

## ESG Rating Process



Signing rating agreement with rated entity or related party.



Submission of questionnaire and supporting information by the entity.



Analysis of information:  
- Processing of information  
- Rating interview  
- Expert assessment



Discussion of results in the Rating Committee and voting.



Coordination with the entity. Report is sent to the client indicating the main factors affecting the rating.



Disclosure. The entity has two alternatives:



1. Accept the rating and agree on its disclosure.



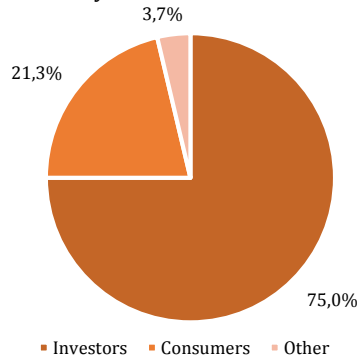
2. Sign Non-Disclosure Agreement and keep the rating non-public.

## About RAEX-Europe

Rating-Agentur Expert RA GmbH (the Agency) is the European business unit of the international group **RAEX**, which has over 20 years of experience. The Agency is an officially registered CRA by the European Securities and Markets Authority (ESMA) and has a status of External Credit Assessment Institution (ECAI).

The main aim of the Agency is to assign ratings in accordance with the most stringent regulatory regimes and codes of ethics to **corporates, financial institutions, insurance companies, regions and countries**.

Primary Users of ESG Products



Source: RAEX-Europe based on GISR

## ESG Rating at a glance

An Environmental Social Governance (ESG) rating provides companies of all types and sizes an opportunity to measure their **ESG exposure** and demonstrate to investors how well the relevant practices are executed.

ESG ratings allow to compare an entity's performance with other peers in the same industry and are used by investors in the process of investment decision making, as well as in the course of **responsible investment** portfolio selection.

Furthermore, these ratings are used by the rated entities and the general public to assess the entity's **ESG risks and opportunities**. This gives the rated entities the possibility to have a better understanding of their exposure to ESG factors and to attain a valuable insight on how to improve in this regard. The rating also helps the public to build up vital awareness about the entity; thus, playing an important role in **consumption decisions** regarding products and services offered.

ESG ratings can be used as informational criteria on green exchanges, for example LGX (Luxembourg).

## How is our ESG product different?

### • The Agency is a registered CRA

The Agency adheres to the CRA industry quality standards and has transparent operational procedures, a compliance department and avoidance of conflict of interest requirements.

### • Suitable methodologies to fit the entity's size

Our methodologies are developed in order to assess entities ranging from large to small ones, in the most accurate way. We focus on the particular factors, which are significant for the mid-cap businesses, yet often omitted by other rating agencies.

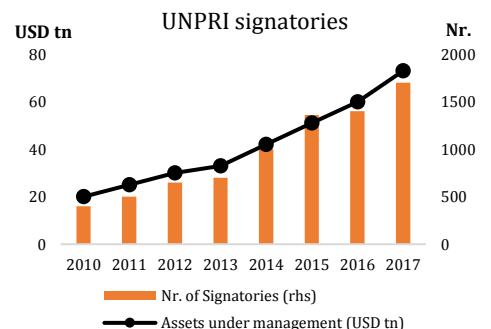
### • Client-oriented communication

The Agency conducts a thorough rating assessment, which is based on a direct and close communication with the rated entity at every stage of the process. At the final stage, the Agency coordinates a tailor-made report with the rated entity where the rating assigned is explained and justified.

### • Extensive experience with entities in transition economies

Vast experience in Central and Eastern Europe and the CIS underpins our expertise to understand the challenges faced by companies in transition economies. We channelled this knowledge towards a professional and accurate rating assessment process.

## The Agency is a signatory of the ESG in Credit Rating Statement maintained by UNPRI.



Source: RAEX-Europe based on UN

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## ESG Rating Assessment

### Environment

- Environmental risks and opportunities
- Environmental performance
- Environmental programmes

### Social

- Human capital
- Social responsibility
- Investment responsibility

### Governance

- Board of directors
- Ownership
- Business ethics
- Risk management
- Anti-competition practices
- Accounting and taxation disclosure