



## Policy: Monitoring of Credit Ratings

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<b>Effective Date<sup>1</sup></b>	: 2 August 2022
<b>Issued by</b>	: SAR Compliance Function
<b>Applicable to</b>	: All SAR Employees and relevant Employees who are participants in the SAR rating processes
<b>Scope</b>	: All Credit Rating Actions

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

<sup>1</sup> Date on which the approved document takes effect.



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## 1 Policy Statements

Once a Credit Rating has been issued, SAR will continue to monitor it as necessary and may revise it if our assessment of the Issuer's or another relevant entity's creditworthiness warrants it. This also applies to debt-related securities. Until the Credit Rating is revoked or withdrawn, SAR will continuously monitor published Credit Ratings.

Monitoring is conducted continuously by the same analytical team that is responsible for the initial rating. When monitoring Credit Ratings, the Lead Analyst should consider all available information and formulate a view as to whether a rating should be reconsidered. The rating committee process is the same for monitoring-driven rating committees as for original Credit Rating committees (i.e., preparing a rating recommendation, requesting conflicts disclosures, inviting committee members, convening a rating committee, preparing the Credit Rating Announcement, publishing the Credit Rating, etc.).

In monitoring Credit Ratings, Analysts may review public information as well as non-public information provided by the Issuer or its agent(s) through periodic meetings or other means.

### 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"> <li>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.</li> <li>2. When relevant conditions are thought to have been satisfied in the anticipated rating process, a provisional note is removed from a credit rating.</li> <li>3. a change to a credit rating (i.e., upgrade or downgrade).</li> <li>4. placing a credit rating under review, reconfiguring an active review, or removing a credit rating from review (i.e., Credit Rating Confirmation).</li> <li>5. the assignment of, or modification of, an Outlook linked to a Rated Entity or several Credit Ratings.</li> </ol>

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	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 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 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

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

The board authorised this Policy on [insert date] and it will be reviewed annually.

*Portia Divhani Rayhuhali*

Board Meeting, 2 August 2022

Approved by the board

Date

Chairperson of the board

### 3 Annexures

#### 3.1 Procedure: Monitoring of Credit Ratings

A SAR analyst is responsible for incorporating information gathered during the monitoring of the credit ratings that he/she is designated as a Lead Analyst. In monitoring Credit Ratings, Analysts may review public information as well as non-public information provided by the Issuer or its agent(s) through periodic meetings, information requests, and submissions or other means. Monitoring must be conducted in a continuous manner (daily). An analyst is also required to periodically collate the information (and sources) he/she has considered in their analysis.

Monitoring through public information may include:

- News publications
- Media and conference discussions
- Public statements and briefings
- Publications by issuers
- Credible databases
- Any public announcements by institutions related to the rated entity