

Roles and Responsibilities of Rating Analyst

| | |
|--|--------------------|
| Last Reviewed On: June 04, 2024 | Version 1.0 |
|--|--------------------|

A Rating Analyst shall:

- Upload the company data & controversies on the analytical portal
- Conduct a data check and highlight data gaps (if any)
- Reassess key issue and indicator weights - company wise and industry wise
- Write analytically sound summaries for the companies
- Submit the ESG rating report for review
- Resolve comments submitted by the reviewer
- Track controversies and material events for companies under portfolio
- Present cases to rating committee and work on the feedback provided
- Query resolution
- Ensure that the rating reports for the companies assessed by them are published on the portal

Additionally, the Rating Analyst shall also perform the below functions:

- Review the summaries written by other analysts.
- Submit the ESG rating report to the secretariat for publishing.
- Selective analysts work with the data partner to resolve any data gaps in companies.

Roles and Responsibilities of the Rating Committee

Definition of Rating Committee

Regulation 2(1)(r) of the Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999 defines a rating committee as follows:

'Rating Committee' means a committee constituted by a credit rating agency to assign rating to a security.

As per ESGRisk.ai ESG rating process, a 'Rating Committee' assigns the ESG rating at a meeting after duly considering all information, analysis and views presented by the rating analyst through a 'Rating Note'.

Constitution

1. A rating committee will comprise three 3 members including the Chairperson. The composition of the Rating Committee may be revised at any point of time at ESGRisk.ai 's discretion.
2. The quorum for the meeting will be three (03) members, including the Chairperson.
3. The Appeal Committee at ESGRisk.ai comprises three (03) members including the Chairperson and will have a quorum of three (03) including the chairperson. The Chairperson of the Appeal Committee is an independent member and majority of the members on the Appeal Committee will comprise members who were not part of the original decision.

Qualification of Rating Committee Members

- Internal Committee members:
 - Educational qualification: MBA / MMS / M. Com./ M. Sc./ Ph. D/ Post Doctorate / specialization in sustainability
 - Experience: A minimum post-qualification professional experience of 5 years, including 2 years of experience in a Credit Rating Agency/ NBFCs/ Mutual Fund/ ESG rating provider/ ESG consulting firms
- Independent Committee members:
 - Educational qualification: MBA / MMS / M. Com./ M. Sc./ Ph. D/ Post Doctorate / specialization in sustainability
 - Experience: Professionals with ESG rating provider/ Environment consulting firms

Duties & Responsibilities

The Rating Committee shall deliberate on the rating notes submitted, hear the presentation of the rating analyst on the case and then assign the rating in line with the rating criteria /

methodology of ESGRisk.ai and the internal policies governing rating, by way of majority opinion of the Rating Committee members.

General Guidelines

1. Rating committee members will maintain independence and ensure that they do not let business considerations, political views or personal biases impact the individual rating decision. Fees paid by the client should not be disclosed to the rating committee members. Social status of the promoters/directors, the quantum of the debt programme should also not influence the rating decision.
2. Committee members will immediately report to the Compliance Officer of any attempt by intermediaries, brokers, clients or anyone else to influence the rating by any means that may compromise the unbiased nature of the rating.
3. Committee members will keep themselves aware and updated of the rating criteria and methodologies (and the changes therein) and act in accordance with the same.
4. Committee members will not provide any advance indication of the rating to anyone in any form; they will only take a collective decision through voting.

System of Voting and recording of Dissent:

- The rating committee decision will be based on the majority vote and in case of a tie, the chairperson will have the casting vote.
 - Note of dissent, if any, by any member of the rating committee shall be taken on record.
5. Committee members will be bound by ESGRisk.ai internal Code of Conduct and Non-Disclosure Agreement (for independent members) and shall always protect the confidentiality of information obtained from clients, internal analytical notes, discussions / deliberations.
 6. Conflict of interest:
For a Rating Committee member, conflict of interest can arise under one or more of the following circumstances:
 1. Investment in securities issued by the entity being rated (including self, spouse, children and dependents)
 2. Business dealings OR any form of pecuniary relationship with the entity being rated (including self, spouse, children and dependents)
 3. Directorship / Employment (whole-time or part-time) with the entity being rated (including self, spouse, children and dependents)

In case, there exists conflict of interest with reference to any case/s, forming part of the above agenda, the Rating Committee member(s) is/ are advised to recuse oneself from participating in the discussions and voting on the relevant case/s.

- A. Committee members and/or access persons who have a conflict of interest in the entity being rated are expected to:
- i. Inform the desk executive **in writing** citing existence of interest. This must be done at the earliest i.e. on receipt of the Committee agenda but before the committee proceedings begin. This is important to ascertain whether quorum will be met for the specific case. If quorum is unlikely, the case must be withdrawn from the committee agenda and included in another committee that will have to be constituted afresh.
 - ii. Completely recuse themselves from the committee proceedings for the duration of the deliberations in that specific case.
- B. To recuse, one will be required to physically step out (in case of physical committee meetings) or log out of the calls (for virtual / online interactions).
- C. Case deliberations must begin only after all access persons with interests exit the meeting.
- D. In the "Other Attendees" section of minutes, besides noting down the names of persons attending the committee, the executive manning the desk will be required to explicitly mention the line: "The following person(s) recused himself / herself during the committee deliberations:
1. Mr. _____
 2. Ms. _____
- E. The rating desk executive manning the committee needs to be sensitive to the quorum requirement being met at all points in time for all cases.
7. A designated officer will arrange the committees, set the agenda, circulate the agenda along with rating reports and coordinate logistics (make arrangements for voice/video conferencing, send intimation to members). The responsibilities of the Rating Administration team will be to ensure smooth operation of the committees and adherence to the following:
- o Generally, on day 'T-1' issue notice of RCM along with the list of cases to be presented on Day 'T'. However, there could be exceptions where a rating action is required to be taken based on a controversy. In such exceptional circumstances, RCM (Day 'T') may be convened at a short notice by issuing the notice of such RCM on the same day (Day 'T').
 - o Ensure dispatch of rating notes to the committee members prior to the committee meetings.
 - o Maintain list of attendees of the rating committee
 - o Announcing each case before it is presented.

- Taking note of the committee's final rating decision on each case.
 - Taking notes and tracking action on clarifications sought/action points specified by the committee.
 - Maintaining approved minutes duly signed by the Chairperson of the rating committee meetings. The minutes shall contain the details as given in Annexure I.
 - Ensuring that each meeting is assigned a serial number for easy future reference.
8. Expert Opinion:
- Chairperson of the committee may invite expert opinion from ESGRisk.ai 's panel of experts, should the need arise.
 - Such experts will not have voting rights in the committee.
 - Expert panellists will also be bound by confidentiality agreement and prevention of conflict-of-interest obligations.
9. Any non-ratings member shall take prior approval from the Chief Rating Officer / Compliance Officer (or as per the approval authority prescribed by extant regulation) for attending the RCM in listen-only mode.
10. Committee members and analysts may join the meeting through video or voice conference facility.
11. The bridge telephone number for conference, if any, should be secure and the password/PIN should be changed periodically.
12. The Chairperson of the Rating Committee shall be responsible for orderly conduct of meeting in line with these guidelines.

The review report as above shall be placed before the Board of Directors of ESGRisk.ai.

Professional Conduct

The members of the committee (including expert panellists) will maintain decorum and conduct themselves professionally. This implies that:

- Use of foul language, show of temper or display of power or position should be avoided.
- Mutual respect irrespective of age, seniority and designation will have to be observed.
- The rating recommendation/decision taken by a committee member should not be quoted outside the committee.