



Policy: Gifts and Entertainment

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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

In the course of your employment as a SAR employee, you may present and receive gifts from clients, customers, vendors, and other business contacts, but note that doing so could give the idea that our business decisions are being unfairly influenced. A SAR employee must therefore ensure that gifts are managed in terms of the procedure in the annexure and that all business choices are supported only by legitimate business concerns in order to prevent even the perception of impropriety.

It is against the regulations for Credit Rating Personnel to ask for or accept cash, gifts, favours, services, or entertainment from any Rated Entity, any sponsor of any Rated Entity, or any of its Agents.

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. 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

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	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.
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: Gifts and Entertainment

The policy statements are implemented by this Procedure.

A SAR employee may:

- a) Give or accept inexpensive tokens or items of nominal value, up to a maximum of five hundred South African rands (R500) or thirty US dollars (\$30 USD);
- b) Give or accept occasional and moderate business meals and entertainment with clients, customers, or vendors if you attend the event; or
- c) Attend events or other activities with clients, customers, or vendors infrequently if the cost is not prohibitive.

A SAR employee is not allowed to:

- a) Give or accept gifts or entertainment that might influence decisions;
- b) Give or accept gifts or entertainment that might seem to establish a conflict of interest or exceed a nominal amount; or
- c) Give or accept cash as a present.

The maximum amount of small incidentals that Credit Rating Personnel will accept in the course of a business engagement, such as light meals, pens, and paper, is R500 (South African Rands) or thirty US dollars (\$30 USD) per person, per business interaction, per day. The cap does indicate that plans for all-day meetings should be prepared to enable Credit Rating Personnel to restrict what they take from a Rated Entity or its Agents. All employees are required to declare all gifts received regardless of the value.

If the entity providing compensation is not a Rated Entity, Credit Rating Personnel may receive payment for expenses spent while giving a speech or making a presentation at conferences or events hosted by trade groups or other non-Rated Entities.