

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.

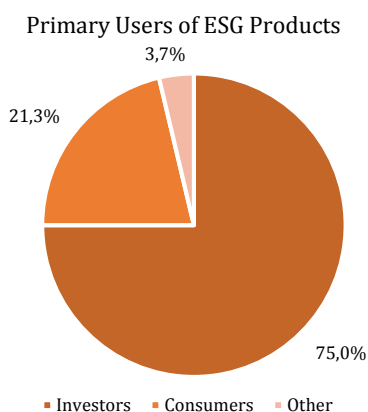


2. Sign Non-Disclosure Agreement and keep the rating non-public.

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.**



ESG Rating at a glance

An Environmental Social Governance (ESG) rating provides the regional authorities the opportunity to understand and show their **ESG strengths and opportunities.**

The region's portrayal of strong characteristics in the spheres of governance and social responsibility helps to increase loyalty of the **central government** and government development institutions in relation to the current administration of the region. Moreover, it can support in the provision of additional funds.

The confirmation of favorable environmental conditions and high social responsibility can be used as a tool for **election campaigns and to increase the level of support of the current administration.**

Foreign investors and international financial institutions are increasingly guided by the "responsible investment" principle in their investment strategies, in particular social responsibility and governance quality.

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 specifically significant for regional governments, yet often omitted by other rating agencies.

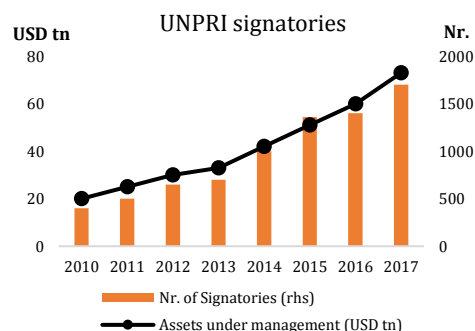
• Client-oriented communication

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.



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ESG Rating Assessment

Environment

- Environmental risks and opportunities
- Environmental performance
- Environmental programmes

Social

- Performance of social metrics
- Social responsibility
- Investment responsibility

Governance

- Presence of political risks and support to the government
- Investment attractiveness and business-support
- Transparency and corruption
- Quality of the budget management