



# Credit Assessment: Scale, Definitions, And Process

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## Introduction to Credit Assessments

A Credit Assessment is a confidential and unpublished opinion of the relative credit risks of either an entity ("Requested Entity") or a proposed debt instrument of a Requested Entity contemplating such a debt issuance at some future date.

Credit Assessments can be either monitored on an ongoing basis or provided as a point-in-time assessment based on the requestor's requirements. The assessment results are communicated privately to the requestor and for limited use within the terms of the agreement between Vietnam Investors Service and Credit Rating Agency Joint Stock Company ("VIS Rating") and the requestor. Credit Assessments are not equivalent to and do not represent VIS Rating's Credit Ratings. As such, Credit Assessments are expressed on a different assessment scale compared with VIS Rating's rating scale.

This document is a proprietary and confidential compilation of the Credit Assessment Scale and Definitions, and Credit Assessment Process for Analysts and Credit Assessment Committees. It is not meant to replace or supersede any information contained in various VIS Rating Internal Policies & Procedures.

Each VIS Rating Employee is responsible for complying with VIS Rating Internal Policies and Procedures, and the laws, regulations and rules applicable to VIS Rating. Should you find anything in this document that appears to conflict with any of the above, please follow the information in those documents and immediately contact the Legal & Compliance Division.

The capitalized terms used in this document are defined in the Glossary of Defined Terms at the end of the document.

The below exhibit provides an overview of the steps involved in our Credit Assessment Process, which will typically take 4-8 weeks. The latter sections describe and explain Steps 1-8 covering the work processes of Analysts and Credit Assessment Committees.

## Exhibit 1: Credit Assessment Process

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|--|---|
| <p><b>STEP 1 Initiating a Credit Assessment Relationship with VIS Rating</b></p> <p>All customer requests, including negotiation, finalization, and execution of Credit Assessment contracts, are handled and managed exclusively by the Business Development Division.</p> <p>Personnel in the Analytical Team must not be involved.</p>          | <p><b>STEP 5 Analytical Team commences analysis/ Information Used in the Credit Assessment Process, Analysis, and Documentation</b></p> <p>The Analytical Team assembles relevant information provided by the Requested Entity, if applicable, from public or other sources; assesses sufficiency and quality of information; analyzes qualitative and quantitative considerations based on selected credit assessment analytical frameworks.</p> |
| <p><b>STEP 2 Assignment of Analysts and Conflict of Interest Certification</b></p> <p>Once the credit assessment application is executed, the Analytical Team, including the Lead Analyst, is assigned. All assigned analytical team members must confirm that they are free from conflicts of interest before conducting any analytical work.</p> | <p><b>STEP 6 Convene a Credit Assessment Committee to Assign Assessment(s)</b></p> <p>The Credit Assessment Committee is a key part of VIS Rating's analytical process and helps ensure credit assessments' integrity and consistency. It reviews, votes, and assigns the credit assessment score.</p>  |
| <p><b>STEP 3 Gathering information</b></p> <p>The Analytical Team will gather publicly available information for credit assessments.</p>   | <p><b>STEP 7 Informing the Credit Assessment Outcome</b></p> <p>The Requestor reviews the draft credit assessment summary. The outcome is then delivered and communicated privately to the Requestor.</p>   |
| <p><b>STEP 4 Management Meeting with Analytical Team</b></p> <p>In cases where the requestor has requested that credit assessments to be completed solely based on publicly available information, the Analytical Team will commence with the analysis by gathering publicly available information.</p>  | <p><b>STEP 8 Monitoring Credit Assessments</b></p> <p>Surveillance and dialogue with requestors is maintained only for ongoing monitoring requests to ensure timely and relevant credit assessments. This step does not apply to point-in-time assessments of selected companies as instructed by the requestor.</p>  |

## Credit Assessment Scale and Definitions

### What is a Credit Assessment?

A Credit Assessment assigned on the Credit Assessment scale of VIS Rating is a forward-looking opinion of the relative credit risks of a Requested Entity or a proposed debt instrument by a Requested Entity contemplating such a debt issuance at some future date.

A credit assessment of VIS Rating addresses the Requested Entity's ability to obtain sufficient cash to service its debt obligation, and its willingness to pay. VIS Rating defines credit risk as the risk that a Requested Entity may not meet its contractual financial obligations as they come due and financial losses may arise in the event of default or impairment. In some cases, credit risk may relate to a party other than the debt issuer, e.g., a guarantor.

### Credit Assessment Scale and Definitions

Credit assessments of VIS Rating are opinions of the relative creditworthiness of Requested Entities or debt instruments with an original maturity of one year or more within Vietnam. There are eight categories on our credit assessment scale, as defined below.

<b>Very strong</b>	Requested Entities or debt instruments demonstrate the strongest creditworthiness relative to other domestic entities and transactions.
<b>Strong</b>	Requested Entities or debt instruments demonstrate very strong creditworthiness relative to other domestic entities and transactions.
<b>Above Average</b>	Requested Entities or debt instruments demonstrate above-average creditworthiness relative to other domestic entities and transactions.
<b>Average</b>	Requested Entities or debt instruments demonstrate average creditworthiness relative to other domestic entities and transactions.
<b>Below-Average</b>	Requested Entities or debt instruments demonstrate below-average creditworthiness relative to other domestic entities and transactions.
<b>Weak</b>	Requested Entities or debt instruments demonstrate weak creditworthiness relative to other domestic entities and transactions and may be approaching default, with strong recovery prospects.
<b>Very Weak</b>	Requested Entities or debt instruments demonstrate very weak creditworthiness relative to other domestic entities and transactions and are likely in or near default, typically with moderate recovery prospects.
<b>Extremely Weak</b>	Requested Entities or debt instruments demonstrate extremely weak creditworthiness relative to other domestic entities and transactions and are typically in default, typically with poor recovery prospects. Requested Entities or debt instruments demonstrate the weakest creditworthiness relative to other domestic entities and transactions and are typically in default, with very poor recovery prospects.

## Credit Assessment Process

### Part A: Business Development Division finalizes Credit Assessment contracts with Requestors

#### Step 1. Initiating a Credit Assessment Relationship with VIS Rating

A credit assessment relationship is generally initiated when a customer requests a Credit Assessment from VIS Rating. The customer can request a credit assessment of itself (“Requestor”) or a third-party entity (“Requested Entity”). All requests should be handled and managed exclusively by the Business Development Division.

The Business Development Division will engage the Requestor to discuss the scope of Credit Assessment services required and the contractual terms of the Credit Assessment contract. The negotiation, finalization, and execution of the Credit Assessment contract should be handled exclusively by the Business Development Division but without prejudice to the advising role of Legal & Compliance Division.

The Credit Assessment contract typically covers the following provisions, among others: (i) basic information of the contracting parties; (ii) scope, purpose and details of Credit Assessments covered by the contract; (iii) term of the Credit Assessment contract; (iv) terms and conditions for the Credit Assessment deliverables; (v) monitoring, periodic review and update of Credit Assessments, if any; (vi) service fees; (vii) early termination of contract and responsibilities of the contracting parties; (viii) rights and obligations of the contracting parties, including to maintain confidentiality; and (ix) dispute resolution.

The Business Development Division and the Requestor will sign a Credit Assessment contract to initiate the Credit Assessment Process.

#### Separation of Credit Assessment Personnel from Commercial Activities

VIS Rating requires a separation between Credit Assessment Personnel and commercial activities. In general,

- a. Negotiation and execution of Credit Assessment contracts, Fee Discussions should be handled exclusively by the Business Development Division (without prejudice to support of Legal & Compliance Division for reviewing legal terms and aspects of the Credit Rating contracts).
- b. VIS Rating Employees in the Business Development Division must not participate in determining or monitoring Credit Assessments or developing or approving procedures or analytical frameworks for determining Credit Assessments. In addition, Credit Assessment Personnel must not be involved in the process of negotiation and execution of Credit Assessment contracts and Fee Discussions and should not have access to any fee-related information.
- c. Participation in Fee Discussions precludes the Credit Assessment Personnel from participating in the determination of the Credit Assessment for a particular Credit Assessment contract.
- d. Credit Assessment Personnel involved in any commercial activity or being aware of any fee-related information must immediately contact Legal & Compliance Division.

## Part B: Working Process for Analysts – Prior to Convening a Credit Assessment Committee

### Step 2. Assignment of Analysts and Conflict of Interest Certification

#### **Assignment of Analysts – Conflict of Interest Certification**

At the start of every Credit Assessment Process, the Head of Ratings & Research determines the assignment of an analytical team (including the number of analysts) to support the work processes and tasks and appoints a Lead Analyst (if one has not already been assigned) for the Requested Entity to be assessed and any related parties to the transaction.

Before conducting any related analytical work or involving themselves in any Credit Assessment Process, the Lead Analyst and any others assigned to work with the Lead Analyst should consult VIS Rating Code of Professional Conduct (the “**Code**”) which discusses regulatory requirements and VIS Rating internal controls for any actual, potential or perceived conflict of interests. In case of any conflict of interests, the involved analyst(s) must be released from the Credit Assessment Process and the Head of Ratings & Research may assign other analyst(s) that are free from conflicts as replacement.

### Step 3. Gathering Information

#### **Gathering Information of Requested Entity or the Debt Instrument**

Unless otherwise instructed by the Requestor, the analytical team will gather publicly available information for credit assessments.

If and when the Requestor provides data and information on the Requested Entity and/or facilitates a meeting between the management team of the Requested Entity and the analytical team, the Lead Analyst and the assigned analytical team will introduce the Credit Assessment analytical framework and process to the Requestor and/or the Requested Entity.

The information and data include financial and non-financial information and data on the Requestor’s or Requested Entity’s operating performance, business and financing plans, risk management, internal policies, etc. that are required for both quantitative and qualitative credit analysis. Such information may be confidential or non-public information required to supplement information released by the company publicly.

#### **Treatment of Confidential Information and Non-Public Information**

VIS Rating Employees who have access to Confidential Information or Non-public Information should consult the Code which defines and discusses the handling of Confidential Information and Non-public Information.

## Step 4. Management Meeting with Analytical Team

In cases where the requestor has requested that credit assessments to be completed solely based on publicly available information, the Analytical Team will commence the analysis by gathering publicly available information.

## Step 5. Analytical Team Commences Analysis/ Information Used in the Credit Assessment Process, Analysis and Documentation

### Gathering of Information

The Lead Analyst and any others assigned to work with the Lead Analyst begin the credit analysis by assembling relevant information on the Requested Entity or debt instrument. This information may come from public sources, the Requested Entity or other sources (for example, periodic data gathered and stored in VIS Rating database). The Lead Analyst's work at this stage includes searching for and reviewing relevant internal as well as external research, analyzing comparable existing entities or transactions, researching and analyzing the key transaction parties, and analyzing historic performance for the given Requested Entity, obligation, or asset and similar asset classes.

### Quality of Information

VIS Rating only assigns a Credit Assessment where it believes it has sufficient information and analytical expertise to do so. VIS Rating uses reasonable measures so that the information it uses in assigning a Credit Assessment is of sufficient quality to support a credible Credit Assessment. Thus, the Credit Assessment Committee must assess whether or not there is sufficient information to assign a Credit Assessment. VIS Rating is not obliged to perform and does not perform audits or due diligence with respect to the accuracy of information received or obtained in connection with the Credit Assessment Process.

VIS Rating relies on publicly available information provided to the securities markets and to VIS Rating or Requested Entity's good faith to provide the required information, including management estimates and assumptions to VIS Rating.

If, however, the Lead Analyst or the Credit Assessment Committee believes it has inadequate or unreliable information or will not have adequate or reliable information in the future, to provide an informed Credit Assessment on the Requested Entity, VIS Rating will either refrain from assigning a Credit Assessment or communicate the limitation of adequate or reliable information clearly in the Credit Assessment Process.

### Determining the Adequacy of Information

When a first-time Credit Assessment is assigned, the Credit Assessment Committee determines if the information available to VIS Rating is sufficient to provide a Credit Assessment. When monitoring an existing Credit Assessment on an ongoing basis, where there are significant concerns about the sufficiency of information, a Credit Assessment Committee will be convened to determine if the information available to VIS Rating is sufficient to maintain a Credit Assessment.

### Assessing the Adequacy of Information

VIS Rating will typically request three years of audited financial information to assign a first-time Credit Assessment to a Requested Entity or debt instrument. VIS Rating will also request information

that provides additional explanation of the financial statements. VIS Rating may also seek to obtain other available information that could be useful in assessing the Requested Entity's business and market position and other factors that may be relevant to credit risk, such as liquidity. The information may include third-party information and regulatory filings. In some circumstances, where three years of audited financial information may not be available publicly or not provided by the Requested Entity as instructed by the Requestor, VIS Rating will consider the specifics of each individual situation in evaluating the materiality of missing, limited, or unaudited information.

## **The Analysis**

Having gathered the relevant information, the Lead Analyst will assess the creditworthiness of a Requested Entity or debt instrument. The analytical process typically includes consideration of both quantitative and qualitative factors. When using or presenting quantitative information, Analysts should observe the following guidelines, which establish a minimum level of quality assurance:

- For quantitative tools requiring verification, the Lead Analyst should confirm and clearly state in the Credit Assessment Committee memo that the version used for the Credit Assessment Committee is the current, verified version. If there are outstanding unresolved error corrections in progress, the Lead Analyst should discuss with the Head of Ratings & Research if and how the quantitative tool can be used.
- Credit Assessment Committee memos, including tables, model outputs, and graphs, should include appropriate labels/references to identify the sources for quantitative information. This is particularly important for non-public quantitative information obtained from Requested Entity if applicable, quantitative information purchased from third-party data providers, and other situations where the source of the quantitative data would not otherwise be clearly evident to the Credit Assessment Committee members.

The relevant Analyst has the following responsibilities:

- Review data for reasonableness and completeness;
- Confirm that data was properly inputted into quantitative tools; and
- Review initial results from the quantitative tools for the reasonableness of the outcome given the input data.

Where feasible, the completed quantitative tool(s) with results should be filed as part of the record in the applicable record retention database for a given Credit Assessment. In cases where it is not feasible to file completed quantitative tool(s) because of IT restrictions, inputs, outputs, appropriate version number(s) and appropriate parameters should be filed as part of the record in the applicable record retention database for a given Credit Assessment.

Any concerns about the functionality or results generated from a given quantitative tool should be reported immediately to the Head of Ratings & Research.

## **Documentation and Record Retention**

VIS Rating maintains a record retention framework designed to fulfill its requirements for record retention. Relevant VIS Rating Internal Policies and Procedures cover the detailed set of record retention requirements. In general, VIS Rating will archive both hard copies and electronic copies of all vital records and other business records for each Credit Assessment for a period as required by VIS Rating Internal Policies and Procedures.

## Part C: Working Process for Credit Assessment Committees

### Step 6. Convene a Credit Assessment Committee to Assign Assessment(s)

#### What is a Credit Assessment Committee?

The Credit Assessment Committee is a critical mechanism for promoting the quality, consistency and integrity of Credit Assessment Process of VIS Rating. For each Credit Assessment contract, a Credit Assessment Committee is convened to determine and approve a Credit Assessment on an entity or debt instrument. A Credit Assessment Committee generally commences when the Lead Analyst presents a memo that includes a Credit Assessment recommendation and seeks the Credit Assessment Committee's approval for that recommendation with the express intention of assigning, affirming, changing, or withdrawing a Credit Assessment.

#### Core Principles

##### i. Collaboration

Credit Assessments of VIS Rating are determined by Credit Assessment Committees, not by any individual Analyst. The Credit Assessment Committee is central to the Credit Assessment Process of VIS Rating and is designed to foster a free exchange of views among members, with full consideration of dissenting or controversial views. The composition of a Credit Assessment Committee is selected for expertise and for its potential for diversity of opinion, and decisions are reached through a majority (i.e. over 60%) of the votes.

##### ii. Independence

VIS Rating expects each Credit Assessment Committee member to apply independent judgment in the decision-making process. Ultimately, Credit Assessments are subjective opinions that reflect the majority view of the Credit Assessment Committee's voting members.

##### iii. Confidentiality

The composition of a Credit Assessment Committee (including the names and titles of members), the deliberations and the specific voting results are confidential, privy only to those internal parties at VIS Rating who have a need to know the information. The attribution of Credit Assessment Committee's votes to Committee members should not be reflected in any VIS Rating system, or any other documentation relating to a Credit Assessment.

##### iv. Consistency

Credit Assessment Committees are to be conducted in a manner consistent with internally and externally communicated Credit Assessment policies, procedures, practices.

##### v. Compliance

Any concerns about the Credit Assessment Committee or the conduct of its members should be conveyed to Head of Ratings & Research and VIS Rating Legal & Compliance Division.

#### Convening a Credit Assessment Committee

##### When to Convene a Credit Assessment Committee/Who May Convene It

With respect to each Credit Assessment contract, a Credit Assessment Committee must be convened (i) to assign a first-time Credit Assessment to an entity or a new assessment to a debt

instrument of the Requested Party, or (ii) when the Lead Analyst or the Head of Ratings & Research believes that a Credit Assessment Committee should be held.

The Lead Analyst is responsible (either independently or in consultation with Head of Ratings & Research) for initiating a Credit Assessment Committee when he/she considers it appropriate. Informal discussions around the desirability and timing of future Committees among Analysts and the Head of Ratings & Research are continuous and need not be formally documented. If, however, after discussion and consideration, the Lead Analyst or the Head of Ratings & Research believes a Credit Assessment Committee should be held, a Credit Assessment Committee must be convened within a reasonable period of time.

A discussion should be held in advance of any Credit Assessment Committee with the potential to involve particularly complex issues, whenever possible. The purpose of the advance discussion is to help identify the main issues and the key information and areas of analysis that should be prepared by the Lead Analyst to address these issues. When a Credit Assessment Committee is called on very short notice to respond to news or events, there may not be sufficient time to arrange an advance discussion.

## **Credit Assessment Committee Composition**

The composition of a Credit Assessment Committee depends on the complexity of the issues likely to be considered and will be approved by the Head of Ratings & Research.

The Lead Analyst (or an Analyst acting on behalf of the Lead Analyst in cases where the Lead Analyst is not available) for the Entity is responsible for presenting the assessment recommendation and rationale to the Credit Assessment Committee and addressing questions from the Committee. Only Credit Assessment Committee members have voting privileges.

## **The Credit Assessment Committee Chair**

### **i. Eligibility to Serve as Credit Assessment Committee Chair**

All Credit Assessment Committees must be chaired by a Credit Assessment Committee Chair (the "Chair") who should have appropriate experience in credit analysis. Generally, VIS Rating Employees who are eligible to serve as Chairs are the Head of Ratings & Research and Senior Analysts. In most cases, the Head of Ratings & Research will serve as the Chair. When a Senior Analyst is assigned to be the Chair, the Senior Analyst serving as the Chair must receive approval from the Head of Ratings & Research prior to the commencement of the Credit Assessment Committee meeting.

### **ii. The Role of the Credit Assessment Committee Chair**

The role of the Chair is to moderate the Credit Assessment Committee. In assuming this role, the Chair encourages broad-based participation from all Committee members regardless of seniority, and the expression of dissenting views.

The Chair is responsible for ensuring that the Credit Assessment Committee uses the appropriate credit assessment analytical frameworks and applies them in a consistent manner.

### **iii. Determination of Breadth and Depth of Experience**

The Chair should determine at the outset of the Credit Assessment Committee that the Credit Assessment Committee composition reflects an appropriate combination of breadth and depth of experience.

#### **iv. Prohibited Conflict of Interest**

Before the assigned Credit Assessment Committee members can receive information and materials related to the determination of a Credit Assessment, they must confirm and certify that they have no conflicts of interest. Only those who have completed the certification are permitted to participate in the Credit Assessment Committee meeting.

If, at any time during the Credit Assessment Process, the assigned Credit Assessment Committee members become subject to an actual or potential conflict of interest and would not be eligible to participate in the Credit Assessment Process, the affected individual(s) must: (i) immediately cease participating in the Credit Assessment Process, (ii) immediately notify the Lead Analyst, Chair, Head of Ratings & Research and Head of Legal & Compliance of this change, and (iii) promptly report or update such conflict information in the Records of VIS Rating.

The Chair should replace recused members with other eligible members who are free from conflicts and ensure there is a quorum before the Committee meeting begins.

### **Voting**

#### **i. Voting Eligibility**

At the outset of each Credit Assessment Committee, the Chair will use his/her best judgment to establish which of the Credit Assessment Committee members who are eligible to vote will serve as voting members on that specific Committee. Credit Assessment Committee members who are generally eligible to vote are the following VIS Rating Employees: the Head of Ratings & Research and Senior Analysts.

#### **ii. Voting Process**

After a full discussion of the issues, during which all members have been given an opportunity to express their views, each voting member will be asked to vote. Each voting member is entitled to one vote, with all votes carrying equal weight. The Chair is responsible for making sure that the vote is tallied and announced to the Credit Assessment Committee members.

The Credit Assessment Committee must conclude a decision by at least 60% of the vote. The Chair is responsible for attempting to achieve consensus among the Credit Assessment Committee members. However, consensus may not always be possible; in which case the Lead Analyst and the Chair should strive to reach a compromise position that will have the support of at least over 60% of the Credit Assessment Committee members. If this is not possible, the Lead Analyst or the Chair must reconvene the Credit Assessment Committee and invite the Head of Ratings & Research, or his/her voting eligible delegate. Efforts should be made to reconvene the Credit Assessment Committee as soon as possible and to retain all voting members of the original Committee. If it is not possible to retain all voting members from the original Credit Assessment Committee, the Chair may reconvene the Committee with a sub-group of the original voting members that is representative of the original vote, or invite new members to replace the voting members from the original Committee who are not able to attend.

### **Credit Assessment Committee Documentation**

#### **i. Credit Assessment Committee Package**

For each Credit Assessment Committee, the Lead Analyst must prepare a Credit Assessment Committee package. The Credit Assessment Committee package must document the Lead Analyst's

Credit Assessment recommendation and the rationale for it. Generally, the Credit Assessment Committee package includes the Lead Analyst's credit analysis of the Entity or debt instrument and the specifics of the Entity or debt instrument to be assessed. The Lead Analyst must retain the Credit Assessment Committee package in both hard copies and electronic copies for a period as required by VIS Rating Internal Policies and Procedures.

## **ii. Documenting Credit Assessment Committee Outcomes**

The Lead Analyst must record in the appropriate document management system for VIS Rating (i) the outcome of the Credit Assessment Committee, (ii) the voting eligibility of all the Credit Assessment Committee members and whether they voted and (iii) any material deviations between the Lead Analyst's initial Credit Assessment recommendation and rationale and the outcome of the Credit Assessment Committee.

## **Credit Assessment Committee Suspensions and Informing of Credit Assessment Results**

### **i. Process for Credit Assessment Committee Suspensions**

Once a Credit Assessment Committee convenes, the Chair should aim to reach a timely conclusion, provided it has the appropriate participation, has had the benefit of a thorough discussion, and has access to all available and relevant information.

Once a Credit Assessment Committee convenes, the Chair may suspend the proceedings only if he or she believes that the Committee requires further discussion, additional information, or broader participation, to make a properly informed credit decision or the Credit Assessment analytical frameworks used are not appropriate.

### **ii. Informing of Credit Assessment Results**

Once a Credit Assessment Committee concludes with a Credit Assessment outcome, the Lead Analyst (or an Analyst acting on behalf of the Lead Analyst in cases where the Lead Analyst is unavailable) will communicate the Credit Assessment results privately to the Requestor.

## **Appealing a Credit Assessment Committee Decision**

### **i. External Appeals**

There may be instances in which the Requestor has new or additional information that was not available or considered by the Credit Assessment Committee in reaching its not-yet-published Credit Assessment decision. The Requestor may request that VIS Rating reconsider its Credit Assessment decision based on this new or additional information.

If the Chair and Head of Ratings & Research, in consultation with the Lead Analyst, believes that the new information might reasonably lead the Credit Assessment Committee to draw a different assessment conclusion, the Credit Assessment Committee will be reconvened as quickly as possible to consider the impact of the information on the Credit Assessment. The Chair and the Head of Ratings & Research should determine the appropriate composition for the reconvened Credit Assessment Committee, which may be comprised of the same members as the initial Committee.

Disagreement by the Requestor with the outcome of a Credit Assessment Committee is not a valid basis for an appeal. The appeal process is available only when the Requestor can promptly provide VIS Rating with material information not previously available or considered that VIS Rating believes is relevant to its credit assessment.

## **ii. Internal Appeals**

Before a Credit Assessment decision is officially communicated to the Requestor, a formal appeal of the Credit Assessment Committee's decision may be requested.

The person requesting an internal appeal should send an e-mail either to the Chair or the Head of Ratings & Research, with a copy to the Lead Analyst if he/she is not the sender, stating the basis for the request of the internal appeal. The Head of Ratings & Research has the discretion to approve or deny this request.

If the request for an internal appeal is approved, the Head of Ratings & Research granting the appeal should determine the Credit Assessment Committee composition. The basis for the appeal may be considered by the Head of Ratings & Research to determine whether the composition of the reconvened Committee should differ from the composition of the initial one.

## Part D: Working Process of Analyst – Post-Credit Assessment Committee

### Step 7. Informing the Credit Assessment Outcome

#### Informing the Requestor of the Credit Assessment Decision

After the establishment of the Credit Assessment Committee, and prior to the issuance of the Credit Assessment Summary, the Lead Analyst should provide a draft Credit Assessment Summary to the Requestor, which includes the principal grounds on which the Credit Assessment is based. All communications with the Requestor communicating the Credit Assessment outcome and/or the draft Credit Assessment Summary should make clear that the information is confidential and may not be shared with anyone else.

The Lead Analyst should also inform the Requestor that the Requestor will only have a very limited amount of time for such review and the Lead Analyst should ask the Requestor in advance of a Credit Assessment Committee to identify a contact or contacts who can promptly review the Credit Assessment Summary. Although Credit Assessment Summary may be provided to Requestor for such review, VIS Rating retains ultimate editorial control over the form and content of all of its publications. As a result, Analysts may not accept changes from the Requestor that would alter the meaning or tone of VIS Rating opinion, except where such changes are necessary to correct factual errors or prevent the inclusion of confidential information.

VIS Rating will communicate the assessment results privately to the Requestor only.

### Step 8. Monitoring Credit Assessments

#### Ongoing Monitoring of Credit Assessments

This step will not apply to credit assessments on selected companies provided as a point-in-time assessment as instructed by the Requestor.

For credit assessments with ongoing monitoring requests, VIS Rating will monitor outstanding Credit Assessments continuously until withdrawal. When monitoring Credit Assessments, the Lead Analyst should consider all available information and formulate a view as to whether a Credit Assessment should be reconsidered for a Credit Assessment Committee meeting. The Lead Analyst should assess any new information that becomes available for materiality and, if she or he believes that the information could be material to the Credit Assessment, convene a Credit Assessment Committee to assess its implications.

#### Withdrawing Credit Assessments

VIS Rating may withdraw a Credit Assessment when instructed by the Requestor that it no longer requires credit assessment.

In addition, VIS may withdraw a Credit Assessment for any of the following reasons: (1) incorrect, insufficient or otherwise inadequate information; (2) bankruptcy, liquidation, debt restructuring of a Requested Entity or the issuer of debt instrument; (3) reorganization of a Requested Entity or the issuer of debt instrument.

## Glossary of Defined Terms

### Analyst

An Analyst is any VIS Rating Employee assigned to a credit assessment team with the title of Associate Analyst or higher satisfying the regulatory requirements and other relevant VIS Rating Internal Policies and Procedures whose function is to (a) assign or monitor Credit Assessment and, if applicable, the related Outlook or Review, (b) assist in drafting materials or developing deal specific models being considered for Credit Assessment Committees, or (c) supervise VIS Rating Employees included in (a) or (b) of this definition. The definition of Analyst excludes any VIS Rating Employee assigned to an analytical team who: (1) is not involved in the Credit Assessment Process or (2) supports the Credit Assessment Process solely through administrative tasks, such as entering information into internal systems.

### Confidential Information

Confidential Information is any information received by VIS Rating from the Requested Entity under Credit Assessment, its affiliates or its agents in connection with the Credit Assessment Process or in connection with providing ancillary services or other permissible services in respect of which VIS Rating has received written notice specifically indicating the proprietary and confidential nature of the information. However, the term "Confidential Information" shall not include:

- a. information that is publicly known.
- b. information available to VIS Rating on a non-confidential basis prior to disclosure by the Requested Entity, its affiliates or its agents.
- c. information that becomes available to VIS Rating on a non-confidential basis from a third party not reasonably known by VIS Rating to be bound by a confidentiality agreement with the Requested Entity or otherwise prohibited from making available such information.
- d. information developed independently by VIS Rating.
- e. information that has been aggregated or transformed in such a way that it is no longer identified as relating to any individual Requested Entity.
- f. information that is approved for public disclosure in writing by the Requested Entity, its affiliates or its agents; or
- g. information that is required to be disclosed by applicable laws or by a valid decision of a competent state agency, regulator, court or arbitration.

### Credit Assessment

A Credit Assessment is a confidential and unpublished opinion of the relative credit risks of a Requested Entity or a proposed debt instrument by a Requested Entity contemplating such a debt issuance at some future date. Credit Assessments can be either monitored on an ongoing basis or provided as a point-in-time assessment based on the requestor's requirements. The assessment results are communicated privately to the requestor and for limited use within the terms of the agreement between VIS Rating and the requestor.

## **Credit Assessment Summary**

A Credit Assessment Summary is a written communication that may be used to convey the rationale and key drivers of a Credit Assessment of an Entity or debt instrument to a Requestor.

## **Credit Assessment Committee Chair or Chair**

A Credit Assessment Committee Chair or Chair is a VIS Rating Employee who is authorized to serve as the Chair of a Credit Assessment Committee.

## **Credit Assessment Analytical Frameworks**

Credit Assessment Analytical Frameworks are used by VIS Rating's Credit Assessment Committees to assign Credit Assessment. They set out the key analytical factors which VIS Rating believes are the most important determinants of credit risk for the relevant sector. Credit Assessment Analytical Frameworks are not exhaustive treatments of all factors reflected in ratings of VIS Rating; they simply set out the key qualitative and quantitative considerations used by VIS Rating in determining credit assessments.

## **Credit Assessment Personnel**

Credit Assessment Personnel are 1) Analysts, 2) Managers of Analysts, 3) any other VIS Rating Employees who are involved in the development or approval of procedures or analytical frameworks used in providing Credit Assessment services, ancillary services or other permissible services (as further explained in the definition of Fee Discussions below), and 4) any other VIS Rating Employee that participates in a Credit Assessment Committee. The definition of Credit Assessment Personnel excludes any VIS Rating Employee assigned to an analytical team who: (1) is not involved in the Credit Assessment Process or (2) supports the Credit Assessment Process solely through administrative tasks, such as entering information into internal systems.

## **Fee Discussions**

Fee Discussions are any negotiations about fees for Credit Assessment services and any discussions or correspondence (whether internal or external) relating to those negotiations. For the purposes of the fee discussion, Credit Assessment services mean any or all of the following: Credit Assessment services, ancillary services and/or other permissible services in which:

- i. Credit Assessment services are those products and services offered with respect to Credit Assessments and, if applicable, the related Outlook or Review. Credit Assessment services specifically exclude all ancillary services or other permissible services.
- ii. Ancillary services are those products and services that are not Credit Assessment services, and which may include market forecasts, estimates of economic trends, or other general data analysis as well as related distribution services.
- iii. Other permissible services are those products and services identified by VIS Rating, which are not Credit Assessment services or ancillary services.

## **Lead Analyst or Lead**

A Lead Analyst, or Lead, is the VIS Rating Employee who is currently assigned the primary responsibility for assigning or monitoring a given Credit Assessment or Credit Assessment and, if applicable, the related Outlook or Review.

## **Outlook**

Outlook is an opinion regarding the likely direction of a Requested Entity's Credit Assessment over the medium term.

## **Records**

The term Records refers to all information relating to Credit Assessment that has been memorialized in any written, electronic or other recorded format, including but not limited to: (i) correspondence, presentation materials, handwritten notes, charts, notebooks, and other similar paper materials; (ii) information stored on a computer or other means of recording any form of information or communication, such as email messages and their attachments; and (iii) any of the foregoing wherever they are located, including files kept at a VIS rating Employee's home or other premises. Notwithstanding the foregoing, unless otherwise specified in the relevant VIS Rating Internal Policies and Procedures, there is no requirement that the responsible party must maintain voice recordings, voicemail messages or recordings of video conferences.

## **Requestor(s)**

A Requestor refers to any customer that requests VIS Rating to provide credit assessment services.

## **Requested Entity(ies) or Entity(ies)**

A Requested Entity refers to any entity where a customer requires VIS Rating to provide a credit assessment.

## **Review**

A Review is an indication that a Credit Assessment is under consideration for a change in the near term.

***Other capitalized terms used herein that are not listed under this Glossary shall be referred to the Glossary part of the Credit Rating Process.***

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