



DISCLOSURE OF CREDIT RATINGS POLICY

Reference	Proc.Rat.13
Name	Disclosure of Credit Ratings Policy
Theme	Rating
Last update date	17/01/2019
Version	4.0
Responsibility	Compliance Officer



Description**Responsibility in terms of disclosure**

Unless otherwise specified, the Lead Analyst who has been assigned to perform a credit analysis oversees and performs this process in accordance with related Credit Action. The Compliance officer is responsible for validating the changes the Lead Analyst has operated on BR's website before they become publicly available.

Disclosure to the Rated Entity or Related Third Party

In order to promote accuracy and to avoid issuing credit analyses that may contain misrepresentations with regard to the general creditworthiness of an Issuer or Issue, any Rating Action decided by the **Rating Committee** is communicated to the Rated Entity or Related Third Party before the public disclosure of this Rating Action. This communication is released during working hours and at least a full working day before public disclosure and includes the principal grounds on which the Credit Rating or Rating Outlook is based. This communication is operated by the Lead Analyst in charge of the Rating.

This process provides the Rated Entity or Related Third Party with the opportunity to factually review the content of the information, to highlight any factual errors or inaccuracies and to alert BR regarding the inadvertent disclosure of non-public information. The Lead Analyst evaluates any feedback or comments from the Rated Entity or Related Third Party and decides whether there is reason to modify the report. In case of uncertainty the Lead Analyst may request the opinion and support of the Head of Ratings. In any case BR retains full editorial control over the content of rating reports that are published.

The process of disclosure to Rated Entity or Related Third Party described above does not differ between solicited or unsolicited credit ratings.

Appeal process

In accordance with the appeal process described in the **Issuance of Credit Ratings Policy**, the public disclosure of the Rating Action may be postponed, pending the resolution of the appeal.

Public Disclosure

The Lead Analyst discloses any Credit Rating or Rating Outlook, as well as any decision to discontinue or withdraw a Credit Rating, on a non-selective basis and in a timely manner on BR's website (www.beyond-ratings.com) and via any appropriate means if necessary. Until released to the public, the Credit Rating and Rating Outlook are considered to be confidential information and are subject to the requirements set out in the **Confidential Information Policy**.

The disclosure of a Credit Rating includes:

- the name and job title of the Lead Analyst in charge of the Credit Rating
- the fact that the Credit Rating or Rating Outlook has been approved by a **Rating Committee** in accordance with relevant policy
- the indication of all substantially material sources which were used to prepare the credit rating or rating outlook, including the Rated Entity or a Related Third Party
- the indication whether the Credit Rating or Rating Outlook has been amended following its disclosure to the Rated Entity or Related Third Party
- the principal methodology or version of methodology that was used in determining the Credit Rating or Rating Outlook, with a reference to its comprehensive description
- in the case where the Credit rating is based on more than one methodology, or where reference only to the principal methodology might cause investors to



overlook other important aspects of the credit rating, including any significant adjustments and deviations, the Lead Analyst explains this fact and he/she indicates how the different methodologies or these other aspects are taken into account in the Credit Rating

- an explanation of the key elements underlying the Credit Rating or the Rating Outlook.

- an explanation of the meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions, such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings as well as best-case scenario credit ratings

- the date at which the Credit Rating was first released for distribution and when it was last updated

- the indication as to whether the Credit Rating concerns a newly issued financial instrument and whether BR is rating the financial instrument for the first time

- in the case of a rating outlook, the time horizon during which a change in the credit rating is expected.

- the meaning of each rating category and the definition of default or recovery

- as soon as such information becomes available and relevant, a reference to the historical default rates published by ESMA in the central repository referred to in Article 11(2), together with an explanatory statement of the meaning of those default rates.

- any attributes and limitations of the credit rating or rating outlook. In particular, the Lead Analyst prominently states when disclosing any Credit Rating or Rating Outlook whether it considers satisfactory the quality of information available on the Rated Entity and to what extent it has verified information provided to it by the rated entity or a related third party. If a Credit Rating or a Rating Outlook involves a type of entity or financial instrument for which historical data is limited, the Lead Analyst makes clear, in a prominent place, such limitations.

- a disclaimer stipulating that the Credit Rating is BR's opinion and should be relied upon to a limited degree.

- mention of any ancillary services provided for the Rated Entity or any Related Third Party for the past 2 years preceding the rating action

- an indication whether the rating has been solicited or not. Where BR issues an unsolicited credit rating, the Lead Analyst states prominently in the Credit rating, using a clearly distinguishable different colour code for the rating category, whether or not the Rated Entity or Related Third Party participated in the credit rating process and whether BR had access to the accounts, management and other relevant internal documents for the Rated Entity or Related Third Party

Except for this colour code, the disclosure process is similar between solicited and unsolicited credit ratings.

BR may consider disclosing all or some of the information laid down above on BR website, and in any case the Lead Analyst will make clear and prominent reference in the report itself to the place where such information can be directly and easily accessed in full.

The lead analyst is responsible, when issuing a credit rating or a rating outlook, for submitting to ESMA rating information, including the credit rating and rating outlook of the rated instrument, information on the type of credit rating, the type of rating action, and date and time of publication.



Specific disclosure for Sovereign and Public Finance issues

As BR issues ratings for Sovereign and Public Finance Issuers only, it is submitted to the specific regulatory requirements related to this asset class. As a consequence, where BR issues a Credit Rating or a Rating Outlook, the Lead Analyst provides a detailed research report explaining all the assumptions, parameters, limits and uncertainties and any other information taken into account in determining that Credit Rating or Rating Outlook. That report is made publicly available on BR website. For the avoidance of doubt, in the case where BR would publish a statement announcing revision of a given group of countries, an individual report will be provided for each country. In the case where a change compared to the previous Credit Rating or Rating Outlook occurs, this research report will include:

- a detailed evaluation of the changes to the quantitative assumption justifying the reasons for the rating change and their relative weight. The detailed evaluation includes a description of the following: per capita income, GDP Growth, inflation, fiscal balance, external balance, external debt, an indicator for economic development, an indicator for default and any other relevant factor taken into account. Whenever those indicators are not available for the Issuer (for example for a local or regional authority), data for the related state may be included. This is complemented with the relative weight of each factor.
- a detailed evaluation of the changes in the qualitative assumption justifying the reasons for the rating change and their relative weight
- a detailed description of the risks, limits and uncertainties related to the rating change
- a summary of minutes of the Rating Committee meeting that decided on the rating change.

While policy analysis may serve as an element underlying the determination of a Credit Rating, the Lead Analyst shall not include policy recommendations, policy prescriptions or policy guidelines within the reports it publishes with regard to States or regional or local authorities of States.

Moreover the Lead Analyst ensures that public communications other than Credit Ratings, Rating Outlooks, or accompanying press releases or reports as described above, which relate to potential changes in sovereign ratings are not based on information within the sphere of the Rated Entity that has been disclosed without the consent of the Rated Entity, unless it is available from generally accessible sources or unless there are no legitimate reasons for the Rated Entity not to give its consent to the disclosure of the information.

The set of elements that have to be enclosed in the public disclosure (including the specific elements for Sovereign Ratings) is approved by the Executive Committee. Any change regarding these minimum requirements shall be approved by the Executive Committee (change on the proposal of the Head of Ratings).

Disclosure date and time for Sovereign Ratings

As required by the Regulation, The Head of Ratings publishes on BR's website on an annual basis at the end of December, a calendar for the following 12 months, setting a maximum of three dates for the publication of Unsolicited Ratings and related Rating Outlooks for Sovereign Ratings and setting the dates for the publication of Solicited Ratings and related Rating Outlooks for Sovereign Ratings. Such dates are set on Fridays.

The Head of Ratings organizes its rating activity in a way to fully comply with the announced calendar. However, BR has also the obligation to ensure that the Credit Ratings and the Rating Outlooks are based on information that is relevant and of sufficient quality and that they are disclosed on a non-selective basis and in a timely manner. In order to combine both principles, BR may



deviate from the announced calendar where necessary to comply with the obligation to disclose credit ratings based on all available and relevant information in a timely manner. As an example, an appeal from a Rated Entity may result in such a deviation. Any decision to deviate from the Sovereign Rating Calendar is operated under the responsibility of the Head of Ratings. Any deviation from the announced calendar is accompanied by a detailed explanation of the reasons for such a deviation.

In accordance with the Regulation, the Lead Analyst publishes Credit Ratings or Rating Outlooks after the close of business hours of regulated markets and at least one hour before their opening.

Disclosure of initial review or preliminary rating

The Compliance Officer is in charge of disclosing on BR Website, at least every 2 months, the list of entities or debt instruments that have been submitted to BR for their initial review or for preliminary basis, whether or not issuers have contract with BR for a final rating. This list is based on data provided by the Sales and Marketing Department, as specified in the [Policy on commercial activity account records](#).

The Compliance Officer is also in charge on notifying ESMA of this information on an ongoing basis.

Compliance with this policy

Concerned staff are requested to regularly confirm their commitment to fully respect this policy. Failure to comply with the aforementioned procedures may result in disciplinary action up to and including the termination of the employment contract.

The monitoring and assessment that all concerned staff fully respect this policy is under the responsibility of the Compliance Officer.

Breach of this policy

Covered Employees are expected to promptly report any conduct that could reasonably be considered contrary to this procedure, in accordance with the process defined in the [Whistleblower Policy](#)

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