



Policy: Assigning Unsolicited Credit Ratings

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Issued by	: SAR Compliance Function
Applicable to	: All SAR Employees and relevant Employees who are participants in the SAR rating processes
Scope	: All Credit Ratings Actions and all Other Rating Actions

Approved documents are held by the Compliance Officer of Sovereign Africa Ratings (Proprietary) Limited.

¹ Date on which the approved document takes effect.



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1 Policy Statement

The purpose of this policy is to increase market transparency for the Unsolicited Credit Ratings issued by Sovereign Africa Rating (Pty) Ltd (SAR). Unsolicited credit ratings are those that are initiated by SAR and were not maintained at the request of the rated entity or its agents.

SAR shall be transparent when publishing Credit Ratings that were not initiated or maintained at the request of the Rated Entity or its Agents. An Unsolicited Credit Rating label may be applied at the security level, the rated entity level, or possibly both levels, depending on the circumstances. SAR will clearly state in credit rating announcements that the credit rating was not requested.

In the event that SAR chooses to publish an unsolicited credit rating, it will only do so after concluding that adequate and appropriate-quality data is available to enable it to assign and maintain the credit rating. SAR will not make a distinction between credit ratings that are sought and those that are not.

DEFINED TERMS AND ABBREVIATIONS

Agent	Anyone representing a Rated Entity or a Rated Entity agent, whether an individual or a group.
CRA	Credit Rating Agency
Credit Rating	A Credit Rating is an opinion made by a CRA based on a predetermined ranking system of rating categories regarding the creditworthiness of an entity, debt or financial obligation, debt security, preferred share, or other financial instrument, or of the issuer of such a debt or financial obligation, debt security, preferred share, or other financial instrument.
Credit Rating Action	Any of the following is a credit rating action: <ol style="list-style-type: none"> 1. the process through which a credit rating is given to a rated entity or obligation, including credit ratings given during a subsequent rating process. 2. When relevant conditions are thought to have been satisfied in the anticipated rating process, a provisional note is removed from a credit rating. 3. a change to a credit rating (i.e., upgrade or downgrade). 4. placing a credit rating under review, reconfiguring an active review, or removing a credit rating from review (i.e., Credit Rating Confirmation). 5. the assignment of, or modification of, an Outlook linked to a Rated Entity or several Credit Ratings. 6. Credit Rating Affirmation.

Sovereign Africa Ratings

		7. Credit Rating Withdrawal.
Credit Rating Personnel		Credit Rating Personnel are SAR Analysts, Managers of SAR Analysts, and any other SAR Employees involved in developing or approving methods or methodologies utilised in providing Credit Rating Services, Ancillary Services, or Other Permissible Services. Any SAR employee assigned to a rating team who: (1) is not active in the rating process or (2) supports the rating process only through administrative responsibilities, such as entering data into internal systems, is not included in the definition of credit rating personnel.
Employee(s)		An Employee is any full-time or part-time employee of SAR or any of its subsidiaries and associated companies.
Issuer		An issuer is any entity that issues debt, a credit commitment, debt-like obligations, or securities. Examples of such entities include special-purpose vehicles, companies, governments, and local governments.
Lead Rating Analyst (Lead Analyst)		Lead Rating Analyst is a term used to describe an analyst who is primarily responsible for providing details about a credit rating and/or for communicating with the issuer(s) regarding a specific credit rating or generally regarding the credit rating of a financial instrument issued by that issuer, as well as, when appropriate, for creating recommendations for the rating committee in relation to that credit rating.
Manager(s)		Managers are employees who are in charge of managing personnel.
Outlook		An Outlook is an opinion regarding the likely path an issuer's rating could take over the medium term.
Prohibited Recommendation		It is prohibited for SAR analysts or persons who approve ratings to make proposals or recommendations or give advice, either formally or informally, regarding the design of structured finance instruments on which SAR is expected to issue a credit rating.
Rated Entity		A Rated Entity is any entity rated by a Credit Rating Agency (CRA)
Review		A review is an indication that a rating may be changing in the not-too-distant future.
SAR		Sovereign Africa Rating (Pty) Ltd is authorised to conduct business as a credit rating agency as per the Credit Ratings Services Act of 2012 of the Republic of South Africa.
Security		Security refers to any type of financial instrument, including stocks, bonds, debentures, notes, options, equity securities, convertible securities, warrants, derivative securities (Derivative), and warrants.
Subsequent Rating Process		Ratings after that Process is the process of determining the Credit Ratings to be assigned (together with the related outlook or review status, if applicable) solely based on the Credit Ratings of a

	programme, series category/class of debt, or principal Rated Entity that already exist.
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2 Approval of Policy

This Policy was approved by the board, and it will be reviewed annually.

Approved by the board

Board Meeting

Portia Divhani Ravuhali

Date: 2 August 2022

Chairperson of the board

3 Annexures

3.1 Procedure: Assigning Unsolicited Credit Ratings.

The policy statements are implemented by this Procedure.

Any member of the credit rating personnel may initiate a first-time unsolicited credit rating with the Chief Ratings Officer's permission. For the start of an unsolicited credit rating, the Chief Ratings Officer must express his or her consent in writing, naming the rated entity and/or security. The Chief Ratings Officer will then communicate his or her decision to the commercial function. Unsolicited credit ratings are conducted where the analytical unit has an interest in a particular issuer, however, the issuer is unwilling to solicit a credit rating at the time.

The commercial function notifies the rated entity or its agents after receiving notification from the Chief Ratings Officer that:

- a) SAR intends to publish a credit rating; and
- b) SAR invites the rated entity to participate in the credit rating process for all published credit ratings, but the extent, if any, of participation is up to the rated entity or its agents.

In accordance with this procedure for Assigning Unsolicited Credit Ratings, the commercial function must notify the Chief Ratings Officer if it learns from the Rated Entity or its Agents that they choose not to participate in the Credit Rating process.

The Commercial function will also let the Rated Entity or its Agents know that, in the case of Assigning Unsolicited Credit Ratings, if SAR initiates a Credit Rating that was not requested by the Rated Entity or its Agents, SAR will not ask for or expect payment from the Rated Entity or its Agents after the Credit Rating has been published.

Before delivering a SAR Unsolicited Credit Rating, the Lead Analyst must have the Chief Ratings Officer's written consent. The Chief Ratings Officer's approval must be recorded in the appropriate records management system. In the accompanying credit rating announcement and/or credit rating report that SAR publishes for an unsolicited credit rating, SAR will indicate that such credit ratings were unsolicited in the announcement or report.