



Policy: External Complaints Regarding SAR Ratings or Rating Process

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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 Rating 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

SAR is required to set up procedures for the receipt, examination, and storage of specific complaints from Rated Entities, those entities' representatives, and other outside parties. This policy's goal is to specify which complaints fall under the requirement's scope.

Complaints covered by this policy are communications obtained from a source outside of SAR that include:

- a) Allegations of a particular violation of rules, the SAR Code of Conduct, policies, and/or procedures by SAR or by a SAR employee with regard to SAR's actions as a credit rating agency;
- b) Specific factual assertions that a specific SAR Credit Rating, model or methodology is unsupported or has been assigned or applied improperly; or
- c) Claims that a SAR employee violated rules, policies, and/or procedures while performing any of the following tasks: initiating, determining, approving, maintaining, monitoring, altering, or withdrawing a credit rating.

For the purposes of this requirement, the following are not, in and of themselves, deemed to be Complaints, unless they fit one of the definitions above:

- 1) general criticisms of specific Credit Ratings, the decision of a Rating Committee, or the models and/or methodologies SAR used to develop its Credit Ratings;
- 2) requests from outside parties to appeal Credit Ratings;
- 3) comments on whether current methodologies for assigning Credit Ratings should be updated; or
- 4) comments that SAR received as part of the Request for Comment procedure.

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: 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.

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	<ol style="list-style-type: none"> 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.
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)	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 of 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.

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SAR	Sovereign Africa Rating (Pty) Ltd is authorised to conduct business as a credit rating agency as per the Credit Ratings Services Act No 24 of 2012.
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.

Pertia Divhani Ravuhali

Board Meeting, 2 August 2022

Approved by the board

Date

Chairperson of the board

3 Annexures

3.1 Procedure: External Complaints Regarding SAR Ratings or Rating Process

The policy statements are implemented by this Procedure.

EXAMINATION OF COMPLAINTS

Communications received from a source outside of SAR that contain any of the following are considered complaints under this procedure:

- a) Allegations of a specific violation of laws, the SAR Code of Conduct, policies, and/or procedures by SAR or by a SAR employee with regard to SAR's actions as a credit rating agency;
- b) Specific factual assertions that a specific SAR Credit Rating, model or methodology is unsupported, has been assigned or applied improperly; or
- c) Claims that a SAR employee violated rules, policies, and/or procedures while working on the initialization, determination, approval, maintenance, monitoring, modification, or withdrawal of a credit rating.

For the purposes of this requirement, unless they fall within one of the aforementioned definitions, the following should be brought up with the Chief Ratings Officer or lead analyst for further investigation instead:

- 1) general statements of disagreement with specific Credit Ratings, the decision of a Rating Committee, or the models and/or methodologies used by SAR in developing its Credit Ratings;
- 2) external requests to appeal a Credit Rating;
- 3) comments on whether current methodologies for assigning Credit Ratings should be updated; or
- 4) comments received by SAR as part of the Request for Comment process.

COMPLAINTS IN WRITING

After confirming that a complaint is one that falls under the purview of this procedure and being received in writing, the recipient is required to forward the complaint, along with a copy to his or her manager and the compliance function, through email.

ORAL COMPLAINTS

Following oral communication reception and confirmation that it qualifies as a complaint under this procedure, the recipient is required to: a) urge the complaining party to submit the complaint to SAR in writing, and b) inform Compliance of the oral complaint.

COMPLAINTS HANDLING STEPS

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- The complainant will send the complaint to the lead analyst via telephone or email. The complainant may also send the complaint via saratings.com which will be reviewed by the Compliance Officer who will refer it to the lead analyst.
- The lead analyst will assess the complaint in terms of this policy and escalate it to the Chief Ratings Officer (CRO) for the CRO's assessment.
- Once an assessment has been done, the lead analyst must provide a response to the complainant detailing the action taken.
- The lead analyst must provide the conclusion of the complaint to the Compliance Officer who will keep the record.
- The complaint process will then be closed.