but secondary supply chains of our providers all the way back to where the products are being manufactured and to guarantee security of supply, and more recently that then applies to making sure we can not only get what we need, but also get it at the right price to avoid potential tariffs.<br>And so this year, we've secured predominantly all of our tubulars that we're going to need for the year. Most of those are done domestically, but so we've locked in pricing and then locked in supply. A lot of the other smaller items, we're working through sure we've got access to those at fair prices as well. So any tariffs or other volatility should be relatively minor as they flow through to our overall capital cost. |
| SECURE Waste Infrastructure Corp. | Canada | B+ | Stable | 7,417 | 2/21/2025 | The dialogue with the implementation of U.S. tariffs, including tariffs on imported steel and aluminum and upcoming tariffs on oil and gas. Regarding the impact to SECURE, it is important to note that recycled scrap steel is exempt from these tariffs and if upheld could actually benefit our metal recycling business.<br>Historically, similar tariffs have led to increased demand for scrap metal. We anticipate a similar market response, potentially driving up scrap metal pricing and creating a favorable environment for our metals recycling business.<br>Our oil and gas customers will be impacted by the tariffs. However, we expect the impact on SECURE waste and oil volumes to be insignificant. We believe the current market fundamentals, strong producer balance sheets, a favorable commodity price environment and a weaker Canadian dollar offsetting some tariff-related costs will sustain activity levels and production growth. However, broader shift in upstream activity could influence waste and energy volumes over time, depending on further increases to tariffs, if they are implemented.<br>As U.S. refiners are heavily dependent on Canadian crude, particularly in PADD 2, where there are no viable alternatives to heavy crude feedstock, the long-term feasibility of these tariffs remain uncertain. Political and economic factors may drive policy adjustments, including exemptions or retaliatory measures from Canada. Despite the volatility and trade policy discussions, SECURE is well positioned to navigate these shifts. And at this time, it does not result in any changes to our 2025 guidance, where we provided a range of EBITDA of $510 million to $540 million.<br>We're very pleased to hear that scrap metal won't be subject to tariffs. That's huge for our business. We've been talking for a long |

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| | | | | | | time that these electric furnaces that only take scrap material is a growing market, and we see growing demand<br>Yes. I think when you look at the tariffs and the impact on our oil and gas customers, I think there's been lots of analysis, whether it was going to be a 25%, whether it's going to be a 10% impact. I think -- and I've heard varying degrees of some of that tariff increase is going to be borne by the producer, maybe 30%, some by the refiner in the U.S., and then ultimately, the consumer, so 1/3, 1/3, 1/3, 50-50.<br>But I think when you start you start looking at it from a producer perspective, the heavy differential widens out of $2 or $3. They're getting less from the perspective of the widening differential. However, what we saw early February was a weaker Canadian dollar on the back of the tariffs. And so because they're selling in WTI in U.S. dollars, they're getting the benefit of higher cash flow from a weaker Canadian dollar. So it's a bit of an offset. So some of the ranges I've seen from an impact on cash flow from our customers is in that 3% to 5%. |
| Chord Energy Corp. | U.S. | BB | Stable | 4,918 | 2/26/2025 | I think in general, when you think about tariffs, when a tariff is implemented, generally, it's to the benefit of the domestic producer. And I don't think it would probably be much different here. I think from a refining -- from an oil perspective, there's probably some level of incremental pain felt by the refiners and the foreign producers and maybe small incremental benefit to the domestic producer. I don't think it's dramatic, but I think that's probably -- you probably see a small incremental pull from the domestic barrel. |
| MEG Energy Corp. | Canada | BB- | Stable | 3,579 | 3/3/2025 | Looking back at the quarter, our exports from the Gulf Coast were in the 10%, 20% range. As we look ahead to the potential possibility for tariffs, certainly, our diverse market access strategy, the assets that we have in the Gulf Coast position us well to be able to ramp up those exports very quickly.<br>So with the tankage and the dock space we have, we definitely have the ability to move more barrels. And so depending on the details behind the executive order, based on what we've seen today, we believe that more than half of our sales could be non-tariffs.<br>When you consider the impact of tariffs, we actually think it may be relatively muted. We do expect that you would see a widening in the differential at a 10% tariff. You might see a $2 to $4 per barrel widening in the WCS diff, but we're also seeing a weakening in the Canadian dollar at the same time that's going to offset that. So from a high-level perspective, it does reduce the free cash flow, but the impacts are relatively low and you're unlikely to see us get out there and hedge the WCS diff. |
| Strathcona Resources Ltd. | Canada | B+ | Positive | 3,300 | 3/6/2025 | Our view is that tariff is ultimately going to be a total cost on a combined basis to folks in the upstream and downstream of about $5 a barrel. So far, what we've seen is that since the WCS Houston benchmark has strengthened by about $2.50, meaning in turn that downstream purchasers in the states are having to pay about $2.50 more per barrel -- for our barrels. Effectively, that means that the consumer in the states is bearing about 50% of the cost.<br>On the flip side, what we've seen is in Canada, the discount for WCS Hardisty has so far moved by about $1.50 to $2 a barrel, which in turn is that cost that folks up here are currently taking of the tariff.<br>In terms of what that means for Strathcona, of the 115,000 barrels a day of oil that we make, about a total of 85,000 is sold in Canada and the real way we get in turn is just on a slightly lower price in terms of the net effective WCS price that we sell at here.<br>In terms of the 30,000 barrels a day that we sell via rail, we will be the payer of that, call it, $5 per barrel tariff effectively at the point at which our trains across the border. But as I said, since the prices that we're getting on the Gulf Coast have strengthened by, call it, $2 to $3, in turn, the net cost is about $2 per barrel. I'd say that on top of that, net-net, since we are so well hedged on both sides of the border in terms of the net-net effective price plus the fact that the Canadian dollar is a lot weaker than pre-tariff, all in, we think the net final price post tariff is, I call it, the same as we were being paid pre-tariff.<br>There are some smaller materials that obviously we could be exposed to depending on the counter tariff, which would be me speculating right now. But on things like some of our drilling costs, |

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| | | | | | | our casing and our mud, those costs are something that we are exposed to but a much smaller extent of the project cost. And those aren't part of the tariffs as far as I know as this morning anyways. |
| Baytex Energy Corp. | Canada | B+ | Stable | 2,314 | 3/11/2025 | As far as we know, the tariffs have been implemented and are effective this morning. So that's the best information we've got. The structure of these is still, I think, a little bit of a moving target because things are -- things move around, it seems like constantly. What I would say is these are import tariffs, so products flowing into the U.S.. The importer is charged a duty, and that duty is the direct kind of first order consequence of the tariff.<br><br>And that's pretty straightforward, I think, to calculate. The thing that becomes really difficult is the second and third order consequences and how those impacts are distributed to the economy, all the forward and backward linkages and what that means to distribution of impacts. My hunch is that if the impacts are uniform on Canadian energy imports to the U.S., that it's going to disproportionately impact Midwest refiners because of their dependence on pipeline connected WCS. And I expect that to be pretty substantially negative, and that's not going to be entirely borne by the Canadian energy exporter. That's what I think will ultimately begin to happen. But I think the tariff conversation, both the quantum and some nuance between product streams is also probably still a moving target.<br><br>We are shielded to a certain degree because 60% of our production originates on the U.S., Texas Gulf Coast, sold -- produced in Texas, sold in Texas, denominated in U.S. dollars and handled in our U.S. operation, our U.S. organization and paid down against U.S. debt, all within the ring-fence of the U.S. to the extent that, that all happens within the 4 corners of the U.S. And that protects us. That insulates us. To what degree over the long arc of time, that's all going to change and kind of share impacts, it's difficult to know. But we do expect some insulation directly as a consequence of that 60% cash flow from the U.S. |
| Vital Energy Inc. | U.S. | B | Positive | 1,952 | 2/20/2025 | We're secured out through most of '25 on OCTG, and that's really where we see the most exposure to potential tariffs. If it extends out into '26, we have a little bit less contracted. I think that there's opportunity probably for some of the service providers to start to pass through some of those costs, but very little exposure this year. |
| CES Energy Solutions Corp. | Canada | B | Positive | 1,636 | 3/7/2025 | This rather sudden 33 rig or 17% increase in our rig count since November, combined with strategic purchasing in anticipation of tariffs has led to some working capital build within the business during the past few months. We expect all of this noise to level out back to historical levels in the coming months and quarters.<br><br>Our current outlook does not anticipate a meaningful impact on our business from tariffs. The most immediate impact we can clearly identify revolves around exchange rate and the depressed Canadian dollar. In our Canadian businesses, starting with currency, the roughly 8% decline over the past few months in the value of Canadian dollar versus the U.S. dollar is causing us to have to revisit pricing with customers on certain product lines. These are for products sourced in the U.S. and abroad in U.S. dollars, due to the increased cost of goods.<br><br>I will also note that Canada accounts for approximately 1/3 of our overall corporate revenue. With regard to Canadian counter tariffs, I will just broadly state that so far of the counter tariffs imposed by the Canadian government on March 4, the impact was insignificant. Based on our early assessment of the Phase 2 list scheduled for March 25, and the tariff exposure to CES would be higher than the Phase 1 impact, but still insignificant. Regardless, we and our peers will provide the Canadian government with input in order to attempt to support the exclusion of some of these items.<br><br>If certain items remain on the list, price increases will have to be implemented by ourselves and our competitors to the operators in order to counter the effect. I will also state that we believe we will have an advantage should this take place because we do have reacting and production capabilities at Sialco in Vancouver that none of our competitors in Canada have. We are currently looking at switching more production of products for Canadian consumption from the U.S. to Canada as it is possible. I will note |

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| | | | | | | that this is not a flip-the-switch type transition though. It is complicated and will take time.<br>Now for our U.S. businesses. When it comes to exchange rates on products going from Canada to the U.S.A., insignificant volumes are currently bought or manufactured in Canada for U.S. consumption. Therefore, we currently see this risk as almost zero. With regard to USA tariffs, these may have a small effect on a handful of specialty chemicals, which we produce in Vancouver for use in the U.S.A. We are currently rearranging some production schedules in order to free up some Kansas reactors to take over this production due to the USA tariffs already announced.<br>But I will state again, the impact is expected to be insignificant. Throughout this explanation of tariff challenges, I have consistently used the word insignificant when describing the impact on our revenues and profitability. To make my definition of insignificant clarity to you all, this means less than 0.5% of revenue exposure total.<br>However, we can reduce this exposure to zero as we were able to address our manufacturing schedules to producing as much as possible for consumption within the same country as it is manufactured. Once again, the risk on this correction is simply the timing lag. |
| Bristow Group Inc. | U.S. | B | Stable | 1,415 | 2/27/2025 | Yes. That's an important question, definitely something that we're actively monitoring. As an aviation operator, we do have a large and very international complex supply chain. So tariffs are really anything that introduces uncertainty to that supply chain would be a potential issue for our business. We do have a portion of our supply chain that comes through Canada, engines and other components. And we have a heavy portion of our supply chain that's coming out of Europe. So this is definitely an important issue that we monitor. As it relates to the new deliveries that we're bringing into the fleet, whether it's the H135 light twins that we're taking delivery of right now or the AW189 orders that we have in place, those are fixed and firm prices. So we will not be impacted by tariffs. |
| Precision Drilling Corp. | Canada | B+ | Positive | 1,322 | 2/13/2025 | We did a detailed deep dive for our Board a few days ago to make sure they understand kind of what the levers are that we have. First thing I'd tell you is that when the tariff discussion was kind of dropped from 25% down to 10%, there's kind of a huge side relief among the Canadian operating companies. So I think what that means is that the tariffs are far less impactful than large swings in WTI or large swings in Canadian exchange rate. And so far, what we've seen is that the tariff has actually caused the Canadian exchange rate to be more unfavorable to the Canadian dollar, which is more favorable to our customers selling their product and oil. So a little bit of that tariff impact has been marginalized up by the exchange rate change. I still worry more about the larger macro impacts. We don't know what's going to happen with Russia. We don't know what's going to happen in the Middle East right now. There's a lot of uncertainty there. And I think those macro events could have more impact on activity than the tariff issue. And I think we'll have a little bit of friction in some of our costs if the maximum tariffs are exercised. But we've got a very diverse supply chain, and we've got, I think, ways to manage around the tariffs, the general manufacturing, bypassing some of the areas that are tariffs stick. And so I mean our conclusion with the Board is that the macro risk that we always face every day in this business is still there, and the tariff risk has been mitigated by the lower tariff levels are being brought forward. |
| Vermilion Energy Inc. | Canada | B+ | Stable | 1,253 | 3/6/2025 | We continue to monitor the tariff situation between the U.S. and Canada, which includes a 10% tariff on Canadian energy exports. Over half of Vermilion's revenue is derived from assets located outside of Canada and a vast majority of our Canadian gas production is sold within Canada. As such, we do not expect the tariffs in place today to have a material impact. |
| Tamarack Valley Energy Ltd. | Canada | B | Stable | 976 | 2/25/2025 | From a macro perspective, as we look into 2025, we strongly view heavy oil as fundamentally well positioned. There's low inventories in Canada coupled with the enhanced egress takeaway through the TMX startup positioning heavy oil well. When it comes to the tariffs, we don't obviously know what we don't know here. But what we will say is from an operating leverage perspective, Tamarack has a sustaining breakeven of approximately USD 38 per barrel WTI inclusive of our dividend. So there's lots of margin in |

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| | | | | | | our barrel to sustain any potential moves in the differential that may come with the potential for tariffs here.<br>The other element of that really is what happens to FX, and a weaker FX will offset some of that move in the widening of the diff should that come through. |
| Gran Tierra Energy Inc. | Canada | B | Positive | 622 | 2/24/2025 | And with respect to where we sell our production. In Canada, we sell most of our production domestically. And I think what's happened, if you look at the tariff talk, we're quite well insulated. If you look what happened to -- all of our oil in Canada is light oil which is consumed domestically. A lot of it is diluent. And if you look what happened to heavy oil or light oil spreads in Canada, they widened by about $1 with the tariff talks. If you look what's happening in South America, differentials are tightened by $3. Vasconia has gone from $5 to $2 right now. And so -- and we produce 10x amount more production in South America than in Canada. So the diversification does help us, and we'd actually be a net benefiter of tariffs to the extent that they do come in. |
| Nine Energy Service Inc. | U.S. | CCC+ | Stable | 554 | 3/6/2025 | But at the moment, if the tariffs are to stay in place, yes, there will be impacts to the supply chain. And those -- I'm sure most of the service sector plans to pass those through. And that is the plan at the moment.<br>So -- but if the tariffs stay in place and we don't reach any negotiations with our friends to the North and South, and yes, there will be impacts that will be passed through to the customer. Well, I think the whole sector is probably most concerned around steel. Certainly, cement is a concern. But in steel, that touches so many different areas of of the well, and the construction of the well. And it also, of course, touches [indiscernible], it touches called coiled tubing string. So a lot of different components here.<br>And I think what's very challenging for every U.S. entity when they look into their supply chain is really to understand the impact because there's a lot of there's a lot of inputs that you can't see. So you might assemble something you might add value to it in the U.S., and all those various small components and ingredients to make these [ cakes ]. We're a very global economy, as you well know. And it's -- we're -- at the moment, we're inextricably linked. We're starting to see potentially a delinking of that.<br>So I think many people even understanding the tariffs is still difficult to understand the impact on the supply chain until we actually get into it. So let's hope that we reach some negotiations, and we can figure out how to lessen the impact here. But regardless, the service sector will be passing this through to the upstream customers, in my opinion. |

Source: S&P Global Market Intelligence, S&P Global Ratings. Data as of March 14, 2025.

Table 21

## Paper and packaging – Containers and packaging

| Company name | Country | LT FC rating | LT FC outlook | Sales (USD Mn, LTM) | Call date | Earnings call comments |
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| Smurfit Westrock Plc | Ireland | BBB | Stable | 21,109 | 2/12/2025 | Obviously, we don't know what's going to happen regard to tariffs in March, and that's an open question. A the end of the day, it's not us, our products that cross the -- we have a very small amount of direct products of ours that transfer across the border, but all the food and vegetables, fruit and vegetables that we do, protein that we do on the Mexican border, the Maquiladora region is going across the board, and we package a lot of that. So there will be a, I would say, a very significant customer effect. And obviously, tariffs are on the consumer. So at the end of the day, is the consumer going to pay 25% more for their avocados and their oranges and the pears and their apples or whatever they buy? We'll have to wait and see because that will be up to the American consumer and how that affects demand.<br>With regard to Canada, I mean, Canada is slightly different for us because we've one big mill in Canada and exports to the U.S. And obviously, that would -- if that mill had to apply a 25% tariff, we'll have to figure out how we would adjust that mill situation there |

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| | | | | | | because that would be very uncompetitive very quickly. So we'll have to think about that.<br>So there are 2 different things. Mexico is really end customer effect on consumer in America and the other is one specific asset we have in Canada. |
| Amcor plc | Switzerland | BBB | Stable | 13,540 | 2/11/2025 | From a tariff standpoint, I think our business is very regional. And in North America, particularly, the level of imported goods is really very low and typically, in specialty products that we can't get in this region. So from a tariff standpoint, that would be factored into the cost and then passed through. So we don't really see a lot of impact on our business just because of the regional or local nature from any tariffs impacting the cost base.<br>We're a very regional business. And if anything, we've become more regional given the experience from the past prolonged supply chains have essentially sort of created risk on the service levels to your customers. So we have even tried to shorten supply chains over the past. And in terms of the ability to pass through tariffs, in some cases we even have agreements with customers that would be based on indices that would allow us to pass on these additional costs. So I think we're in a spot where, because we're regional, because we have some pass-through opportunities, we feel we're not immune, but somewhat robust against the tariffs. |
| Crown Holdings Inc. | U.S. | BB+ | Stable | 11,801 | 2/6/2025 | I think the biggest impact from tariffs is likely to be the impact that the consumer is going to feel if there is an inflationary impact from tariffs. So indirect to us.<br>I'm going to say almost all of the aluminum, I think it is all, I think, but almost all of the aluminum we buy in the U.S. is domestically sourced. Our aluminum that we buy in other regions in North America does not come from the U.S. So we're not seeing any of that. There will be other direct materials that do come from the U.S. to Canada and Mexico, coatings and the like, and we'll have to work through that. And on a sales point of view, what we make in Mexico stays in Mexico. Almost 99%, 98% stays in Mexico. So we don't expect our Mexican customers to feel the pinch of having to export their product from Mexico into the U.S.<br>We make -- I think, everything we make in Canada in beverage stays in Canada. Maybe there's some exported Canadian beer back to the U.S., but that's always what it's been, and they generally sell for premiums anyway. There are food cans and aerosol cans that move across the border from the U.S. into Canada. And to my knowledge, there is not a sizable food can or aerosol can manufacture in Canada. So I would expect that we're going to have to pass those costs on. So from where we sit on tariffs, it feels like it's an indirect exposure that we have if the consumer feels the pinch from inflation further and dials back their purchasing habits.<br>Yes. I think the opportunity is that with more appropriate tariff levels on China, perhaps even higher than the President recently announced we protect the domestic transit business as well as the domestic food can and domestic aerosol can business. So there's an opportunity there. We'll see. One thing that's not talked about a lot and the can Manufacturers Institute just wrote a letter to President Trump, and we're hopeful he undertakes it seriously. But the 232 tariffs implemented in 2018 had the negative knock-on effect of customers and others circumventing the 232 tariffs on tinplate and just importing filled goods from China. So when you buy your peaches or you buy your vegetables, you're getting Chinese corn. You're not getting corn growing in the U.S. by U.S. farmer under USDA regulations. You don't know what you're getting. So in a lot of ways that could be helpful. We'll see where it goes. |
| Ball Corp. | U.S. | BB+ | Stable | 11,795 | 2/4/2025 | What is imminent is what's happening to the aluminum supply chain in China, and we have spent the better part of the last few weeks mitigating what started as a potential $40 million to $50 million issue. And I think we've got that resolved down to millions of dollars, a couple million dollars. So we've renegotiated deals with the supply base. We've enforced elements of our contract, a lot of that metal was going into South America actually because a lot of these supply chain -- metal supply chains have been altered significantly back in the '15 and '16 time frames. So that one, you can put that one to bed as it having minimal nominal year-over-year impact to us. |

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| | | | | | | But for the piece coming across the border from Mexico, it would be really consumer additional pressure there in volume. The good news is some of the stuff that comes across the border from Mexico is the growing aspect of your beer portfolio. Obviously, we've been in constant contact with some of those customers. And we've got plans in place to help risk mitigate, but if it's 25%, that's a vastly different story than a 10% versus the 2.5%. And the 25% to me would be more concerning than in terms of a pretty stressed in consumer. |
| Ardagh Group S.A. | Luxembourg | CCC- | Negative | 9,123 | 2/27/2025 | It's very hard to make some assessments really on tariffs. I think we're seeing concerns across not just North America but also Europe as well, with regard to the announcements that are coming out. I think in general, the one thing we can say is we are seeing the temps and tariffs in China, which may have some impacts with regard to some of the volumes in North America, particularly around wines and maybe in food. But it's really hard to make a full assessment. |
| Avery Dennison Corp. | U.S. | BBB | Stable | 8,756 | 1/30/2025 | Our direct exposure to tariffs is very limited. We largely procure and produce and sell in the same region. And when we procure internationally, we have multiple suppliers that we're able to leverage.<br>About half of our China business is actually in our Materials group, which the vast majority of which is basically sold is labeled in the Chinese market for label consumption in the Chinese market. The other half is in our apparel business, which we add tags and labels to garments that are largely exported to the U.S. and Europe. And we have seen and supported our brands over the last 10, 15 years and helping them manage migration if they see fit, to want to move production from 1 country like China to another like Vietnam or to Honduras, we are able -- we enable that to do that given the strength of our network around the world.<br>If there may be some modest indirect exposure in this area to tariffs in the event that higher costs on apparel effectively translate to somewhat the lower -- that may be a possibility.<br>In Mexico, specifically, we do have some more direct exposure there. We just recently built, opened and established and are running our New Mexico Intelligent Labels facility. But as part of our scenario planning that we have enough network capacity if we need to choose to move it around, including in the U.S., should we need to do that as well overall. |
| Sealed Air Corp. | U.S. | BB+ | Stable | 5,393 | 2/25/2025 | On the potential tariff impacts, while most of our business is domestic production for domestic assumption, we do have trade with countries which could be impacted by the tariff discussions. This time, we plan on mitigating tariff impacts through changes in our supply chain and by passing through additional cost to our customers, if necessary. More importantly, we are partnering with our customers and helping them navigate the potential back to their business, which is much more difficult to predict at this stage. Our outlook only contemplates tariffs that are currently in effect.<br>The new Chinese tariff that was put into effect by about 30 days ago, which we don't see us having any material impact on our business. This is a small portion of [production] that’s important to the U.S. Most of our business is domestic production for domestic consumption, which really prevents that issue holistically. But in our North American business, we do trade both with Mexico as well as Canada, which is where you would see the most pronounced potential impact for us. |
| Sonoco Products Co. | U.S. | BBB- | Stable | 5,305 | 2/19/2025 | Yes. And on the tariffs, we'll see how they ultimately end up. We don't like them. Certainly, it's an impact here on our U.S. business. And we have mechanisms to pass through without issue, but we're going to do all we can to minimize the impact of that as we can. And frankly, the diversity of the supply chain that we've now have gives us more opportunities than otherwise we would have. I would say that if you look at it for the remainder outside of the U.S., keep in mind that in total, roughly 60% of our business is in non-U.S. and serving local markets, supplied in local markets. The impact really is on the metal side. The paper side of the business is less of an impact. Again, little bit going on between Canada and Mexico, but we'll be able to navigate through that without any type of material issue. |
| CCL Industries Inc. | Canada | BBB | Stable | 5,035 | 2/20/2025 | Most of our businesses are local. We've seen a little bit of it in our aluminum can business because obviously [there’s] a lot of |

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| | | | | | | speculation about how these tariffs will affect aluminum products and downstream aluminum products. So we've seen a little bit of it there, but that's 5% of our sales. So it's not a big factor in how we see things. |
| AptarGroup Inc. | U.S. | BBB- | Positive | 3,583 | 2/7/2025 | For the most part, we produce in region for the region. There are, of course, some special situations. In those cases, we pass it on or will pass it on and have passed it on. Of course, it's a commercial negotiation. But out of all the things you could worry about, the tariff is not one that I worry terribly about. |
| Verallia Société Anonyme | France | BBB- | Stable | 3,578 | 2/20/2025 | So therefore, for 2025, we expect consumption in glass demand to normalize in most segments, but end demand still soft and potential negative effect impact from tariffs for the export-oriented market. The tariff topic is very complicated and difficult for us to estimate. Obviously, we are not -- we do not have a direct impact. The impact is through the export of our customers mainly in spirits and still wine. So much more difficult to look at that. But we are -- to qualify that, we are much more vigilant. We do believe it could be embedded already in what every customer is saying about it and in what we are seeing for our activity being low- to mid-single digit growth in volume. |
| Cascades Inc. | Canada | BB- | Stable | 3,267 | 2/20/2025 | I'd like to elaborate on the potential impact that bilateral tariffs may have on our company specifically. On the proactive -- and the proactive measures that we're taking to prepare for their eventual possibility. Annually, we generate approximately 11% of our sales from products we make in Canada and sell into the U.S. Cross-border intercompany transfers, including raw material used in our operations, increased this tariff exposure to roughly 15% of our revenues. We've begun to implement a variety of initiatives to mitigate this risk. These include changes to our raw material sourcing, reallocating production where possible to minimize the need for cross-border transit and implementing commercial strategies with suppliers and our customers. |
| Transcontinental Inc. | Canada | BBB- | Stable | 1,937 | 3/12/2025 | Our outlook does not include the impact of potential tariffs on our operations.<br><br>Our cross-border exposure is limited to approximately 10% of our combined packaging and retail services printing sales. Out of that 10%, we have the confirmation that our book exports from Canada to the U.S. are exempted.<br><br>If you take the 10%, there's about 40% coming from the Retail Servicing and Printing. And of that amount, a large part of it is what we call Information Materials that are currently excluded from the tariff from Canada to U.S., which is obviously mainly our book business, but it also includes some other business that we do on retail services.<br><br>Faced with such a volatile situation, we are focused on what we can control. We're looking at a number of mitigating measures that can significantly reduce the impact of tariffs, considering we can't eliminate their impacts completely. We're having conversations with our customers and suppliers to see what can be done. We're also prepared to leverage our footprint on both sides of the Canada-U.S. border relatively quickly.<br><br>We do have discussion internally to maybe use some CapEx to mitigate the impact of the tariff. And I will say that you might see also movement on the working cap to also protect versus the tariff impact |
| TriMas Corp. | U.S. | BB | Stable | 925 | 2/27/2025 | Given our global footprint and multinational customer base, we, like many other packaging manufacturers, do have exposure to increases in U.S. tariff rates, particularly those from China, which reverted to a higher rate in the second half of 2024 and again to an even higher rate this year under the new administration. While we have captured changes in tariffs that have already been implemented in our outlook for 2025, we are not forecasting any changes in rates with other countries. While there is no certainty at this point as to the timing or size of the tariff increases, if any, we are actively working on both near- and long-term contingency planning to help mitigate any potential impact to earnings in 2025 and beyond.<br><br>I think if we step back, one of the challenges that exists with the noise around tariffs is the complete uncertainty. So when we see a tariff go in and we feel there's a permanent nature to it versus a more temporal negotiating tactic, we have the ability to move relatively quickly commercially to seek some recovery. It may not be 100% across all of our product lines, but we've been pretty |

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| | | | | | | successful over the past year with a fair amount of recovery. That being said, the longer-term impact from tariffs is where we manufacture our products. Where I think TriMas Packaging has a great position is our manufacturing locations that are situated around the world. If we're just talking about the U.S., we have available manufacturing floor space in the U.S. and we are able to situate productive assets, relocate productive assets from one part of the world into another if we need to. But that typically would take us 12 to 18 months, perhaps even longer in some cases, and it's pretty disruptive. |
| Ranpak Holdings Corp. | U.S. | B | Stable | 369 | 3/6/2025 | I want to speak briefly on tariffs. The environment around this is obviously uncertain, but I wanted to share that from a paper sourcing perspective, we see minimal impact as we source locally in our production areas. |

Source: S&P Global Market Intelligence, S&P Global Ratings. Data as of March 14, 2025.

Table 22

## Paper and packaging – Forest and paper products

| Company name | Country | LT FC rating | LT FC outlook | Sales (USD Mn, LTM) | Call date | Earnings call comments |
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| Suzano S.A. | Brazil | BBB- | Stable | 7,664 | 2/14/2025 | Regarding tariffs, just to give you a brief overview. First and looking to the history as a reference in the past years and mandates, we haven't seen any tariffs on pulp, which is our biggest business by far, right? There has been tariffs on the paper side and we are actually -- we actually are enforced by that as well when we export to the U.S. So that is something that you should bear in mind.<br>We also believe that the U.S. is short in terms of hardwood pulp, right? And there is no incentives for new plants in the U.S. There has never been -- there has not been incentives for new plants in the U.S. in the previous years. So it doesn't seem to be economical for the U.S. to be implementing tariffs in the pulp industry. |
| Weyerhaeuser Co. | U.S. | BBB | Stable | 7,124 | 1/31/2025 | I'll just note that it's still somewhat unclear if the tariffs are going to happen, when they're going to be put in place, how they're going to be affected. And so there's still, I would say, a lot of unknown about how that's going to play out. But if you were to have a 25% blanket tariff on products coming in from Canada, there will be some puts and takes.<br>Obviously, we do have operations in Canada, but the majority of our manufacturing is in the U.S. And so on balance, I would expect you'd see prices go up somewhat, at least to the point where the Canadians and Canadian manufacturing send their product into the U.S. would be margin positive. Otherwise, you would expect capacity to come out of the system. So I think it would have some upward pricing pressure. Obviously, lots of variables that go into that, including on the demand side.<br>But directionally, I think you would see that go up. I would just note for us on the lumber side, about 80% of our lumber manufacturing is in the U.S. and our Canadian lumber relatively small percentage of that does go into the U.S., probably 20% to 30%. So not a terribly high percentage of our lumber production in Canada comes into the U.S. |
| Boise Cascade Co. | U.S. | BB | Stable | 6,724 | 2/21/2025 | I think in terms of the kind of the tariff question, obviously, there's more unknowns than knowns relative to that. There is clarity in terms of how much volume is moving across, I think, largely from an industry perspective and for Boise Cascade from Canada into the U.S., and some of that is obviously around some of our commodities.<br>We've done a lot of modeling and a lot of work just to make sure we understand some of the actions and decisions we may need to take as a result of tariffs. But there's nothing that we've kind of concluded at this stage in terms of kind of anything immediate that we'll be doing in the marketplace.<br>The other thing that we're looking at is the demand environment in terms of the kind of the ripple effect on affordabilities we've talked about is a potential challenge with tariffs. So as we think about kind of the consequences of what could take place, again, |

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| | | | | | | not just on the lumber items but other items as well, that's going to be something that we're watching carefully and closely. But we've done a lot of work just to make sure we're prepared to move forward should that tariff arrive. And again, there's a lot of discussion and debate on when and if that's possible. |
| West Fraser Timber Co. Ltd. | Canada | BBB- | Stable | 6,174 | 2/19/2025 | There is considerable macro uncertainty in the form of potential tariffs and global trade that may impact inflation expectations and demand for our products. However, we believe our low-cost platform and diverse portfolio of lumber and OSB mills situated in the U.S. will help mitigate some of this risk.<br>We can confirm that we are taking a number of actions within the company to prepare for potential tariffs. First, we are ensuring that we remain policy current. This situation is fluid and considerable time and effort is being spent separating fact from fiction so that we may better prepare actionable analysis. This includes maintaining close communications with our provincial and federal governments to ensure we have a handle on the latest engagements between Canada and the U.S.<br>Second, we are actively scenario planning to prepare for a range of outcomes, including U.S. tariffs, Canadian countermeasures and other possibilities. Third, we are preparing our business operations and updating our operational plans so they can be quickly aligned to various scenarios. We have long maintained a variable operating strategy and recognize certain tariff scenarios may require us to action such plans. |
| Sappi Ltd. | South Africa | BB | Stable | 5,549 | 2/5/2025 | Well, look, the first thing to say is there so much uncertainty and one day, there's maybe tariffs and the next data is not. Like any prudent management team, we have to evaluate different scenarios, and we're doing that as events unfold. The first thing I would say is just -- remember that our North American business is a domestic producer. And that will put us in a healthy position with regards to import. And we don't know where tariffs will be, whether there'll be tariffs on Europe or there'll be tariffs on whatever. But as an overall principle, the fact that we're a strong domestic producer puts us in a very good position. Obviously, raw materials, some of them are sourced outside of the U.S. and it could be an impact there. We have to evaluate that, and we have to determine what -- whether there's alternative sources to supply. And we're evaluating that on an ongoing basis. So I think net-net, and that's why we called it out in the statement -- outlook statement, negative impact maybe from some of the raw materials but a positive impact on the fact that we've got domestic production, and it may impact other importers against us. It's hard to be more definitive in terms of numbers because it changes every day. And we're evaluating and -- but net-net, the fact that we are a domestic producer, and it does seem like the the Trump administration wants to boost domestic producers and production, hopefully, we can benefit from that. |
| Ahlstrom Holding 3 Oy | Finland | B | Stable | 3,070 | 2/27/2025 | But more important, we see our geographical sales distribution, which demonstrates that we have a well-balanced exposure, which becomes these days increasingly relevant in times of these geopolitical risk conflicts and especially the higher tariffs. Potentially higher tariffs, let's say it this way. Because we have today, of course, very much local for local production, which gives us really good positioning also when it comes to potential tariffs going forward and gives us even opportunities in this regard. And together, this combined with our, let's say, pricing pass-through strength and also the, let's say, flexibility in switching suppliers, we are well prepared if even tariffs would come. |
| Svenska Cellulosa Aktiebolaget SCA (publ) | Sweden | BBB | Stable | 2,135 | 1/31/2025 | I mean, I think it could be a mess if we have these tariffs, we -- I mean we haven't seen them. We don't not kind of shape, we will have them. But -- and I don't think it's so easy to foresee what's going to happen because the pattern will, of course, change. If you have tariffs between Canada and U.S., that will -- short term, it will maybe it might be good for our products. Long term, of course, these products must find another play. It will have no impact on the consumption. I mean, for us, I think for Sweden as a country and for us is very dependent on the export and we like to have a free trade and a level playing field and so we don't like tariffs. We can gain in some area, and we can lose in some area. But long term, I think it's so important that we can have free trade. |
| Holmen AB (publ) | Sweden | BBB+ | Stable | 2,056 | 1/31/2025 | If you look at the U.S. and the Trump administration and all the discussions about tariffs. To start with the current U.S. price, when we look at the future, it's slightly higher than the average |

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| | | | | | | price we get mill net when we sell to customers in Europe. But also when it comes to tariffs, we should remember that already today, there is a tariff between U.S. and Canada, where the U.S. -- the Americans simply mean that the Canadian sawmills are subsidized by the Canadian state. And that tariff, roughly 15% has been there for a long time.<br><br>And then the next question is, well, how dependent is then the U.S. on importing volumes to feed their own demand in America or in U.S. First of all, these are the big exporting countries of wood products in the world. If you look at Canada, the biggest, everything from Canada, a bit over 20 million cubic meters goes into the U.S. And the total consumption in U.S. is roughly 100 million cubic meters. On top of the Canadian volumes, you also have to include Sweden, Finland and Germany. Those 3 roughly 5 million cubic meters currently going into the U.S., meaning that some 25% of the U.S. consumption of wood products is actually imported. We don't know what will happen to the tariffs, but it's at least information that is important to understand when -- trying to understand what is going to happen in the future. The challenge for the U.S. is actually to -- how should they live without the imports from -- especially from Canada. So it's a dynamic that it's difficult to see through. |
| Rayonier Advanced Materials Inc. | U.S. | B | Stable | 1,630 | 3/6/2025 | Looking ahead to 2025, we are currently projecting EBITDA in the range of $215 million to $235 million. This guidance includes our estimate of the impact of the 25% tariffs on U.S. sales of Paperboard. However, this guidance is subject to any additional tariffs.<br><br>In Paperboard, a 25% U.S. tariff will be applied on our U.S. sales of paperboard effective March 4. We are confident that we can mitigate much of the impact of these tariffs to the enterprise EBITDA. Paperboard prices are expected to decline in 2025 due to the start-up of new capacity, while sales volumes are expected to increase. Higher purchase pulp costs and the increased burden of Temiscaming custodial site costs will also put pressure on margins.<br><br>Given the evolving trade environment, we are actively assessing the potential financial and operational effects across our business segments, and we'll adjust our mitigation strategies as needed. In Cellulose Specialties, the primary tariff risk relates to potential retaliatory measures from China on our acetate products. While no specific retaliatory tariffs against our products have been announced, similar past actions suggest a potential exposure of up to 5% on approximately $160 million in revenue. However, given the industry is largely sold out, our approach to mitigating this risk includes customers absorbing the tariff and protecting the U.S. domestic market.<br><br>In Cellulose Commodities, the exposure is primarily related to fluff pulp with the potential for Chinese retaliatory tariffs of up to 5% on approximately $110 million of revenue, though no specific retaliatory tariff has been announced. Mitigation efforts will focus on passing through the tariffs to customers where possible, protecting U.S. market share and pursuing market share in geographies outside of the impacted regions. As already mentioned, a 25% U.S. tariff will be applied on our U.S. paperboard sales of approximately $175 million in annualized sales.<br><br>The worst-case scenario is an annualized EBITDA impact of $42 million per year and $35 million in 2035. We will, of course, attempt to pass on as much of this impact to customers as we can. Our key mitigation action, though, will be to replace our 105,000 metric tons of paperboard U.S. exports with Canadian domestic sales. We believe that this can be done since the trade balance between the U.S. and Canada for paperboard is significant and balanced. 400,000 metric tons is imported by either concentrate from the other.<br><br>We believe that most of the 400,000 metric tons of U.S. paperboard imports into Canada will be available for domestic suppliers given the strong by Canadian segment -- sentiment in the upcoming retaliatory tariffs, a 25% retaliatory tariff on U.S. sourced SBS and FBB paperboard effective March 25, 2025. We are also in frequent discussions with Canadian federal and Quebec provincial policymakers regarding short-term government support, including the funding of the up to 1-year qualification process to convert these Canadian SBS customers to our paperboard product. |

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| | | | | | | Through a myriad of mitigation actions, including the noted short-term government support, the favorable change in foreign exchange, a hold on discretionary spending and a quick Canadian customer conversions of at least 30,000 metric tons in 2025, we believe we can mitigate much of the EBITDA impact of these tariffs. We will continue to monitor U.S. -- we will continue to monitor trade developments closely, and we'll take necessary actions to address risk as more details become available. |
| Clearwater Paper Corp. | U.S. | BB- | Stable | 1,384 | 2/17/2025 | Yes. So let me talk about how it potentially could impact us. We purchase some of our supplies from Canada, chemicals and pulp would be 2 good examples.<br>We do some export into Mexico and a little bit into Canada, so there would be an impact that we would feel, but it will primarily come from higher costs passed on to us from our chemical suppliers potentially and pulp suppliers. Our goal in that scenario would be to pass on those cost increases to our customers. But it's kind of -- it's hard to predict how all those tariffs and the flows would be impacted by these tariffs.<br>So that's how we think about impact on Clearwater. It's higher cost to us, which we would then pass on to our customers. We're primarily a domestic supplier. So there could be some impact in the global flow of paperboard, but it's really hard to predict what that would look like. |
| Rayonier Inc. | U.S. | BBB- | NM | 1,263 | 2/6/2025 | Further, we anticipate the potential constraints on the supply of Canadian lumber into the U.S. market from continued production cuts, higher duty rates and the prospect of new tariffs may likewise translate to improving operating conditions as more North American lumber production shifts into the U.S.<br>I mean we're certainly not anticipating any direct impact given that we're not manufacturing lumber. Look, like a lot of other companies, we're closely monitoring the tariff situation right now. Clearly, a 25% universal tariff on Canadian goods into the U.S. would likely lead to higher lumber prices as well as incremental lumber production shifting to the U.S. at least in the short term. The prevailing view is that this would certainly be a positive for lumber producers, and there would be a corollary to being a positive for timberland owners. |
| PotlatchDeltic Corp. | U.S. | BBB- | Stable | 1,062 | 1/28/2025 | And we're in this period of time where who knows what Trump is going to do with these tariffs and what's going to happen to the world economy and what's going to happen to interest rates and housing. So there's a lot of moving pieces right now, as you can imagine, in terms of the lumber price outlook, Mark, and a lot of it stems from this possibility of tariffs. What we do know is that duties are going to go up. It was going to be August, and I think the government has pushed it back to November. But the lumber duties from Canada to the U.S. are going to go up from 14% to somewhere between 25% and 30%, and I heard one firm estimated it could go as high as 40%. So duties are going to go up no matter what. There is a potential for tariffs to go up any day depending upon what Trump decides to do.<br>And I think what that's going to do is that it's going to raise the floor on pricing for the Canadians. And I heard a large Canadian producer 1 week or 2 ago, make a comment that if there's a duty put in place, they plan on raising their prices to their U.S. customers to capture 100% of that duty.<br>Now will they be able to get all that 100% of whatever the duty is or not? Who knows what will ultimately wind up happening, but their plan is to pass that along to consumers. And I'm frankly a little bit surprised that lumber markets haven't moved on some of this talk because that -- we're not very far away from that. I think Trump's talked about a February 1st tariff date.<br>Now he's known to talk a lot and then choose to do other things. But we really haven't seen much lumber price movement as it relates to the potential for tariffs. But I think as we move through the year, the trend is going to be for prices to move higher even without that tariff given that the duty is going to be increasing pretty significantly come November. |

Source: S&P Global Market Intelligence, S&P Global Ratings. Data as of March 14, 2025.

Table 23

## Real estate

| Company name | Country | LT FC rating | LT FC outlook | Sales (USD Mn, LTM) | Call date | Earnings call comments |
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| Prologis Inc. | U.S. | A | Stable | 8,555 | 1/21/2025 | So look, on tariffs, it's really too early to speculate to how these policies will land and be implemented and the customer response. Couple of considerations. Number one is our business revolves around consumption. 90% or more of the customer base is really serving consumers so that's really the critical area to track.<br>Now as it relates to trade, we do think the historical precedent is instructive, and we stand by the views that we shared on our last call as well as the white paper we published in November. A couple of highlights there. Over the last 8 years, trade has grown 30% on an inflation-adjusted basis, and supply chains adapted to changes in trade policy. So trade with China is effectively flat over those 8 years, whereas Asia ex China is up nearly 75%. Mexico is up 40%. At the same time, over the same time period, U.S. domestic production rose only 3%.<br>And really, the U.S. just doesn't have the labor to produce more goods here and so tariffs are inflationary. So trade policy earlier was crafted to accomplish industrial goals while minimizing the risk to consumers, and the administration will be guided by having a strong economy and tariffs are counter to that. Yes. I would add just 1 comment. I think that Mexico and let's drag Canada into that because it's usually used in the same sentence, it's primarily an immigration discussion. Because at the end of the day, the combination of deporting people and wanting to put tariffs on, I don't know where the labor is going to come from, it's either going to come from China Plus One or it's going to come from Mexico. And my bet is that it's going to come from Mexico but under new immigration controls and policies.<br>I think with respect to China, container doesn't care whether it's coming from Vietnam or China. It's going to be pretty much the same dynamic. And it's driven by geopolitics. It's not really driven by economics. At the end of the day, I think the new administration and the old administration were smart enough to understand that tariffs are highly inflationary. Forget about the narrative. But at the end of the day, given the limitations on labor, tariffs are going to be extremely inflationary. We're going to have them, for sure, we're going to have more of them. But I think they're going to be more moderated once the other political objectives are achieved. |
| Welltower Inc. | U.S. | BBB+ | Positive | 7,991 | 2/12/2025 | The outlook for supply has gotten even worse in recent months as tariffs, immigration policy and higher rates will further dampen development economics, which remains nonexistent. The demand-supply outlook alone should drive outsized growth for many years to come. |
| Simon Property Group Inc. | U.S. | A- | Positive | 5,964 | 2/5/2025 | What's really going to be helpful to the American retailers and the non-Chinese retailers is to get rid of the de minimis rule, which basically exempts tariffs if you send a package over $800 to a customer. That's not a level playing field. That causes retailers to pay more that ship in bulk, and it's given real benefits to someone like a Temu, where they shipped purposely under the $800.<br>Our Congress is taking it up. I know the President is taking it up, and that will absolutely be -- if enacted, will give a real shot in the arm to retailers that don't purposely try to send their goods to get under the $800 limitation, not only to say it's also more green, it saves packaging costs, et cetera, it's good for our country. And I hope Congress and/or the President enact it. That, to me, is more material than any tariffs that are being talked about. |
| Digital Realty Trust Inc. | U.S. | BBB | Stable | 5,435 | 2/14/2025 | We'll see what happens when the talk of tariffs comes to data center land in terms of impact. But our current view of that outlook is we look like we're pretty well insulated given how we've gone ahead in terms of supply chain. |
| Realty Income Corp. | U.S. | A- | Stable | 5,279 | 2/25/2025 | Whave an uncertainty around what are the tariffs going to look like? How is that going to impact certain businesses and obviously, |

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| | | | | | | depending on the type of retail business you have, tariffs can be a big impact or not so big impact.<br>On the area of media where you have a lot of consumer goods like televisions and stereos et cetera, 60% of that tends to come from China. And so if there is a tariff, those retailers that are exposed to that, if they are unable to pass through the higher cost, they better have a good balance sheet. Otherwise, it's going to be difficult for them to absorb that. And so that's the general trend, and I'm just picking on a very -- consumer electronics is a very specific example, but you can extrapolate that across all these other sectors. Apparel is a big one. China actually exports 34% of the apparel to the world. Thankfully, in the U.S., it's only 22%, 23%. So it's not going to be quite as acute, but those that are disproportionately exposed to that peak are ones that we are keeping a closer eye on. |
| BXP Inc. | U.S. | BBB | Negative | 3,048 | 1/30/2025 | An area of concern with the new administration's policies is the potential impact to interest rates, given that new tariffs, if implemented, could be inflationary and larger fiscal deficits resulting from tax cuts could lead to higher long-term treasury yields in the debt markets. |
| Equity Residential | U.S. | A- | Stable | 2,980 | 2/4/2025 | While we certainly acknowledge that there is a higher level of uncertainty in the forward path of the economy than usual, given various recent governmental actions relating to tariffs and other matters, the impact of these actions on the larger economy in our business is hard to estimate currently, we'll evolve over time and is not included in our guidance expectations. That said, being a strong cash flow business without foreign operations and with the fortress balance sheet in times of heightened uncertainty is a definitive positive. |
| AvalonBay Communities Inc. | U.S. | A- | Stable | 2,964 | 2/6/2025 | We are trying to get ahead of those potential impacts. So thinking about securing supply channels, thinking about locking and pricing there's aspects of it that could flow through to some contract services. And on the development and construction side, not huge swings, but potentially some headwinds there. |
| American Homes 4 Rent | U.S. | BBB | Stable | 1,729 | 2/21/2025 | And then on the tariff and immigration front, we're all following what's happening very closely. We are recognizing that labor and material increases could be a headwind. There are a lot of different things at play here. |
| UDR Inc. | U.S. | BBB+ | Stable | 1,700 | 2/7/2025 | I think while on the tariff front, there's going to be a couple of concerns if, in fact, those tariffs actually stick and at what level. The lumber side of the equation would be kind of the near-term concern with the lumber supply coming from Canada. There's obviously other things like mechanicals and glass and things of that nature that may be at risk here depending on the origin source.<br>The flip side is that as you continue to see start activity plummet, there is greater availability of labor. And so seeing what happens with the labor side and subcontractors being either able to squeeze out margins just to keep their people working and/or just seeing less wage pressure from certain trades. So there's some balancing factors to it. But right now, we feel like we've sensitized at least the first deal to make sure that we can move forward with it. |
| W. P. Carey Inc. | U.S. | BBB+ | Stable | 1,576 | 2/17/2025 | Tariffs certainly add a degree of uncertainty to the market environment and clearly, they could have broader economic impact, especially on -- or potentially on inflation and therefore rates. We're diversified. I think that's an important way of protection within our portfolio. And maybe on the plus side, in the medium to long term, if tariffs are substantial and they stay in place, we could see some tailwinds from onshoring in manufacturing, maybe that will benefit our warehouse and industrial portfolio. Overall, I don't think it changes materially how we look at Mexico or Canada, certainly in the long term. |
| Camden Property Trust | U.S. | A- | Stable | 1,555 | 2/17/2025 | We did an analysis on tariffs. Tariffs, will add another 2% to 3% in cost. Most of the products are bought -- lumber comes out of Canada, a lot of products from Mexico, electrical boxes and things like that. So there's -- I would say that with the current cost structure, you have to really pro forma significant rent increases in '26, '27, '28 in order to make a pro forma work. So I don't think that there's a big risk in a big upturn in development starts unless you have rates fall dramatically, construction costs fall dramatically, |

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| | | | | | | and that's just not happening. So I think there's pretty low risk from a supply perspective. |
| Gaming and Leisure Properties Inc. | U.S. | BB+ | Stable | 1,532 | 2/21/2025 | Yes. As far as labor and the actual construction, I haven't heard of any hiccups yet. I'll tell you, frankly, we have had some suppliers of materials that might be from outside of the United -- the domestic U.S. that have either added a premium based on a tariff assumption or have alerted folks that their bid was excluding any type of tariff impact. So I think that there is a reality that some certain companies that might be domiciled outside of the U.S. may ultimately be impacted in bidding processes against companies that are within the U.S., but that's just the reality of it. |
| Regency Centers Corp. | U.S. | A- | Stable | 1,503 | 2/7/2025 | So I will never say that we are immune to economic cycles, impacts from tariffs, neither will our tenants be. But I don't believe that at this time, with what we are looking forward to, that the impact would be material.<br>I think the other thing, too, is think about how resilient and adaptive and flexible our tenants have been. They have operated through some really difficult times and they've survived. Even if their margins are being squeezed, they continue to grow their sales and they continue to make money and they continue to pay rent. It's a win-win. If they grow sales, we collect rent, and we can grow that rent. So I do not expect for it to be that significant. |
| Brixmor Property Group Inc. | U.S. | BBB | Stable | 1,285 | 2/11/2025 | Yes. I mean there are kind of 2 dimensions to the tariffs. The first is what impact is it going to have on our tenants business? And then secondly, what is it going to drive in terms of and costs. I mentioned earlier, we are very encouraged by what we're seeing in the growth in rents to offset potential cost increases from tariffs. If you think about -- this is not the first time that retailers have had to deal with the expectation of tariffs and -- so they're much more prepared. And I think you've heard a number of public company retailers comment on their calls about additional avenues of sourcing for inventory.<br>It really remains to be seen ultimately what the impact is going to be. Tariffs are naturally inflationary. But I think retailers are much -- in a much better position and much more well prepared to handle that today than they may have been, say, 8 years ago. |
| Federal Realty Investment Trust | U.S. | BBB+ | Stable | 1,206 | 2/14/2025 | The biggest thing from a tenant perspective is that they're more non-plused by this generally than the news because they've been dealing with the notion of tariffs, where it's gone, certainly in the first Trump administration, certainly in limited respects during COVID, et cetera.<br>Lots of retailers have diversified their sources of where they source goods from. So it's interesting. I don't -- maybe with respect to tenants that kind of serve the less affluent consumer buying stuff from China and are unable to pass it on, maybe the dollar concepts, that could possibly be something that it's harder because it always -- at the end of the day, it's a tax. And so when you sit and think about it, who pays the tax. And in better real estate, in the better areas, that tax to the extent it's there, gets -- is more likely to be able to be absorbed by the consumer. And that's harder to do, just like we've been talking about for the past couple of years with lower income properties and portfolios. |
| CapitaLand Integrated Commercial Trust | Singapore | A- | Stable | 1,162 | 2/5/2025 | On interest rate outlook, we are watching market developments really depends on what Trump measures will be in terms of his administration, what -- the tariffs will have an impact on inflation in the longer run. |
| Choice Properties Real Estate Investment Trust | Canada | BBB+ | Stable | 1,022 | 2/13/2025 | Look, I think from a macro point of view on tariffs, look, it's very early days and everyone is monitoring the situation closely. I'll tell you what we know is we have a very high-quality portfolio that's generic that can accommodate a wide variety of tenants. So as I said, we'll monitor the situation, but we don't expect a significant impact at this point. |
| First Industrial Realty Trust Inc. | U.S. | BBB | Stable | 672 | 2/6/2025 | I think there's a lot of chaos around this topic, the topic of tariffs. Clearly, if very large tariffs were put in place for a very long -- for a long period of time, that's a negative. But at this point, who's to say what's really going to end up being the case and for what kind of term, it could be a negotiating ploy as you've seen, it's anyone's guess on what's going to happen with this.<br>We have not seen yet any reaction to this. No one has actually brought it up in terms of the tours that we're giving and properties or conversations that we're having. People haven't stepped away |

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| | | | | | | on this because of this subject. So again, it's too early and too unpredictable at this point. |
| Phillips Edison & Co. Inc. | U.S. | BBB | Stable | 661 | 2/7/2025 | So what we're hearing from the grocers is that they're watching it. They're concerned about it. They feel pretty comfortable they're going to be able to pass it on to the consumer. But it is -- it's a top of thought issue for them right now. And we did get -- there was a month -- obviously, a month long in terms of implementation with Mexico and Canada. But they have impacts.<br>And they will have -- they will put pressure on the retailer across the board. Our grocers generally feel pretty comfortable with it so far, but we will see how well they can pass that on to the consumer and what the pushback from, from the consumer is. |
| Agree Realty Corp. | U.S. | BBB+ | Stable | 617 | 2/12/2025 | Look, the nonstop tariff talk, which doesn't appear to be going anywhere is going to affect effectively all consumer categories and retail categories today and ultimately flow down to the consumer. That's the bottom line. So whether it's Bill Ford talking about cars or any other components that are manufactured and/or imported into this country. The good news is that most retailers, the national retailers due to the first Trump presidency and the tariffs, they really diversified their source, right -- their sourcing.<br>And so coming from now, it seems like only Australia won't have tariffs. So looking at -- looking across their global procurement efforts, TJX, for example, which would be a beneficiary from these tariffs, because I think you'll see, trade down has, I believe, it's 16 global -- purchasing offices in 16 countries around the globe. Those efforts that came from the 2016 administration and those tariffs hopefully, and I think did give, frankly, retailers the opportunity to diversify their procurement sources and their purchasing.<br>That said, ultimately tariffs flow down to the consumer unless retailers want to eat it in margin. We have the biggest retailers in the country in our portfolio for a reason. They have the liquidity of the balance sheet to invest in labor, to invest in price which directly can be, right, related to tariffs. Walmart can choose, TJX can choose not to move price and it takes share.<br>Now if I'm a small middle market retailer, and I'm subject to those tariffs, and I don't have a multibillion-dollar balance sheet, I'm going to have to pass that through somehow or find some savings in SG&A. And so it's -- look, tariffs will continue to be in the news, the impact of them. We're going to see what those are as they work through and they get resolved. But it will be the small middle market retailers that suffer the greatest consequences from any tariffs here. |
| Piedmont Office Realty Trust Inc. | U.S. | BB+ | Stable | 570 | 2/18/2025 | In addition, the uncertainty regarding tariffs and labor costs further validates Piedmont's strategy of acquiring existing assets in desirable locations and bringing them up to today's standards. |
| FIBRA Prologis | Mexico | BBB+ | Stable | 483 | 2/25/2025 | Uncertainty has increased, particularly regarding trade as the U.S. has implemented incremental 10% tariffs on Chinese products and postponed for next week similar 25% tariffs on Mexican and Canadian imports. Our market perspective is the following: the complexity of North America supply chain has been built over more than three decades with massive investment in Mexico, mainly from U.S. companies. As the U.S. itself practically does not have sufficient labor willing to work in manufacturing, the advantage of our location is evident. We believe Mexico is the best alternative to develop and expand new operations.<br>Due to tariff noise, we have indeed seen a slowdown on decision-making and leasing activity in the manufacturing markets. However, we believe the demand for manufacturing space will restart in full force once certainty is recovered as projects have not been canceled, but deferred.<br>What needs to happen for this to be clearly seen by customers, I think that's a definition of what's going to be happening with tariffs when if the renegotiation of the USMCA is going to be anticipated and conversations start moving fluently between Mexico and the U.S., I think that all those type of signs will start reigniting some projects to happen to the market. |
| Corporación Inmobiliaria Vesta, S.A.B. de C.V. | Mexico | BBB- | Stable | 252 | 2/19/2025 | There has been a lot of news lately on many items, one of them being the auto sector. Nissan recently announced and reaffirmed their commitments towards Mexico, towards Aguascalientes. So |

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| | | | | | | sometimes we get negative news, but sometimes they actually reaffirm that they have strong commitments to Mexico.<br><br>So I think that there has not been any major shifts until we see how the -- what the final outcome will be regarding tariffs. So I think it's a little early to say. I think that most of the companies have been very profitable in Mexico, have been actually very profitable in North America because, as you know, the auto sector relies not only on Mexico, but it's Mexico and the U.S. combine and moving auto parts from one place to the other several times in order to have a competitive final product.<br><br>So I think that this is February, we have -- early in February, we saw the first issues regarding tariffs. We will have to continue analyzing carefully what the outcome will be. But in the end, I think that most of the companies that are already in Mexico have long-term plans in Mexico, have major investments. They have been profitable. Near-shoring is not new. Near-shoring has been here since, I would even say, NAFTA 1994. It has been several years.<br><br>And as long as companies are profitable, I think they're going to make their best efforts not only to maintain the operations in Mexico, but maybe even expand. But of course, we'll have to figure out what the new rules in terms of trade will be, and we'll have some information later in the year. |

Source: S&P Global Market Intelligence, S&P Global Ratings. Data as of March 14, 2025.

Table 24

## Retail and restaurants

| Company name | Country | LT FC rating | LT FC outlook | Sales (USD Mn, LTM) | Call date | Earnings call comments |
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| Walmart Inc. | U.S. | AA | Stable | 680,985 | 2/20/2025 | As we've been saying, tariffs are something we've managed for many years, and we'll just continue to manage that. We know how to do that. We can't predict what will happen in the future, but we can manage it really well. And we're wired to try and save people money. So that will be our ultimate goal.<br><br>We don't have any explicit assumption in our guidance around tariffs. We feel like we'll be able to navigate that. Will it turn out differently than maybe what we expect today? Perhaps, and we feel good about our ability to do that though. |
| Costco Wholesale Corp. | U.S. | AA | Stable | 264,086 | 3/7/2025 | It is difficult to predict the impact of tariffs, but our team remains agile and our goal will be to minimize the impact of related cost increases to our members. About 1/3 of our sales in the U.S. are imported from other countries, and less than half of those are items coming from China, Mexico and Canada.<br><br>As far as the tariffs go on the grocery items, our buyers deal with those like they would any other cost increase. And sometimes the margins are much tighter in those categories, but they are prepared to work closely with the suppliers and see how efficient we can bring goods to market. And is there anything we can mitigate in those categories? So the tariffs are very fluid right now so it's hard to really give any predictions on what we can do. But we are prepared, our people are very well equipped to lower prices and defer any cost increase that come our way. So we're going to do what we can should that happen. |
| The Home Depot Inc. | U.S. | A | Stable | 159,514 | 2/25/2025 | Tariffs is obviously a lot of discussion on what rates would be and what countries would be impacted and what categories of goods. We've been through that before, and I think we have the best team to manage through any tariff environment, which would impact the industry broadly. I'd say, our diversification efforts out of certain concentrations in countries has been quite good over the last 6 or 7 years. |
| The Kroger Co. | U.S. | BBB | Stable | 147,123 | 3/6/2025 | As a domestic retailer, I think we have less exposure to some of the international tariffs that some of our peers will see. You think of China, we're a really, really small single-digit exposure, I think, from some of the things that we buy from China.<br><br>One category that has a little bit of exposure in the tariff space is our Fresh business, particularly if you think about produce. But even in that space, when you think about some of the produce we |

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| | | | | | | might get from Mexico or Canada, those are still pretty kind of mid-single-digit effect. So it's not a massive impact. |
| Target Corp. | U.S. | A | Stable | 106,566 | 3/4/2025 | We've been very proactive and been thinking about this for years now and have been working to diversify our country of production. And so we have been pulling -- moving things out of China to other places around the world, looking at going across Asia as well as Western Hemisphere, Guatemala, Honduras. So we have a much more diverse set of countries from which we produce. And I think that's just going to give us more flexibility and help us be more agile.<br>Our full year guidance will reflect sort of a wide range of potential scenarios and uncertainty that we see in the marketplace right now. So that certainly covers tariffs and certain things. As I mentioned, we're going to be focusing on what -- controlling what we can control. What we don't know is potential consumer demand that's across the board, across -- based on how tariffs ripple across the economy, for instance. But we have that wide range for the reason. |
| Lowe's Cos. Inc. | U.S. | BBB+ | Stable | 83,674 | 2/26/2025 | Tariffs [are] not explicitly included or incorporated in our guide in terms of what's recently been enacted. But I would say there, the situation very fluid. We're keeping a close watch on other potential policy changes or announcements that may be coming and prepared to respond. |
| The TJX Cos. Inc. | U.S. | A | Stable | 56,360 | 2/26/2025 | I want to emphasize that our primary focus remains our value gap versus traditional retailers. I am very confident that the key strengths and flexibility of our business will allow us to navigate through the current China tariff environment.<br>Our fiscal '26 guidance assumes a small negative impact in the first half of the year from the current China tariffs on merchandise that we were committed to when these tariffs went into place. We have seen tariffs before, and we are confident we can navigate our way through the current China tariff environment on our future buys. |
| Best Buy Co. Inc. | U.S. | BBB+ | Stable | 41,528 | 3/4/2025 | International trade is critically important to our business and industry. The consumer electronics supply chain is highly global, technical and complex.<br>China and Mexico remain the #1 and #2 sources for products we sell, respectively. While Best Buy only directly imports 2% to 3% of our overall assortment, we expect our vendors across our entire assortment will pass along some level of tariff costs to retailers, making price increases for American consumers highly likely.<br>The fiscal 2016 guidance we provided this morning does not include the impact of the recently enacted tariffs. This is because it is a highly dynamic situation with uncertainty about the duration, timing, amount and countries involved in addition to the potential action of others in the industry as well as the potential reaction of American consumers.<br>That being said, we believe it is helpful to provide some level of context. Based on our early analysis, if the China tariffs that went into effect on February 4, remain at the 10% level for the full year, we believe they would have a negative impact in the ballpark of 1 point of comparable sales. This would mainly impact quarters 2 through 4.<br>I would just give two more bits of context here. One, I think I need to state the obvious. We've never seen this kind of breadth of tariffs -- and this, of course, impacts the whole industry. So it's not just the Best Buy question. It is a broad industry question. And I say that because that makes the estimation of the impact, all the harder, especially when you're in the guts of a replacement and upgrade cycle where people really need this stuff. So it's difficult for us to understand elasticities perfectly because you don't have anything predictive in our history that looks or feels quite like this.<br>The second thing I would say then to that same point is -- this isn't a perfect linear conversation. So I know it's tempting to say, well, if the tariffs go from 10% to 20% in China do I just double. It's not going to be a linear point of view on how this impacts, particularly at the end of the day, the consumer who, of course, given how the tariffs are structured right now, will have impacts across many of the things that they are purchasing. So I think we tried to give you our best take based on what we can see today, but to just point out the difficulties in trying to assess the situation, given how unique it is. |

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| | | | | | | I think it is fair to say that tariffs at this level will result in price increases. I think it is very difficult to say given the backdrop that we're in, exactly precisely how big that is. |
| Dollar General Corp. | U.S. | BBB | Negative | 40,612 | 3/13/2025 | With regards to current tariffs that have been announced on products that we sell, we believe we are well positioned to mitigate the impact in 2025. We were able to successfully mitigate the tariff impact in 2018 and 2019, though we did take retail price increases in some instances along with others across the industry. Given the already stressed financial condition of our core customer, we're closely monitoring these and any other potential economic headwinds, including any changes to government entitlement programs.<br>But there's a couple of things that are not contemplated in our guidance. One would be any changes to the tariff expectations from what we maybe don't know as of today. And then the other thing would be any significant impact to consumer demand brought on by those impacts of tariffs has not been contemplated in the guidance as well. |
| AutoNation Inc. | U.S. | BBB- | Stable | 26,765 | 2/11/2025 | I mean there's obviously potential for tariffs to impact the volume to impact your margin. I think that -- I think -- I mean if I look back at 2018 and what happened during that period of time. What we saw was the tariff impact come through in wholesale prices and ultimately going to retail prices. But after a period of time, they began to be mitigated either through actions from the manufactures in terms of their ability to drive cost efficiency elsewhere or is to maintain volumes in the marketplace. |
| Genuine Parts Co. | U.S. | BBB | Negative | 23,487 | 2/18/2025 | Our 2025 outlook does not assume any changes in tariffs from the new administration and assumes current FX rates. Our outlook for 2025 has been developed based on current weak market conditions and lower customer demand levels as well as our expectations around the pace and timing of an improvement in market conditions. |
| Macy's Inc. | U.S. | BB+ | Stable | 23,006 | 3/6/2025 | We have worked hard to create a flexible supply chain that allows us to mitigate the impact from potential disruptions to global trade and tariff activity. Our first quarter inventories are in good shape. There will be no impact from the pending tariffs. As we look at the remainder of the year, we're taking a case-by-case basis and trying to react in real time as we learn more. |
| Ross Stores Inc. | U.S. | BBB+ | Stable | 21,129 | 3/5/2025 | In just the first quarter, we did build some impact of the tariffs that we know thus far, which were the goods in transit when the initial tariffs were announced. Beyond that, we haven't included any impact.<br>On the tariff, the -- we don't disclose the actual percentage of the direct tariff, but it is a small portion of our business. Obviously, we're continuing to monitor the day-to-day changes in the tariff policy. Mexico and Canada are very small portion, very de minimis part of our overall business. |
| BJ's Wholesale Club Holdings Inc. | U.S. | BB+ | Stable | 20,502 | 3/6/2025 | Given the evolving landscape, we are not contemplating the impact of tariffs on our current assumptions. Tariffs could shape the trajectory of inflation and broader consumer demand and ultimately influence our results for the year.<br>We all participate and live in a consumer-led economy and tariffs will potentially useful in some regards are likely to raise prices for Americans. In fact, cost of key commodities are already moving up. Tariffs also risks some supply chain disruption as the market moves production around to mitigate tariff exposures.<br>We work very hard every day to present the best values to our members. And so tariffs and the resulting rise in prices run counter to our purpose and may disrupt consumer spending and the greater economy in general. After all, consumers have tolerated a lot in the last few years.<br>With that said, periods of rising prices and supply chain disruption have often been good for our company. When consumer wallets are stretched, most consumers search for value, they come to our channel and they come to BJ's. We also have lesser exposure to tariffs than many retailers out there. And we have robust muscle around dealing with inflation in our COGS base.<br>Let me talk about our exposure to China, in particular, it's a few percent of our business, right? Most of our business is our grocery segment and then about 15%, 16% of our business is general merchandise. Only a couple of points of our business is imported |

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| | | | | | | directly from China. So that's markedly different than many other retailers of general merchandise products.<br>Overall, we believe we have lesser exposure than others who do what we do might have. Certainly, the exposure to Canada and Mexico is greater given the variety of products that they bring in and it does touch our grocery business for sure. We don't believe we're differentially affected negatively by any exposure in Canada or Mexico. At this point. And hopefully, we're able to earn our way through those tariffs as well. We'll use that same muscle that I talked about in negotiating with our our suppliers moving things around, doing all the things that we know how to do to buy things at the lowest cost so we can give that value to our members. |
| Group 1 Automotive Inc. | U.S. | BB+ | Stable | 19,934 | 2/4/2025 | Lastly, a few thoughts on the evolving U.S. landscape. There's a great deal of conjecture at the moment about Washington and the impact the new administration's policies will have on retailers and OEMs. While we don't know the outcome of the impact on changes in things like EV subsidies, taxes, tariffs or interest rates, we feel the best way to capitalize is to ensure that Group 1 stays nimble and focused on execution |
| Parkland Corp. | Canada | BB | Stable | 19,671 | 3/6/2025 | Turning now to the U.S. tariffs, which are naturally top of mind for all of us. More broadly, political instability will have negative implications for both Canadian and U.S. businesses as well as consumers on both sides of the border. This could lead to volatile results over the next few months as details get sorted.<br>Given our focus on locally sourced and sold fuels and convenience items, we believe the overall impact will be largely neutral with puts and takes across the business. One potential tailwind would come through lower refinery input costs if Canadian crude is further discounted. While tariffs and trade restrictions are not beneficial to either economy, our resilient business model, diverse geographic footprint and supply advantage enable us to navigate economic and political uncertainties effectively.<br>We're not a big cross-border shipper. We deliver into the market between 600,000 and 650,000 barrels a day, around 10,000 barrels that crosses between Canada and the U.S. and our system, right? So we're very local in terms of our supply. And then also our demand is very local. |
| AutoZone Inc. | U.S. | BBB | Stable | 18,673 | 3/4/2025 | Now let me take a moment and discuss the impact tariffs could have on our results. Recently, 20% tariffs were instituted on all SKUs purchased from China. Now there are several outcomes that may impact our go-forward results, including vendor absorption, diversifying sourcing, taking pricing actions or some combination of the 3.<br>To be clear, we intend to maintain our margin profile post tariffs, and we expect the entire industry will behave in a rational way as our historical experience has shown.<br>in 2016 and '17, there were several executions based on the categories, part types, depending on what the product was coming out of China. We have worked diligently since those original rounds of tariffs to do all of the activities you would expect us to do, try to source by category in multiple countries, moving -- vendors have done a lot of work to move manufacturing to various places that could still be lower cost.<br>And we've negotiated with vendors to understand exactly what the free trade zone impacts would be, that's really challenging for us to understand, but we will and continue to negotiate with vendors to try to improve our cost of acquisition of parts. And those conversations will continue. It's very fast moving, as you know, and to try to stay on top of it is difficult, but our merchants are doing a great job.<br>When you think about our business, the lion's share of our business is relatively inelastic. And so to the extent that the consumer feels additional pressures that related to tariffs, then we would expect that the lion's share of our business will continue to perform in a way that it has historically.<br>Obviously, more discretionary parts of retail, including in our own business, come under pressure when there are hyperinflation scenarios, but we would expect that the lion's share of our business will perform just fine. |
| The Gap Inc. | U.S. | BB | Positive | 15,086 | 3/7/2025 | Specific to tariffs, in fiscal 2024, we sourced less than 10% of our product from China and less than 1% of our product from Canada and Mexico combined. Our fiscal 2025 outlook is informed by what we know today regarding tariff policy and includes any expected |

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| | | | | | | margin impact, albeit small, from current actions related to those countries. |
| Tractor Supply Co. | U.S. | BBB | Stable | 14,883 | 1/30/2025 | As it relates to the new presidential administration, while there are many unknowns that we acknowledge, for example, tariffs, we are confident in our ability to navigate these circumstances as they evolve. Additionally, as I'll note, that many of these unknowns are not Tractor Supply-specific, and on most fronts, our business profile is attractive on a relative basis to other retailers and companies. |
| Sonic Automotive Inc. | U.S. | BB | Stable | 14,224 | 2/12/2025 | Note that there are many variables that may affect our business in 2025, including the impact of potential tariffs, shifts in electric vehicle production and demand and changes in the interest rate environment and consumer affordability, among others. |
| Carvana Co. | U.S. | B | Positive | 13,673 | 2/20/2025 | I think the most important answer to that question is we certainly don't know what's going to happen with tariffs and wouldn't want to take a strong stand there. I think the smartest thing to do is probably wait and let's see. There's likely to be a lot of iterations in all this before we really figure out where this all ends up. But I think if the premise is, new car prices go up, what does that do to used car prices, I think generally speaking, indirectly, that would probably lead to dampened price increases as well. But I think it depends so much on the mechanics of so many things that are not specified there. So I think as a general matter, we're running the business with the kind of idea of operating like it's any other year. And we think that's the smartest thing to do because there's a lot of uncertainty around exactly how those things will play out. |
| DICK'S Sporting Goods Inc. | U.S. | BBB | Positive | 13,443 | 3/11/2025 | In terms of tariffs, given the evolving nature of the discussion and a number of unknowns, our guidance does not contemplate changes in tariff at this time. We successfully managed through tariffs in the prior cycle.<br><br>The existing tariffs that have been in place for some time, let's say, call it, back in 2024. Those have already been contemplated. What is not contemplated is all of the new discussions that are happening and that continue to evolve on a daily basis. In terms of the exposure, very limited to negligible exposure from Mexico and Canada. And for our own vertical brands, we have significantly diversified away from China from an apparel perspective over the last several years. There is some exposure associated with the hardlines, but nothing significant to call out. |
| Canadian Tire Corp. Ltd. | Canada | BBB | Stable | 11,349 | 2/13/2025 | I'd be remiss if I didn't caveat this optimism with the looming threat of tariffs. I suspect the consumer confidence uptick that I mentioned earlier has now been substantially erased with tariff talk. While that threat may be on pause, we are conducting all the business assessments and preparations you would expect. We have also spent time reflecting on our brand purpose. We are here to make life in Canada better as it feels especially relevant right now. We have already begun to try to insulate our customers from the risk of higher trade costs hitting our shelves. We are reviewing products and U.S. suppliers and assessing alternatives to the inevitable inflationary pressure these tariffs would deliver. |
| Burlington Stores Inc. | U.S. | BB+ | Stable | 10,617 | 3/6/2025 | There is one final point I think I should touch on, though, and that's around tariffs and the potential impact of tariffs on off-price merchandise supply. Right now things are very dynamic. It feels like there are new developments every day on tariffs. That's creating a lot of uncertainty. It's likely that, that uncertainty is going to drive disruption in supply chains across retail as merchandise that was ordered months ago starts to arrive and is hit with a tariff. And that disruption, I would say, is likely to create a buying opportunity for off-price. So off-price availability is good right now, and I think the chances are it's going to get better in the months ahead. |
| El Puerto de Liverpool, S.A.B. de C.V. | Mexico | BBB | Stable | 10,311 | 3/10/2025 | Let me start by answering on the supply chain front. Direct imports from the U.S. in the case of Liverpool are very, very low. So even with the tariffs between the U.S. and Mexico, we are not expecting an impact on the overall inventory or supply chain impact.<br><br>Now talking about tariffs, with -- in a higher tariff environment, that translates to additional costs for our overall supply chain. Direct imports that we do -- not only from China, but from overall Asia account for about 15% of our inventory. And then imports that our vendors do -- I mean, the Mexican subsidiary of the |

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| | | | | | | vendors like Apple, we buy from them, but obviously, the iPhone is not sourced locally. So it's sourced from China.<br>So that the indirect inventory accounts for another 40% to 50% of inventory. So that's overall imports. And China certainly represents a significant portion of that. So that would translate to higher costs that we have a forecast not only on the overall exchange rate but also on the expected imports cost. So a part of that is already accounted for in the -- our pricing strategy for the 2025 collections. And so eventually and gradually, we would eventually pass on that to a customer, but it's a balancing act because it's not like automatic that if we have an x percent increase in tariffs, that translates to an x percent price increase. It's only gradually and on a brand-by-brand basis. |
| QVC Group Inc. | U.S. | CCC+ | Stable | 10,236 | 2/4/2025 | Yes. I think if you were -- to the point, the importer of record in most cases are vendors or suppliers, right? We direct source, it's still a significant portion of it. We negotiate those deals on a landed cost basis, right? So depending on how the tariffs flow through, we'll be on a bespoke basis how we manage each of our vendors.<br>If you look at how that happened, how we manage that back -- in the last round several years ago, I mean that's when you start to think about it, that's when we started diversifying country of origin sourcing, right? And that's when we moved a lot of sourcing out of China to other lower-cost country sources, whether it be lower cost of goods or improved tariff. We'll continue to evaluate, continue to make strides there, and we'll take them as they come this time around. I don't think we'll be unique in how this is impacting relative to other retailers and expect us to handle it in a similar fashion. |
| Advance Auto Parts Inc. | U.S. | BB+ | Negative | 9,094 | 2/26/2025 | We'll keep an eye on what the market is doing as it relates to tariffs. We're a rational actor where there's an opportunity to pass along pricing, we're going to pass along pricing. |
| Foot Locker Inc. | U.S. | BB | Negative | 7,988 | 3/11/2025 | First of all, the industry has done some good work over the years to diversify portfolio outside of China. So that's an advantage. And also I would say that our direct exposure is pretty moderate to small. Within our direct business, we do have some modest exposure to China. It's about half of our private label business. But for total Foot Locker, it's really a low single-digit percentage of our sales. We also do have some minor exposure tied to fixtures across China, Mexico and Canada. Pretty modest impact to how we're thinking about our capital plans this year and our return profile for those investments are still very healthy. So we'll continue to monitor that as we go. |
| Bath & Body WorksInc. | U.S. | BB | Stable | 7,307 | 2/27/2025 | As it relates to tariffs, we have included the impact of China in our guidance. We have not included other potential tariff impacts in our guidance due to the current uncertainty. We will continue to monitor the situation closely and proactively pursue strategies to mitigate these impacts.<br>So of our mix, about 10% of our supply is China, and we have included that in our outlook. And as you think about Canada and Mexico, they represent about 7% combined split relatively evenly. So we're continuing to watch the market, what is going on. Canada, particularly given our business there as well as our production, we will -- we're preparing to adapt to whatever market we're in and working on mitigation strategies to help offset any potential future impact. |
| Tapestry Inc. | U.S. | BBB | Stable | 6,776 | 2/6/2025 | To briefly touch on the topic of tariffs, this guidance embeds the expectation for an additional 10% tariff on goods imported from China into the U.S. beginning February 4, which is expected to have an immaterial impact on fiscal 2025 results given our limited manufacturing exposure to China. We continue to monitor the external landscape closely and are developing potential mitigating actions as needed. To note, we do not have production in Canada or Mexico. |
| Victoria's Secret & Co. | U.S. | BB- | Negative | 6,230 | 3/10/2025 | In the back half of the year right now, though, is where we've got the impact of the tariffs plan that we called out. So we've got 10% assumed on China for the balance of the year, and that's going to be worth about $10 million to $20 million. And so those are the sort of bigger inputs influencing the guide for the year. |
| Abercrombie & Fitch Co. | U.S. | BB | Stable | 4,817 | 1/8/2025 | So right now, today, into the U.S., we import about 5% to 6% of our receipts from China into the U.S. So a very small piece of our business, half of that 12% that you called out. I know there were |

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| | | | | | | some discussions last night about tariffs also around Mexico and Canada. Just for us, we don't have anything coming in from Canada. And Mexico was immaterial in the grand scheme for us coming into the U.S. |
| Floor & Decor Holdings Inc. | U.S. | BB | Stable | 4,456 | 2/21/2025 | We continue to closely monitor the fluid developments regarding tariffs on products we sell, particularly trade disputes between the U.S. and China. These trade disputes will lead to additional tariffs beyond the 25 -- previous 25% imposed on most products that we sell that are produced in China. For example, on February 1, an additional 10% tariff was announced for all products from China.<br>As previously discussed, we have been actively working to mitigate tariff cost pressures over the past 5 years by successfully diversifying our countries of origin. In fiscal 2024, China accounted for approximately 18% of the products we sold, down from approximately 25% in fiscal 2023 and approximately 50% in fiscal 2018. In the fourth quarter of fiscal 2024, China accounted for approximately 16% of the products we sold. We expect our diversification strategies to continue to meaningfully reduce our reliance on China in 2025 and beyond.<br>We source products made in Canada and Mexico and a portion of our products sold in these countries for fiscal 2024 was not material. We are proud to report that the U.S. is now our largest country of manufacturer, accounting for approximately 27% of the products we sold in fiscal 2024, up from approximately 20% in fiscal 2018.<br>Regardless of any new tariffs timings and potential impacts, our strategy remains the same. First, we expect to continue negotiating costs with our vendor partners to mitigate the incremental costs. And second, we will continue sourcing from alternative countries where it makes sense. Third, we will increase retail pricing as we deem appropriate while maintaining our price gaps.<br>We believe our scale and worldwide direct sourcing model for more than 240 vendors in 26 countries is a competitive advantage, particularly amongst independent flooring retailers and distributors. |
| Pandora A/S | Denmark | BBB | Stable | 4,398 | 2/6/2025 | If there would be a 10% tariff on imports to the U.S. from Thailand, then as a starting point, the impact -- annual impact would be DKK 350 million to DKK 400 million or something along those lines. So a little bit more than 100 basis points. Of course, that assumes that the jewellery category will be included. Let's see if that would be the case and if that happens, but something to the tune of that.<br>And what to keep in mind here is that it is normally how -- what you will pay tariffs based upon would not be our cost of goods sold, so what actually sits in the Pandora P&L, but what is the landed cost when the product gets into the U.S. from abroad. And with that, this is slightly technical, but with the tax set-up that we have, then we are selling the products from the parent company in Denmark into the U.S. at a price which is much higher than the actual COGS, which is just completely standard set-up within a company. And therefore, it will be, let's call it, DKK 350 million to DKK 400 million impact before any kind of mitigation.<br>So let's -- yes, let's see. With what has been announced already with tariffs on China, the impact is quite limited, something like USD 2 million per year, DKK 15 million in round numbers because we have been working on actually for some years, anticipating that something might be happening one day, limiting imports within Pandora U.S. from China. So it's quite limited impact so far. |
| Sally Beauty Holdings Inc. | U.S. | BB- | Stable | 3,724 | 2/13/2025 | From a tariff point of view, we've been through this before. So similar to the last round of tariffs, I think it is important, as you called out, to understand that our exposure is not overly significant relative to some of our peers.<br>We do receive about 10% of our product or less than 10% of our product from Asia and China, really nothing material from Mexico or Canada. We would employ a similar playbook that we did in the previous go around, which included a combination of switching vendors, increasing volumes at other sites and, of course, some price increases. |
| Amplifon S.p.A. | Italy | BB+ | Stable | 2,494 | 3/7/2025 | Yes. So thank you for the questions. With regards to U.S. tariffs, let me -- of course, I think that no one can predict at the moment anything on this regard. But what I can tell you is that -- in the U.S., we already leverage on a diversified sourcing, having supply |

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| | | | | | | agreements with all five global manufacturers in the U.S. Also, I would add that these five manufacturers have also a pretty diversified supply chain and also have been implementing flexible global supply chain strategy to diversify their production and mitigate the risk. So we are not particularly worried about tariffs for the U.S. |
| Driven Brands Holdings Inc. | U.S. | B+ | Stable | 2,340 | 2/25/2025 | We recognize there continues to be a lot of uncertainty related to the macro environment, including ongoing inflationary pressures on consumer spending and the potential impact of tariffs. While we believe the nondiscretionary nature of our business model and the flexibility of our supply chain provide us with a solid foundation, we want to take a prudent approach to our outlook. Given we're in a nondiscretionary category, tariffs have an interesting little wrinkle in our ability to potentially price as we need to for some of those increases as we see it. |
| The Wendy's Co. | U.S. | B+ | Stable | 2,246 | 2/13/2025 | Our 2025 outlook does not include any impact from new tariffs. In terms of tariffs, right now, we wouldn't expect any significant impact to cost of goods sold as a result of tariffs, but it is something that we're watching closely, working with our partners at QSCC to make sure if there are incremental headwinds on what we guided to, that we're doing what we can to offset that in other areas of the commodity basket. |
| Savers Value Village Inc. | U.S. | B+ | Stable | 1,538 | 2/21/2025 | For 2025, the Canadian landscape is ever changing That said, the tariff issue certainly clouds the picture. We are staying focused on what we can control, planning conservatively and continuing to drive improvements in our processes, innovations and making our business stronger with the same great value Canadians have come to love. |

Source: S&P Global Market Intelligence, S&P Global Ratings. Data as of March 14, 2025.

Table 25

## Technology – Hardware and semiconductors

| Company name | Country | LT FC rating | LT FC outlook | Sales (USD Mn, LTM) | Call date | Earnings call comments |
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| Dell Technologies Inc. | U.S. | BBB | Stable | 95,567 | 2/27/2025 | We built an industry-leading supply chain that's globally diverse, agile, resilient, that helps us minimize the impacts of these trade regulations, tariffs to our customers and shareholders.<br>We've been monitoring this for some time. We've taken our digital supply chain with our digital twins, actually using some AI modeling to look at every possible scenario that you might imagine of this country, that country, restrictions here, rates here to help us understand how we optimize our network and how we do that in the least amount of time at the speed of Dell. And whatever tariff we cannot mitigate, we view that as an input cost. And as our input costs go up, it may require us to adjust prices. That's what we've done in the past. I can't imagine we're going to do anything differently. |
| Sony Group Corp. | Japan | A | Stable | 87,825 | 2/13/2025 | Now I would like to explain our response to U.S. tariff policy. In order to respond to various geographical risk in our G&NS, ET&S and I&SS segment, which handle hardware over the past few years, we have been working to duplicate our supply chains and increase their flexibility. Furthermore, we have been preparing recently by doing such things as stockpiling a certain level of strategic inventory in the U.S., and we expect the impact on our -- the financial performance this year of the additional U.S. import tariffs that have been implemented or whose considerations has been announced at this point in time is minor to be minor. We intend to continue to respond flexibly and promptly to changing circumstances and implement at the appropriate time, additional measures that we are preparing in order to minimize the impact to our business and the earnings. |
| Panasonic Holdings Corp. | Japan | A- | Stable | 54,700 | 2/4/2025 | As you're aware, since yesterday, over the last two days for Canada, Mexico, and China, tariffs have been revisited and the new policies have been implemented. It is a really, truly unforeseeable situation. We are trying to envision what the impact is going to be. Would it have major material impacts or not? I think tariffs on Mexican products would be the area where we might be |

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| | | | | | | affected the most, although it's been postponed by one month. We understand that the government-to-government negotiations will be made, and we will study how we can manage the situation in terms of the supply chain impact. |
| Broadcom Inc. | U.S. | BBB+ | Positive | 54,529 | 3/7/2025 | It's really too early to know where we all land. I mean that's the threat, the noise of tariffs especially on chips that hasn't materialized yet, nor do we know how it will be structured. I think that's too early for us to figure out where do we all land. And probably maybe give it another 3, 6 months, we'll probably have a better idea where to go. |
| Cisco Systems Inc. | U.S. | AA- | Stable | 54,176 | 2/13/2025 | I want to provide some high-level context related to the recently proposed U.S. tariffs. In our guidance, we have accounted for the added cost driven by the increased tariffs on China and the proposed tariffs on Mexico and Canada. This is a dynamic environment but one that we have spent a significant amount of time planning for, leveraging the strength of our best-in-class global supply chain team as well as the flexibility and agility we have built into our operations over the last few years. We are prepared to take actions to mitigate the impact as and when tariffs go into effect.<br>Turning to our financial guidance, we have built in the cost of the proposed tariffs that we've seen so far. So the additional 10% in China, the 25% on Canada and Mexico, Canada has no negligible impact on us. And the steel and aluminum, we've quantified those out, again, assuming the March 1 date. I think it's such a fluid environment right now. It's very difficult to say what's actually going to happen. But I wanted to protect the guide and ensure that we've built in the 25% that's been proposed.<br>I will tell you, we've got a supply chain team that over the last several years has built a lot of muscle around the tariff that we had in China and how do we work our way around that. And from the time that was first imposed to where we are now, our mitigation activities have reduced our exposure there by about 80%. So we've game-planned out several scenarios and steps we could take. Depending on what actually goes into effect, we'll start to take those steps to mitigate the impact of the tariffs. But what I built into the cost of goods sold, that's where the tariffs will hit, is the full effect of 25% in Mexico, Canada and additional 10% in China with no mitigation at this point -- with no mitigation built in at this time. |
| HP Inc. | U.S. | BBB | Stable | 53,878 | 2/28/2025 | We have built a globally diverse supply chain, and we are continuing to expand our footprint across multiple countries to meet growing customer demand and bolster multi-source production. We have made significant progress. And by the end of fiscal year 2025, we expect more than 90% of HP products sold in North America will be built outside of China. China will continue to be an important manufacturing hub for the rest of the world.<br>As we look ahead, we are managing the current tariff increases on China and have included them in our outlook. Should additional tariffs be implemented, we would manage them the same way we have with China, leveraging the flexibility of our global supply chain network, along with cost improvements and pricing actions as needed. Depending on the scope, while some of our mitigating actions can take a few months lead time, we would be focused on fully offsetting over time.<br>With regard to working capital, as part of the tariff response actions, we purposely produced additional inventory and also took advantage of strategic buy opportunities as part of overall cost mitigations. While these actions will be economically beneficial to the year, they increased our cash conversion cycle.<br>In terms of the tariffs, as a practice, we will include the known impacts in our guide. So in both Q2 and the full year guide, we've included the added costs driven by the current tariffs in China, and those mostly impact our PS [Personal Systems] business. I would say, keep in mind, roughly 1/3 of our revenue is generated in the U.S. And by the end of FY '25, less than 10% of this revenue will come from China and be subject to the tariff. We're not going to quantify. But in terms of what we're doing, we're leveraging our global supply network to mitigate this impact. |
| Ingram Micro Holding Corp. | U.S. | BB | Stable | 47,984 | 3/5/2025 | We're well versed in operating in a tariff environment. We typically pass through those tariffs and we don't bear those costs.<br>I think the one thing will be is what's the impact potentially on the overall demand side. So really, that's going to depend on, I'll call it, |

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| | | | | | | the price elasticity in the end, the consumption, the end businesses, having the tolerance to absorb those tariff impacts. Again, it's too early right now to say what the impact will be. We're less impacted again because we're not manufacturing products. But with that said, a couple of recent comments. So some of our vendors continue to focus on making their supply chain networks more resilient and creating mitigation plans and some that I was talking with in middle of last year, were already working for some time to diversify where their products are being manufactured to minimize the impacts. Specifically, I would say there's some comments around that for the U.S. and how some of our large manufacturers are moving around the world to try and offset that. |
| Hewlett Packard Enterprise Co. | U.S. | BBB | Negative | 31,226 | 3/7/2025 | As you know, the U.S. administration enacted tariffs on imports from Mexico and Canada, with increased tariffs on imports from China beginning March 4. In anticipation of this decision, we have been evaluating numerous scenarios and mitigation strategies since December to assess the potential net impact. We intend to leverage our global supply chain to mitigate aspects of the expected impact, with pricing adjustments also expected. Pending further announcement from the U.S. administration, our outlook for the balance of the year reflects our best estimate of the net impact from this tariff policy.<br>Recent tariff announcements have created uncertainty for our industry, primarily affecting our Server business. We are working on plans to mitigate these impacts through supply chain measures and pricing actions. Through these efforts, we expect to mitigate, to a significant degree, the impact on the second half of the year and, to a lesser extent, the impact on Q2 as it takes time to implement mitigations. The guidance we are providing today reflects our best estimate of the impacts of the March 4 tariffs and our mitigation plans<br>First of all, we have a very holistic and global supply chain, which allows us to mitigate some of the impact of the tariffs. We build products around the globe close to the customer because obviously, we need to be close to them to meet the turnaround times that they require. But we're able to shift productions from one side to the other side because of our flexibility that we have. Separately, on the pricing side, no question. We will adjust pricing accordingly while we continue to drive that working capital down and therefore, create more flexibility in our pricing as we manage discounting more tightly.<br>What I don't know, and this is best guess for everyone, what the overall tariff increases and how that materialize in the end in the market will do to demand maybe in the second half of the year. |
| Flex Ltd. | U.S. | BBB- | Stable | 25,584 | 1/31/2025 | I also want to briefly address some of the questions we're getting around tariffs. We are frequently asked, does more manufacturing shift to the U.S.? Or does it continue to expand across multiple geographies? Only time will tell, but the reality is that the global manufacturing environment has been in flux for a few years now. Remember, we have helped our customers navigate through tariffs 1.0 and then COVID, then the supply chain crisis and an ugly list of other major geopolitical events.<br>Stepping back, Flex is clearly one of the preeminent global manufacturing partners who have been both a facilitator and beneficiary of regionalization trends set in motion by these previous events. We have established massive supply chains and a diversified global footprint. This includes one of the largest footprints in North America with significant capabilities in the U.S.<br>Now for Flex. Tariffs are a pass-through cost, and that is how it played out in the last round. I'd just add, there can sometimes be a lag in recovery timing, but it hasn't been a big issue. That's not to say there are no risks such as potential broader macro impact on slowing volumes. It is a very dynamic environment and something that we are monitoring closely. |
| Avnet Inc. | U.S. | BBB- | Stable | 22,484 | 1/29/2025 | As far as tariffs in general though, yes, it's an everyday conversation. My high-level response is, hey, we'll deal with it when we know what it is. And we're not losing sleep over it. We've handled it before. My personal belief is it will come down quite a bit from where the rhetoric is today but we have processes in place. We've got free trade zones in place. I think we know a lot more, we talked a lot about this yesterday in the Americas ops review. I'm going by memory, I think there's like 8% of our business in the Americas something along those lines is actually coming out of China. And within some of those suppliers that we have, they |

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| | | | | | | can ship the similar product out of a different region, okay, instead of that of China.<br>Now it's complex because the suppliers need to move their supply chains and whatnot. So what these are all the dialogues we're having with our suppliers, our customers and internally, we've got the processes set up. It's really important, and I'll restate this, maybe it's obvious, but we're not paying the tariffs. That I can assure of. Few customers on the line they know that, it will be a pass-through. We don't make money on tariffs, but we will make sure we pass it through. |
| Telefonaktiebolaget LM Ericsson (publ) | Sweden | BBB- | Stable | 22,397 | 1/24/2025 | I can start. If you look at our supply chain, as you mentioned, we have production today in North America. So where we are made in America for America, we have in Latin America, we have in Europe, we have in Asia, we have in India. So we have pretty broad-based production capacity that we are utilizing. And we have the opportunity to move production between the different sites, both in our internal but also with the external manufacturing sites that we have.<br>So that is -- it's not something that we do is. It depends a little bit on the product mix, et cetera, of course, but we have this opportunity to work with the supply chain depending on what kind of decisions that we will see ahead of us. Having said that, of course, tariffs could have an impact going into 2025. But I think we are all waiting a little bit to what is going to happen there. But we are working on that continuously trying to balance and utilize the system we have. I think also worth mentioning, on tariffs, it's normally, it's not general tariffs. It can be different. There can be exemptions, et cetera. And we have seen that in the past where critical products for a market has been exempted from tariffs, et cetera. So it's too early to say what's going to happen. But of course, we are working and following this closely. |
| TE Connectivity plc | Ireland | A- | Stable | 15,850 | 1/22/2025 | And also on the tariff subject, we will deploy our playbook that we exercised during the 2017 tariff cycle, and we're prepared to do so if tariffs are implemented. |
| Amphenol Corp. | U.S. | A- | Stable | 15,223 | 1/22/2025 | Specific to tariffs, this is not a new topic. We dealt with tariffs back from the U.S. back in -- I think it was 2017. Those were tariffs were mostly directed to China, but not only at China. And I think what we saw in that time is our team did a fabulous job of mitigating the impact of those tariffs through a wide variety of measures. There was not a one-size-fits-all solution. Underlying all of that is the backdrop that we tend to make our products in the regions where our customers buy them, not 100% but that we tend to always try to be close to our customers. We have around the world today, nearly 300 facilities across more than 40 countries and we continue to expand so that we preserve that flexibility in the event that there are policies that come out that do impact us and our customers. |
| Corning Inc. | U.S. | BBB+ | Negative | 13,118 | 1/29/2025 | On tariffs, I want to be very humble and admit that we don't actually know what's going to happen yet. There's a lot of proposals out there. So we're obviously tracking all of that, and we're not going to react to things until they're really enacted.<br>A couple of things to consider for Corning. First and foremost, we manufacture generally where our customers are. So sort of from a direct impact of tariffs on us on the things we make and import/export. There isn't a huge impact. There's a limited impact. Not -- it's not 0, but there's certainly a limited impact. And we have the ability to move our supply chain a little bit. And we certainly have the ability to raise price if that is something that is required to do.<br>I think secondly, we manufacture a lot in the U.S. We're very much for advanced manufacturing in the U.S. We have a big footprint in our Optical business in fiber and cable. We produce environmental for our Environmental business, our Life Sciences business, solar and we even make product for our mobile consumer electronics business in the U.S. So I think that actually puts us on the side of we like U.S. manufacturing and we're very supportive of that. |
| Delta Electronics Inc. | Taiwan | BBB+ | Stable | 12,848 | 3/5/2025 | Many major automakers face increasing challenges from tariffs and many other factors. So in the short run, this is one of the most difficult and uncertain businesses for us. But in the long run, we still believe that the penetration rate of EV is still going to increase in the longer run.<br>For the final assembling, we are also trying to provide some capacity in the U.S. in order to handle these tariff issues for the |

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| | | | | | | final assembling. But if -- I mean, considering the cost issue, if we are not really able to, I mean, make all the final assembling in the U.S., then Taiwan and Thailand are also the locations we are considering to do the final assembling for this AI-related products. |
| Celestica Inc. | Canada | BB | Stable | 9,646 | 1/30/2025 | Right now, our customers are in a wait-and-see mode. But as we've done in the past, we have resilience inside our network. So as tariffs in one area end up causing the customer want to shift, we feel we can serve them in another area. Right now, we have ample capacity in the U.S. and ample capacity not just means physical capacity, but means power. We've actually secured power for our CCS business for years to come in anticipation of our growing businesses. So we're keeping our eyes open and we're keeping nimble. But right now, customers are in a wait-and-see mood because every day is kind of a new direction, if you know what I mean. |
| Renesas Electronics Corp. | Japan | BBB | Stable | 8,577 | 2/7/2025 | I'm thinking that there could be some pulling forward of demand to address the tariff issue. We cannot have a forecast clearly for such big growth because it could be potentially the tariff impact. The biggest concern or the uncertainty would be the Chinese player, also non-China OEM market share trend. So, that will be the affecting factor. |
| NetApp Inc. | U.S. | BBB+ | Stable | 6,508 | 2/28/2025 | We have a global supply chain that has given us the ability to fulfill products to customers from multiple locations, and that is a very highly flexible supply chain.<br>We have, as you know, through the course of the past several years, removed our dependency on China to a very immaterial amount. So any tariff supplied to products coming from China don't really affect us. We have a location in Mexico out of which we do build product, but we have the flexibility to move those capabilities to other locations that are not tariffed in a fairly short period of time. And so it's dynamic. We are watching the situation. We have, as you can imagine, several contingency plans.<br>And I'll just close by saying that we have not factored tariffs into our Q4 guide. And if tariffs apply to a wide swath of technologies that everybody in the industry uses, which is our typical approach to using industry standard commodity components, then of course, it will affect the entire industry. |
| Amkor Technology Inc. | U.S. | BB | Positive | 6,318 | 2/11/2025 | Well, Randy, let me make a few remarks on tariffs. I mean currently, the impact is a little bit vague still because the tariff situation is not really well defined yet. Short term, we don't expect a significant impact. I mean, the impact that you referred to in automotive, we currently don't see that. We believe that there is still about 3-month inventory in the supply chain, which is still an elevated inventory level. And so I don't expect any constraints there driving short-term impact on prices. |
| Coherent Corp. | U.S. | BB- | Negative | 5,306 | 2/11/2025 | So, obviously, dynamic situation around tariffs right now, and we continue to analyze it and make sure we're adapting as necessary. But if we look at the current quarter of fiscal Q3, we don't expect a significant impact to the current quarter results and the guidance factored in any impact that we expect from tariffs.<br>And around mitigation, I think one of the things that the company has done really well over the past years is building a very resilient supply chain. And there's been a very good strategic focus on this over the past years by the team. And they've done a really great job of that. And I think that's built a lot of resilience into our supply chain and a lot of flexibility and adaptability. |
| Zebra Technologies Corp. | U.S. | BB+ | Stable | 4,981 | 2/13/2025 | We continue to work closely with our manufacturing and trade partners to optimize our footprint which puts us in an improved position to navigate the impacts of recently announced import tariffs.<br>Based on the incremental 10% China tariffs that became effective in early February and the 25% Mexico tariffs that become effective in early March, we anticipate a net impact to gross profit of approximately $20 million in 2025, peaking in Q2. The impact is roughly split between China and Mexico. We expect to substantially mitigate these tariffs as we exit 2025 through supply chain initiatives and targeted price increases. Left unmitigated, the annualized impact would have been more than $60 million.<br>We do expect to announce price increases shortly to respond to the announced tariffs, which is part of the mitigation strategy that's embedded in the current guide. |

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| CommScope Holding Co. Inc. | U.S. | CCC+ | Stable | 4,206 | 2/26/2025 | In terms of tariffs, we manufacture a lot in the U.S. as well as in countries where we sell our products. I'd say overall, we're very supportive of U.S. manufacturing. Our most significant and immediate exposure, I would say, which is similar to our competition is Mexico. And just like others, we're waiting to see what happens with tariffs. In the short term, we're evaluating price increases. And then I would say in the medium term, potentially moving some manufacturing and warehousing. But I would say, in most cases, we believe we're in a similar position with competition. |
| Ciena Corp. | U.S. | BB+ | Stable | 4,050 | 3/11/2025 | We've certainly been very busy looking at how we will mitigate the tariffs if and when they come into play. And we do have a resilient supply chain that allows for this kind of mitigation depending upon the shape of the ultimate tariffs. We'll work with our customers for reimbursement of tariffs.<br>We've designed our supply chain for resilience. So we have the capability to manufacture in a lot of different places, just about all of our products. Our supply chain comes from Mexico, Thailand, Canada, India. I think, that lists them all for now. And we do have a concentration today in Mexico and Thailand, but we do have the capability to move that around depending upon what the shape of the ultimate tariffs are.<br>It wouldn't be useful for us to quantify these exposures because it's very dynamic, and we have the ability to move things around. |
| Diebold Nixdorf Inc. | U.S. | B | Positive | 3,751 | 2/12/2025 | We started our supply chain transformation a couple of years ago, where we were very focused on really creating a local-to-local supply chain. So our North America installation here in Northeast Ohio supplies our products for the U.S. and Canadian markets. Our European facilities supply products for Europe. Our India facility will supply products for APAC and our Manaus facility in Brazil supplies products for South America. We've also made a very conscious effort of developing local suppliers around each of these facilities. So we believe that we can very effectively minimize some of the impact of tariffs. Less than 25% of our component base is sourced from China. That was a much different number a few years ago. So we feel no matter what the tariffs are, we don't expect really a material impact at this point. |
| ams-OSRAM AG | Austria | B | Stable | 3,549 | 2/13/2025 | We assess the situation to the extent new tariffs are known or expected. In detail, the trade flows are complicated. We do currently not see a meaningful impact to our cost base. A notable impact on our business would come along when global car production, for example, is negatively affected or when people start to buy fewer smartphones because of the trade tensions. |
| Entegris Inc. | U.S. | BB | Stable | 3,241 | 2/6/2025 | So we're closely monitoring any impact on tariffs from the America First Trade Policy directives across Canada, Mexico, China. We've completed our assessment on the newly announced tariffs, and there'll be immaterial impact to our raw material costs.<br>Over the last several years, as I just mentioned, we've been bolstering that resiliency of the supply chain and establishing local supply chains to better serve our regional customers, and -- which this strategy is helping us mitigate some of the impact of the tariffs. But we'll continue to evaluate the impact as new information comes out and evaluate that impact on our business. |
| Belden Inc. | U.S. | BB | Stable | 2,461 | 2/12/2025 | Most of our manufacturing is within region, in fact, within country, are closer to consumption for most geographies. And we don't actually -- I mean, our customers understand that they don't actually have any kind of major panic. |
| TTM Technologies Inc. | U.S. | BB | Stable | 2,443 | 2/6/2025 | Yes. So I'm glad the contours are coming into view for you. We're still staying very -- trying to stay as close as possible to the situation. And I'll tell you the -- so we have a number of scenarios modeled, of course, internally. And certainly in the case of direct imports of PCBs from China into the U.S., our customers own those PCBs, and it remains a very small portion of our revenue. So an additional 10% tariff there may cause what's left, which is -- if you look at revenue about 3% last year's revenue, that portion may shift.<br>What our customers have done a very good job of is cross-qualifying now with multiple assembly locations. So if they do see tariffs move, what we'll see potentially is the ship to will change into another geography. But -- and they will, at least for a period of time, ask us not to ship into a geography that's affected by the tariffs. So that's been -- it's actually quite impressive. The |

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| | | | | | | flexibility has now been built in from a supply chain resiliency standpoint with the contract manufacturers that we're shipping to. So that's the primary mitigation strategy that our customers are using. |
| Crane NXT Co. | U.S. | BB+ | Stable | 1,487 | 2/17/2025 | This guidance does not include any impact of potential new tariffs. The bottom line at this point is we don't really see any material impact on the horizon for us from the tariffs. Like all companies, we're very active in continuing to monitor the situation. And I would say we've already taken some proactive actions to add optionality into our supply chain, both from a sourcing and manufacturing perspective, really utilizing our global footprint on where we manufacture and procure products around the world. |

Source: S&P Global Market Intelligence, S&P Global Ratings. Data as of March 14, 2025.

Table 26

## Technology – Software and services

| Company name | Country | LT FC rating | LT FC outlook | Sales (USD Mn, LTM) | Call date | Earnings call comments |
|---|---|---|---|---|---|---|
| Adobe Inc. | U.S. | A+ | Stable | 21,505 | 3/13/2025 | The tariffs, et cetera, don't really impact Adobe the way they impact other businesses. And so we are optimistic. |
| CGI Inc. | Canada | BBB+ | Stable | 10,327 | 1/29/2025 | On the manufacturing, we see some concern or at least they're questioning what's the future, especially, example, with tariffs that U.S. are talking about. Will that have a major impact or not on some of these clients. So that's really what I'm hearing from clients. |
| eBay Inc. | U.S. | BBB+ | Stable | 10,283 | 2/27/2025 | However, our outlook is tempered by continued macroeconomic challenges in the U.K. and Germany, the potential impact of tariffs in calendar considerations. We are contemplating a range of outcomes for tariffs in our guidance based on what we can see and forecast. The risks and uncertainties surrounding tariffs...could change demand due to consumer elasticity.<br>If you look at the China to U.S. quarter, that makes up approximately 5% of total GMV for eBay. China overall is a little less than 10% of GMV. But approximately 3/4 of our Greater China volume is forward deployed. So as you said, it's already subject to tariffs. And of the remainder, about half of that is -- we manage that directly through a program we have called SpeedPAK which obviously can help sellers handle the complexity of tariffs as cost is not the only challenge. So overall, we're planning to do all we can to help sellers and buyers navigate these changes with as little disruption as possible and we feel confident in our diversified global marketplace can help them adapt to changes in tariff policies. |
| Broadridge Financial Solutions Inc. | U.S. | BBB | Stable | 6,683 | 2/6/2025 | When we look at the administration's biggest priorities around taxes, tariffs, immigration, cultural issues and those things are broadly neutral to our business. |
| Fortinet Inc. | U.S. | BBB+ | Stable | 5,956 | 2/7/2025 | I think if you look at Q1, whether it's billings or product revenue, probably just a little more caution there as we kind of got exposed to the tariffs here over the last week, and we saw the reaction and some of the concerns for us with more of a multinational footprint, particularly in Latin America and Canada, for example, the customer footprint, a little more exposure there. I would say that for selling purposes for demand, we have a fairly significant footprint in both Latin America and Mexico as well as Canada. Our Forti authenticator product, I believe it is actually it's a very small product line, but it is manufactured in Canada. and we were looking at what the tariff impact would be like that. On the other side, I think, in terms of tariffs coming into the country or products, keep in mind that our pure U.S. business is around 25%, 26%, 27% of our total business. So obviously, that 30 -- if I miss, 17% plus international would not be subject to the tariff schemes of the U.S. And I think there's obviously -- if we had to respond in some way to the market, I think the tariffs would be broad brush it would affect not only ourselves in our U.S. business for that remaining 25%, 26%, but our competitors as well. And I would expect that we would still, at this early stage, still have the pricing advantage that we currently have. |

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| NCR Atleos Corp. | U.S. | B+ | Stable | 4,317 | 3/6/2025 | Based on what has been implemented thus far that impacts our business, which is Mexico, we have limited exposure to tariffs. We have a very small spare parts operation in Mexico, and we are in the process of implementing plans, which includes building inventory to reduce that exposure. Beyond that, global geopolitical and trade relations are very complex, and it's nearly impossible to predict the potential permutations of tariff at this time. |
| Akamai Technologies Inc. | U.S. | BBB+ | Negative | 3,991 | 2/21/2025 | It's obviously tough to call, just given we don't know what the ultimate end game is here in terms of towers. But to the extent we do have the ability to move supply chains around. And we're looking at obviously doing that. There was some talk about Canada and Mexico. We do get some server builds out of the there. But -- so we fast forward it some -- I gave you the number, $10 million to $15 million. So it's not significant. |
| Trimble Inc. | U.S. | BBB- | Stable | 3,683 | 2/19/2025 | Based on what we know today, we have not modeled any impact of new tariffs into our guidance. Given the software centricity of Trimble today and the geographic diversity of our revenue and supply chains, we are confident we can navigate the environment with minimal financial impact. |
| Verisk Analytics Inc. | U.S. | BBB | Stable | 2,882 | 2/26/2025 | So revenues from the federal government are less than 1% of our total revenues. Like everyone else, we've been monitoring the changes coming out of Washington closely. And at this point, we don't believe that we have any direct exposure to tariffs or the trade executive orders. |
| NCR Voyix Corp. | U.S. | B+ | Positive | 2,826 | 2/27/2025 | Our outlook does not include any potential impact of the pending tariffs given the current uncertainty regarding the timing and ultimate structure and the extent to which the company can mitigate the impact. Hardware is a very low margin business for us. So I don't think we want to be in the business of absorbing a 25% tariff. |
| Dayforce Inc. | U.S. | BB- | Positive | 1,760 | 2/5/2025 | Regarding the impact of potential tariffs between the U.S. and Canada, it's difficult to project that. I suppose the biggest impact would be on the FX rate between the U.S. and between Canada. About 21% of our revenue is in Canada. So we do have a -- there would be a revenue impact in terms of U.S. dollars reporting. We are hedged probably about 70% on the cost side against that. So from an adjusted EBITDA percentage, I don't think there would be any impact. |
| Priority Technology Holdings Inc. | U.S. | B | Stable | 880 | 3/6/2025 | It's something we have been setting up for, to be quite honest with you benefit from. We don't see a lot of impact in the -- on the acquiring side of the business because there, the utilization of card, it actually increases the probability because buyers are now -- they're looking to pay on card to preserve working capital. So not only will the impact of tariffs sort of create inflation the probability of utilization of digital payments actually increases, and that's what we've seen. |

Source: S&P Global Market Intelligence, S&P Global Ratings. Data as of March 14, 2025.

Table 27

## Telecoms

| Company name | Country | LT FC rating | LT FC outlook | Sales (USD Mn, LTM) | Call date | Earnings call comments |
|---|---|---|---|---|---|---|
| Bouygues SA | France | A- | Negative | 58,803 | 3/6/2025 | Regarding tariffs. Bouygues don't have manufactured products that we send to other products. Basically, manufacturing is done locally. If you look at the situation in the U.S., Colas' revenue stands at about EUR 2 billion. Equans' is worth about 1 billion, upwards of 1 billion; and a few hundred million if you include Bouygues Construction's branch there. If -- in these conditions with increased tariffs, our attitude will be to have -- in our various contracts to have a direct pass-through to our customers when unit costs go up for things purchased outside the U.S. |
| BCE Inc. | Canada | BBB | Stable | 16,964 | 2/6/2025 | I think on the tariff side of the world, it's a little early to know what the actual impact would be. As of this date, there are no tariffs. So |

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| | | | | | | we'll obviously be looking at that closely. Shouldn't be a material impact. But again, let's wait for details and see how that plays out. |
| Rogers Communications Inc. | Canada | BBB- | Stable | 14,320 | 1/30/2025 | I'm not going to start speculating on what might happen with respect to tariffs or otherwise, I look at where we are today, and that's reflected in our determination over to others to manage the I'm confident that the Canadian economy is strong and weathers these from time to time. |

Source: S&P Global Market Intelligence, S&P Global Ratings. Data as of March 14, 2025.

Table 28

## Transportation

| Company name | Country | LT FC rating | LT FC outlook | Sales (USD Mn, LTM) | Call date | Earnings call comments |
|---|---|---|---|---|---|---|
| United Parcel Service Inc. | U.S. | A | Stable | 91,070 | 1/30/2025 | Our guidance for 2025 does not reflect any significant potential global trade implications due to changes in tariffs. |
| Delta Air Lines Inc. | U.S. | BBB- | Stable | 61,643 | 1/10/2025 | We do have some, I'll say, alternative ways to receive delivery of aircraft to mitigate the impact of tariffs, which is what we used in the last Trump administration. Our hope, of course, is that Airbus is not subject to tariffs because as we know, a substantial portion of those aircraft are produced in the U.S. and employ thousands of Americans. |
| United Airlines Holdings Inc. | U.S. | BB | Stable | 57,063 | 1/22/2025 | On the question about supply chain, we're early into the Trump administration. So we'll see what happens with tariffs and such. But just like my comments about what's going to happen at the FAA, I have a lot of confidence in this administration that we're -- they're focused on doing things that unlock American innovation and entrepreneurialism. And that create -- that remove regulatory burdens and expand the economy. And so I think my base case is that the net-net of that is going to be a strong, robust economy and strong, robust demand for United Airlines. |
| A.P. Møller - Mærsk A/S | Denmark | BBB+ | Stable | 55,482 | 2/6/2025 | With respect to tariffs, I just want to start by saying that nobody knows at this stage, what's going to happen on the tariff front. So what I'm going to say here is, of course, with a pinch of salt. But the way customers are thinking about this and the reason why they are very strong still when I look at how many purchase orders have been placed for the next -- for the coming months despite the talks on tariffs is two things.<br>They think that the new administration came in because the American people was tired with inflation, and therefore, that they are very aware that whatever they do, reigniting a bout of inflation is going to be very detrimental politically also. And that creates a lot of confidence amongst retailers and companies that they can continue to count on high level of consumption because that's what has been promised to the U.S. consumer.<br>The other thing that feeds a lot for our customers is the fact that when the first round of tariffs were implemented under the first Trump administration, actually, forex movements between the renminbi and the dollars compensated for the tariffs, so that in U.S. term, the U.S. consumer could basically pay the tariff without feeling it in U.S. term when he was going to his department store to buy the goods.<br>I think there is some expectations that as long as the tariffs are measured and as long as the administration stays true to the fact that they're going to do something on tariff, but with an eye on inflation that things will be okay and will not have a huge impact on volume. Of course, if things turn completely and somebody slaps 60% tariffs overnight, then this will have an impact. But that is not what seems to be the dominant scenario so far. And we're seeing actually a more measured implementation and also a more measured response from China, which leads us to believe that at least so far, there is some balance. But that, of course, is subject to a lot of things neither you nor I can really forecast accurately, I think. |
| Deutsche Lufthansa AG | Germany | BBB- | Stable | 38,952 | 3/6/2025 | Air cargo usually is needed most with things cannot be planned well in terms of supply chains. So whenever there's crisis in the world, usually cargo peaks. That's what's happening right now. The |

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| | | | | | | world has become much less predictable. That's why we see very strong cargo and the world might be staying somewhat less predictable for some time.<br>When it comes to the U.S., we have not been flying much out of the U.S. for some time. but we have been providing, especially the German car industry with parts in the U.S. And even if there is tariffs, the German car industry will probably even ramp up production of cars in the U.S. that might even drive further spare parts and those kind of things of our trade line into the U.S. But I don't see necessarily a pessimistic outlook of these developments. |
| Union Pacific Corp. | U.S. | A- | Stable | 24,250 | 1/23/2025 | Additionally, we are keeping a watchful eye on potential tariff changes that could further impact volumes. |
| DSV A/S | Denmark | A- | Negative | 23,198 | 2/4/2025 | I think on the destocking side, I would probably think that if there is something right now over the risk of tariffs, it's perhaps that somebody tries to push more volume through, but it's not something that we really have been able to see in the numbers. |
| Air Canada | Canada | BB | Stable | 15,467 | 2/14/2025 | It's still premature to discuss the potential impact, if any, of actual or potential regulatory tariffs or possible retaliations. We're diligently and continuously monitoring customer behavior and market dynamics. If they shift in the future, we have ample flexibility to respond by moving capacity around as we've always done. |
| Canadian National Railway Co. | Canada | A- | Stable | 11,847 | 1/30/2025 | Our underlying assumption as it relates to tariffs and the potential retaliatory measures is that while there may be some impact, it won't be so significant or prolonged as to cause a recession in Canada or significant inflationary impacts in the U.S. |
| GXO Logistics Inc. | U.S. | BBB- | Negative | 11,709 | 2/13/2025 | It's too early to gauge what impact tariffs will have on our U.S. business. But really, generally, our business is a domestic business. We don't think there's a likelihood of any material impacts feeding through in that regard.<br>We are seeing recent activity from U.S. customers looking to reorient supply chains, taking account of maybe future environments for tariffs wanting to bring business back. We've had new inquiries coming as a consequence of the discussions about the de minimis exception, this process ending. It doesn't affect us right now. We don't really work with customers that utilize that. But that will probably drive more customers to put warehousing local into the market. And in the end, that will be good news for GXO. |
| Canadian Pacific Kansas City Ltd. | Canada | BBB+ | Stable | 10,110 | 1/30/2025 | [The] team has spent a tremendous amount of time trying to learn about what may or may not happen to the tariffs. And the bottom line is we don't know. But what we do know is that in spite of that volatile, perhaps uncertain perhaps outcome, we shall have investment that's not pulling back. This is a railroad built for ever, not a railroad built for 48 months. Now not to say we don't have to navigate that, but I can tell you this. Trade between these 3 nations has never been, in my assessment, more critical. Supply chain security became an amplified issue that didn't exist before, and that has really accelerated not only the expansion of near shoring and Ally shoring, but the integration of our supply chains. And that's true in all states.<br>You can talk about automotive. I mean if you really got into the details line by line, commodity by commodity, how many engines and transmissions are built in, in the U.S., they go to Mexico, so they can produce the vehicle that comes back to the U.S. that goes to the consumer market because the fact is we've got 75% of production capacity in the U.S. and 25% that's going to come from somewhere else based on what we consume on an annual basis. So that type of interdependence, that type of need is moving into this economy.<br>And if you look back to 2018 and 2019 during the last set of tariffs, I think the reality was that these supply chains are very complex. It's commodity by commodity, it's lane by lane. It's customer by customer in ultimately what happens. And I think what we saw is there wasn't a lot of change. It's hard to change these complexities overnight. And look, at the end of the day, North American sales are what they are. They're 16 million, 17 million vehicles a year. The reality is the U.S. has production capability as we sit here today and maybe 10 million of that. The demand to fulfill the need in the U.S. for vehicles has got to come from somewhere. And whether it's the European markets, the Mexican |

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| | | | | | | markets, the Canadian markets. We're going to be there to provide a solution, and that's what we're going to continue to be laser-focused on. |
| Brambles Ltd. | Australia | BBB+ | Stable | 6,810 | 2/20/2025 | In terms of outlook, we note there is some uncertainty about global consumption and cross-border trade, partly due to the prospect of tariffs. I do want to highlight that for our business, volumes are primarily weighted to the consumer staples sector, which offers a more defensive base in most macroeconomic scenarios. And there is minimal cost broader trade across the group. |
| RXO Inc. | U.S. | BB | Stable | 4,550 | 2/6/2025 | I think if you see tariffs implemented on the short term, you will see inventory pull forward and pull across the border, and that will be a short-term tailwind to the business. If you look at it and tariffs are something that extend out for the intermediate term, it would be a headwind as you would see volumes start to slow down. And if tariffs are something that are implemented and held for the long term, that's -- we're extremely bullish on the tailwind that, that would create for our business because you would se |
| bpost NV/SA | Belgium | A- | Stable | 4,495 | 2/28/2025 | It's important to highlight that our guidance does not yet account for any potential impact from the U.S. tariff on Canada announced on February 4th. The scope and their potential effect are still uncertain and their implementation is currently on hold as negotiations are still ongoing. |
| Danaos Corp. | Greece | BB+ | Stable | 1,014 | 2/11/2025 | The tariff war is bound to generate disruptions, which have historically benefited shipping. However, an economic slowdown might negate these benefits. The dry bulk market continues to suffer from ongoing malaise due to the pace of the recovery of the Chinese economy, which has not shown signs of accelerating. We'll have to wait until after Chinese New Year to gauge the effect of the front-loading of exports that occurred in anticipation of tariffs and the demand pattern in the new trade environment. |
| Global Ship Lease Inc. | Greece | BB+ | Stable | 706 | 3/5/2025 | Recently, tariffs have once again become a major area of discussion. It is difficult to predict the larger impacts with any conviction. Notably, the tariffs placed on China during the first Trump administration actually led to supply chain diversification throughout Southeast Asia, which, in fact, added to demand for midsize and smaller containerships.<br>Supply chain and efficiency may not sound like a positive development, but inefficiency of any sort sucks up shipping capacity. And if you're a provider of that capacity as we are, then inefficiency is supportive of earnings. Will this exact scenario recur with the exact same repercussions for us? It's impossible for us to make that kind of prediction with any conviction. What we can say, however, with high conviction is that it is simply not the case that a tariff or even an all-out trade war is necessarily a negative development for GSL or for the midsized and smaller fleet as is quite clear, I hope, in this example. |

Source: S&P Global Market Intelligence, S&P Global Ratings. Data as of March 14, 2025.

Table 29

## Transportation infrastructure

| Company name | Country | LT FC rating | LT FC outlook | Sales (USD Mn, LTM) | Call date | Earnings call comments |
|---|---|---|---|---|---|---|
| Ferrovial SE | Netherlands | BBB | Stable | 9,470 | 2/28/2025 | And in the case of the Trump administration of new policies about tariffs to some of the imports to the country, I think it's too early to say. Most of the things that we buy in the U.S. is local. I mean, 97%, we have buy American clauses in some of the contracts. I mean, we may be exposed to in some specific cases as local producers increasing prices. We have some clauses in some contracts with the change of low clauses that we may ask for compensation if it's needed specific contracts in the U.S. But I think it's too early to say.<br>Of course, if there is a tariff -- very big tariff increase, which Canada for any imports maybe -- may affect the GDP growth in Canada and more specifically in Ontario region and Toronto, and |

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| | | | | | | of course, lower GDP may have an impact on traffic because of that. |

Source: S&P Global Market Intelligence, S&P Global Ratings. Data as of March 14, 2025.

Table 30

## Utilities

| Company name | Country | LT FC rating | LT FC outlook | Sales (USD Mn, LTM) | Call date | Earnings call comments |
|---|---|---|---|---|---|---|
| Iberdrola S.A. | Spain | BBB+ | Stable | 46,318 | 2/27/2025 | We expect virtually no impact from new tariffs in giving our focus on American supply chains and the protection clause included in our clauses in our contracts. |
| Dominion Energy Inc. | U.S. | BBB+ | Stable | 14,459 | 2/12/2025 | It's really too early to say how potential tariffs might affect this project. I can tell you that remaining spend outside of the U.S. is about $2.5 billion, majority of that from Europe. Only a portion of that for components that would include steel or aluminum.<br>With respect to potential steel and aluminum tariffs, in particular, generally, these types of tariffs are not intended to apply to most finished products. We would consider the CVOW components to be finished products. That said, we don't have the annexes to accompany the executive order. We can't know what if any of our remaining spend would be potentially subject to tariffs. These are finished products that include some steel, some other materials. So it's not as simple as just taking a contract value and applying a percentage. For example, the cells have thousands of components in the blades. As most people know, don't have steel or aluminum in them.<br>If the steel and aluminum tariffs end up taking effect, it won't be before March 12, so we should get some better insight before then the past may not be a predictor of the future, but if these tariffs follow the form of those imposed in 2018, they largely wouldn't apply to CVOW at all. |
| Xcel Energy Inc. | U.S. | BBB+ | Negative | 13,441 | 2/6/2025 | So I would say the China tariff is not unexpected and not surprising and as you would expect, given our forward-looking nature and all the renewable stuff having in flight that we had planned for something like that and have taken the appropriate actions. |
| The AES Corp. | U.S. | BBB- | Stable | 12,278 | 2/28/2025 | Over the past 5 years, we have endeavored to make our business resilient to potential policy changes. First, we have taken a lead in onshoring our supply chain to the U.S., which limits our exposure to new tariffs. We now have essentially all of our solar panels, trackers and batteries either in-country or contracted to be domestically produced for our U.S. projects coming online through 2027. Second, of the 8.4 gigawatts of signed contracts we have in the U.S., more than half are under construction and nearly all have significant safe harbor protections, which will grandfather them under the existing tax policy regime. |
| AltaGas Ltd. | Canada | BBB- | Negative | 8,651 | 3/7/2025 | The actions around U.S. tariffs on Canadian Energy is creating uncertainty and driving higher demand for West Coast access. This further highlights the long-term advantage of AltaGas global export platform. With U.S. tariffs, it's even more critical to connect Canada's energy exports to Asian markets, reinforcing the need for our third West Coast export facility, REEF, which commenced construction last August. We also made material progress on Pipestone 2 in 2024, which will add much needed gas processing and liquids handling capacity to the Alberta Montney.<br>Given the uncertainty surrounding U.S. tariffs on Canadian LPGs being exported into the U.S., the 2025, 2026 NGL recontracting season is much more fluid than normal with multiple moving pieces. As such, we are taking a measured approach on our market positioning. We will have a more comprehensive update on our procurement and financial hedging activities when we report first quarter results.<br>In terms of U.S. tariffs on Canadian energy, the situation is obviously dynamic and the impacts will be ultimately determined by the size and duration of tariffs. |

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| | | | | | | With respect to our 2025 capital program, we are well protected and do not expect any impact on our current capital cost estimates or any supply chain challenges. In midstream, tariffs will have a negative impact on the cash flows of our upstream customers. But tariffs will be partially offset by a stronger U.S. dollar. And as a result, we do not expect material changes to natural gas and NGL production volumes.<br>Canadian NGL prices will partially discount to offset the cost of tariffs while Asian prices will remain unchanged. This will cause a wider Canada to Asia LPG spread, which we expect to be modestly additive to our merchant export margins. In terms of our utilities, we expect only a modest impact on our operations and customer bills. SEMCO will potentially face some higher gas costs, which it will flow through to its customers as approximately 15% of SEMCO's gas supply comes from Canada.<br>Should tariffs remain in place in the long term, this will drive higher inflation at our utilities and lead to higher customer bills. |
| WEC Energy Group Inc. | U.S. | A- | Stable | 8,600 | 2/4/2025 | And the tariffs that we -- potentially out of Canada and Mexico, we are watching very closely also along with the cost of gas. But even with the cost of gas, when you're watching it at a 10% tariff, that was moving that gas cost from $3 to $3.30. And that's a small portion of the gas supply that we have. And we saw the gas prices move a lot faster with just some cold weather coming across. So we think it's going to be manageable, but we're watching it very closely. |
| Statkraft AS | Norway | A | Stable | 8,309 | 3/5/2025 | Trade wars and tariffs could impact European competitiveness and thus, power demand. |
| Fortis Inc. | Canada | A- | Negative | 7,998 | 2/14/2025 | And before closing, I would like to touch on the implications of potential tariffs on our utilities. While we don't see any immediate material direct impacts from the tariffs, we fully appreciate the impact it could have on the economy and the customers we serve. We will continue to assess the impact on our customers as more information is known. |
| CMS Energy Corp. | U.S. | BBB+ | Stable | 7,515 | 2/10/2025 | We've really done our homework here. So just let me talk through some numbers. So when we look at direct spend across our supply chain, and we looked at it both Canada, Mexico and China, it's a little over 5% direct that it's coming from one of those 3 locations in the world. When we look at indirect spend, and so indirect, you're going with a company that might be U.S. based, but they have a spend in either again, Mexico, Canada or China, That's, again, a little over 5%. So we're talking about 10% to 12% of the overall supply chain mix. And so it's small in the context of that.<br>Now the other piece is in electric and natural gas. So let me talk about that homework we've done as well because there -- as part of MISO, there are -- Canada is part of the MISO mix. But remember this, given our natural gas plants, we're typically putting energy into the market. Got great heat rates, got low cost of incoming natural gas. And that's a nice hedge. It saved our customers over a couple of hundred million dollars this year, and we'll continue to use that as a hedge if there is -- if there's any volatility or an increase in electric prices in the market. So really positioned well there.<br>And then gas, we bought last year, and this was a high for us, we bought about 6% of our gas from Canada. Again, and that was at a high. And so remember, we have 7 interconnects. And so I've got 6 other interconnects that I can leverage for U.S. gas to be able to mitigate that. So again, I feel like I'm in a really good spot there. The company is in a really good spot from a tariff perspective for natural gas. And then finally, and I imagine we'll get this question over time, and we looked at it in some detail, is that often you start to think about other industries.<br>And so often with Michigan, with our rich heritage on automotive, the question comes up, well, tariffs, how do they impact the automotive industry? And I'll remind all our investors that a little over 2% of our gross margin is in the automotive space in Tier 1 and Tier 2. So we've got a very diversified service territory, which helps mitigate some of that risk that might show up for the automotive industry. |
| Brookfield Renewable Partners L.P. | Canada | BBB+ | Stable | 5,876 | 1/31/2025 | If incremental tariffs are added to equipment that is used to build out renewables, we would look to pass that cost through in the form of a higher PPA. |

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| | | | | | | When it comes to potential tariffs, this is something where we feel Brookfield Renewable has a very material competitive advantage. Over the last number of years, using our centralized procurement across our broader business, we've executed a number of framework agreements with leading manufacturers, both domestic in the U.S. and international, which will enable us to source equipment from a wide variety of sources such that no matter how the tariff discussions play out, we will be able to maximize our sourcing of equipment from the most tariff preferential areas. |
| Atmos Energy Corp. | U.S. | A- | Stable | 4,183 | 2/5/2025 | We continue to watch as executive orders come out. We continue to communicate with our key stakeholders at the federal level as well. On the tariff piece of it, to that part of your question, just saw recently where those were put on pause. So we're going to continue to work with our vendors and suppliers, manufacturers to see which of any components that we currently have sourced are either fully made overseas are all made here or parts brought here and assembled here in the U.S. So right now, I would say they'd probably be on the lower end if at all, but we're continuing to work with our vendors and suppliers to put a handle on that and anticipate what that may look like as we go forward. |
| Capital Power Corp. | Canada | BBB- | Stable | 2,556 | 2/26/2025 | Our business is largely insulated from the impact of potential U.S. tariffs with fuel purchased and power sold to local markets.<br>For example, in Ontario, we procure gas from a local hub and power is sold to the Ontario ISO to support growing local demand. Our Canadian and U.S. businesses operate independently with separate high-quality counterparties in each country. our long-term contracts and hedges not only stabilize our cash flows, but who we sell our product to over time.<br>From a supply chain perspective, we do not foresee a significant impact on our largest projects in the near term, given domestic content requirements for our U.S. solar facilities and large components for our Canadian projects already received. We will continue to monitor the developments related to tariffs and their potential impact to the economy and indirect impacts to our business. However, at this point, we do not believe the direct impact to Capital Power are significant. |
| TransAlta Corp. | Canada | BB+ | Stable | 1,977 | 2/20/2025 | The one thing that we're focused on, though, is just from a supply chain perspective. I mean if there are tariffs, we're just being mindful about time to actual delivery of some of the key components that we require. And that's mostly around the substation and the transmission. It's less about the actual facility itself and what that might mean from a cost perspective. I don't think it really changes the economics all that much in terms of the aggregate offer that we're providing though. |
| Northland Power Inc. | Canada | BBB | Stable | 1,638 | 3/10/2025 | In terms of potential tariffs, if they are imposed on Canada, we believe they would have minimal impact on our business due to our international diversification, our access to a global supply chain, and our development pipeline largely outside of the U.S. |
| Clearway Energy Inc. | U.S. | BB | Stable | 1,371 | 2/25/2025 | For the range of changes in tariff or applicable duty rates that have been announced so far, the Clearway Group sponsor entity has put in place either arrangements with respect to revenue contracts or arrangements with respect to equipment suppliers and relationships with them in a way that allows for the projects that have been planned to contribute to CWEN's growth goals that have been committed to already or identified as part of its near-term growth pathway to be able to proceed on the schedule that was planned while absorbing the implications of those changes in applicable duties. |
| Northwest Natural Holding Co. | U.S. | A- | Stable | 1,153 | 2/28/2025 | The tariff situation is day-to-day, but we are well prepared there. We actually filed a deferral for our gas costs in the event that those tariffs do go into effect. We don't anticipate at the 10% level, a meaningful impact in terms of cost to our customers, but we're monitoring the situation. Obviously, we've dealt with inflation before in recent years in the industry and certainly a 25% tariff on materials like that could have an impact, but we're engaged, and it's hard to comment on the direction that that's going to head at this time. |

Source: S&P Global Market Intelligence, S&P Global Ratings. Data as of March 14, 2025.

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