



## Policy: Withdrawal & Suspension of Credit Ratings

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<b>Issued by</b>	<b>:</b>	<b>SAR Compliance Function</b>
<b>Applicable to</b>	<b>:</b>	<b>All SAR Employees and relevant Employees supporting the SAR rating process</b>
<b>Scope</b>	<b>:</b>	<b>All Credit Rating Actions and all Other Rating Actions</b>

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 Statement

### CREDIT RATING WITHDRAWAL

SAR must find a balance between its interests and those of the rated firm, the market, the investor public, and SAR, within reason. When feasible and appropriate, SAR may examine its credit rating before withdrawing it. To do this, SAR will constitute a rating committee, declare the credit rating, and follow any other established policies and procedures. The procedure for withdrawing a credit rating is comparable to that of a credit rating action, with the exception of the timetables that apply to pre-committee and post-committee comments from the rated business, which will be decided on a case-by-case basis.

For any of the following reasons, among others, SAR may withdraw a credit rating:

1. If there are serious doubts about SAR's ability to provide a credible credit rating due to a lack of reliable data, the complexity of the structure of a new type of security or financial instrument, or the quality of the information available, SAR must forgo issuing a credit rating or withdraw an existing credit rating.
2. If a conflict of interest occurs in any of the following circumstances:
  - a) An Analyst who participated in the evaluation, approval, or monitoring of a credit rating was later determined to have violated SAR's Fee Discussions policy.
  - b) If an analyst who worked on assigning, reviewing, or monitoring a credit rating has or has ever had a conflicting relationship with a senior member of the rated entity or related third party.
  - c) If a family member of an Analyst who took part in the evaluation, approval, or monitoring of a Credit Rating received gifts or other improper payments in violation of SAR's Gifts and Entertainment policy.
  - d) If analysts or persons who approve ratings made proposals or recommendations or give advice, either formally or informally, regarding the design of structured finance instruments on which the SAR is expected to issue a credit rating.
3. On the basis that a credit rating that was formerly public is later rendered private.
4. If SAR made an administrative or other clerical error that led to the credit rating being issued.
5. Based on significant modifications to the methodology or standards.
6. Based on any further grounds that SAR, in its sole discretion, considers appropriate.

### CREDIT RATING SUSPENSION

If the information provided—directly by the rated entity or its third party or through publicly accessible information—does not meet SAR's sufficiency requirement, SAR may suspend a credit rating; however, in certain instances, there may be a plausible chance that the information will be provided in a short space of time. When the suspension period is over, if

the information becomes available, SAR will restart its analytical coverage and re-evaluate the credit ratings.

A credit rating suspension does not necessarily mean that an entity is not paying its debts as they are due or that its financial situation has worsened; rather, it means that crucial information, such as its finances, liquidity, or activities, has not been disclosed. SAR must examine the credit rating concurrently with suspending it in order to give a current, prospective judgement about the creditworthiness of the company or obligation.

A credit rating that has been suspended may be unsuspending and updated as necessary.

**DISCONTINUATION**

According to this policy, SAR is required to give justifications for discontinuation, to indicate the last time the credit rating was updated, and that it will no longer be provided.

**COMMUNICATIONS**

SAR may post a notice on its website and, if necessary, provide a revised credit rating if it decides to withdraw or suspend a public credit rating. If necessary, SAR must keep adequate records of the operations performed in connection with the withdrawal or suspension of a credit rating.

**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> </ol>

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	<p>4. placing a credit rating under review, reconfiguring an active review, or removing a credit rating from review (i.e., Credit Rating Confirmation).</p> <p>5. the assignment of, or modification of, an Outlook linked to a Rated Entity or several Credit Ratings.</p> <p>6. Credit Rating Affirmation.</p> <p>7. Credit Rating Withdrawal.</p>
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.

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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 Ravhuhali*

Board Meeting, 2 August 2022

Approved by the board

Date

Chairperson of the board