



Policy: Communication of Credit Ratings

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| Issued by | : SAR Compliance Function |
| Applicable to | : All SAR Employees and relevant Employees supporting the SAR rating process |
| 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 Statements

This document aims to protect sensitive information about ratings that are meant for dissemination to the public before they are published.

SAR will promptly report any changes to its credit rating. This policy explains SAR's key obligations with regard to the dissemination and communication of credit ratings.

SAR will be very clear about the credit rating action's nature, including whether it involves:

- a) the assignment of an initial credit rating or the review of an existing credit rating;
- b) an indicative credit rating;
- c) a rating affirmation, a rating change, an outlook or rating watch change, or a rating withdrawal; and
- d) the degree to which the credit rating is based on significant, non-public information.

Defined Terms and Abbreviations

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| 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. 7. Credit Rating Withdrawal. |

Sovereign Africa Ratings

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| 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 Analyst (Lead Analyst) | Rating (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 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 oversee 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. |

2 Approval of Policy

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

Portia Divhani Kavuhali

Board Meeting, 2 August 2022

Approved by the board

Date

Chairperson of the board

3 Annexure

3.1 Procedure: Communication of Credit Ratings

Analysts may only share the Credit Rating decision with the Issuer and/or its designated agents, and not with any other outside party, as soon as practically possible after the rating committee makes a decision about a credit rating action and if practical. Depending on the exact conditions, the timing could change. In light of the smooth operation of the financial markets and widespread accessibility to the released information, the timing of the rating release should also be taken into account. Where possible and appropriate, the Lead Analyst would normally get in touch with the Issuer or its designated representative to let them know about the important data and key factors that went into the Credit Rating.

Early in the rating relationship, the Lead Analyst shall advise the Issuer that the Lead Analyst will use commercially reasonable efforts to deliver to the Issuer or its designated agent(s) draft Credit Rating Announcements for the Issuer's review prior to publication, for the purpose of ensuring that no confidential information is disclosed and to allow the Issuer to check for factual accuracy. SAR retains complete editorial control over the structure and content of all of its publications, even when Issuers may receive Rating Announcements for such evaluation. As a result, Analysts may not accept changes from the Issuer that would alter the meaning or tone of the SAR opinion or the Rating Announcement, except where such changes are necessary to correct factual errors or prevent the disclosure of confidential information.

The Lead Analyst should inform the Issuer that the Issuer will only have a very limited amount of time for such review and the Lead Analyst should ask the Issuer in advance of a rating committee to identify a contact or contacts who can promptly review the Rating Announcement.

The Lead Analyst should additionally inform the Issuer that the Credit Rating Announcement may be issued even if the Issuer does not respond to the Lead Analyst promptly or if the Lead Analyst is unable to contact the Issuer or its agent after making a reasonable effort (s).

The Lead Analyst shall keep a record of any discussions with the Issuer or the Issuer's representative regarding the Credit Rating Announcement before it is released. The Lead Analyst should retain a record of the outgoing draft Credit Rating Announcement and any incoming response from either the Issuer or the Issuer's representative (e.g., letter, or email). If the Issuer responds orally, (e.g., over the phone or via voice mail), the Lead Analyst should make notes of the Issuer's comments and retain a record. Lead analysts must retain a record when the Issuer or Issuer's representative has not responded, stating that no comment was received. The Issuer must be given at least one business day to respond, then the Rating Announcement should be issued as soon as practicable thereafter.

Credit Ratings are communicated to the general public free of charge via publication on our website, www.saratings.com, and are distributed to major financial newswires. Credit Rating Announcements should include the key elements underlying the credit rating action. Each

Credit Rating Announcement must include the date of the last associated Credit Rating Announcement if any, and the principal action it announced as well as a reference to the principal methodology used in determining the Credit Rating or a description of that methodology.

Each credit rating announcement must include the names of the lead analyst and the person approving the credit ratings, as well as their contact details, the date of the rating action, all material sources, key elements underlying the credit rating, an indication of whether the rating was disclosed to the rated entity or related third party, the principal methodology or version of methodology used in determining the credit rating and instances where the credit rating is based on more than one methodology (disclose the full list of methodologies), the date on which the rating was first released for distribution and when it was last updated indicated clearly and prominently and any attributes and limitations of the credit ratings.

SAR will disclose for each credit rating announcement whether it considers the quality of information available on the rated entity satisfactory and to what extent it has verified information provided to it by the rated entity or its related third party, information on rated entity participation and a description of the information availed to it by the rated entity or related third party.

Each credit rating announcement must include the attestation confirming (a) that no part of the rating was influenced by any other business activities of SAR; (b) that the rating was based solely on the merits of the rated entity, security, or financial instrument being rated; (c) that such rating was an independent evaluation of the risks and merits of the rated entity, security or financial instrument.