



Defined Terms Glossary

Scope Group

26 August 2022

1. Introduction and Applicability

This document is supplemental to all policies and procedures of Scope SE & Co. KGaA and its subsidiaries (hereinafter also referred to as "Scope").

The purpose of this document is to facilitate the application and understanding of Scope's codes, policies and procedures to all Employees and other associated individuals, to which they apply.

This document is published on Scope's website and made available to Employees on Scope's intranet.

2. Defined Terms

2.1 Analyst

An Analyst is an Analytical Personnel assigned to a ratings team with the title of Associate Analyst or higher.

2.2 Analytical Groups

The Business Divisions comprises Corporate Finance, Financial Institutions, Covered Bonds, Sovereigns and Public Finance, Structured Finance, Project Finance, and Risk Solutions.

2.3 Analytical Personnel

Analytical Personnel are Analysts, managers of Analysts, and any other Employee in Scope CRAs who is involved in Credit Rating decisions or the analysis or preparation of a Credit Rating or Ancillary Services. The definition of Analytical Personnel excludes any Employee assigned to a rating team who: (1) is not involved in the analytical process of Credit Ratings or Ancillary Services or (2) supports the analytical processes solely through administrative tasks, such as entering information into internal systems.

2.4 Analytical Team Head

An Analytical Team Head is a senior analyst - typically an executive or Managing Director- in charge of a team whose focus is the production of analytical deliverables such as research, Credit Rating Services and Ancillary Services. He or she is responsible for defining the analytical practice, standards and processes within the analytical team and enforcing the application of processes and policy defined by Internal Control Functions.

2.5 Ancillary Services

Ancillary Services are products and services provided by Scope CRAs which are not provisions of Credit Ratings. Ancillary Services are listed on Scope CRAs Service List.

2.6 Associated Individuals

Associated Individuals are natural persons who are not Employees of Scope but hold a certain corporate or other function within Scope including the members of the supervisory boards of Scope, the members of the Board of Trustees of Scope Foundation, the members of the Ambassadors Council of Scope KGaA, or anybody who provides consultancy services to Scope or any other service that is related to Credit Rating Services.

2.7 Client

Client refers to a legal entity, or an individual acting in his legal capacity as a qualified professional investor or issuer, that has contracted any of the Scope Services and which receives or may receive Credit Rating Services, or Ancillary Services from Scope CRAs or any other unregulated Service from Scope Group.

2.8 Compliance

Compliance means the Compliance department of Scope CRAs which is responsible for all regulatory and Compliance matters arising under the CRA Regulation with respect to the business activities of Scope CRAs.

2.9 CRA Regulation

CRA Regulation means the content of the ESMA Rulebook on CRAR, containing Regulation (EU) 1060/2009 and associated texts, plus other Regulations applying to Scope CRAs as regulated entities within the scope of their registration.

2.10 Credit Rating

A Credit Rating is a forward-looking opinion regarding the relative creditworthiness of an issuer, an instrument or an obligation and is issued using an established and defined ranking system of rating categories.

Opinions regarding the creditworthiness of an issuer, an instrument or an obligation provided in the course of an Ancillary Service, as listed on Scope CRAs Service List, are not Credit Ratings.

2.11 Credit Rating Action

A Credit Rating Action is the issuance or change of a Credit Rating, Outlook and Under Review. For further information see Rating Definitions posted on Scope's Website.

2.12 Credit Rating Activities

Credit Rating Activities means data and information analysis, evaluation, approval, issuance, and the review of Credit Ratings and, if applicable, the related Outlook or Under Review. Credit Rating Activities do not include:

- a. Attending but not voting in a Credit Rating committee and/or portfolio review
- b. Sharing knowledge
- c. Conducting research including participation in the creation or updating of methodologies, Models, or assumptions.

2.13 Credit Rating Methodology

A Credit Rating Methodology is a public document describing the way a Credit Rating is determined. It covers the analytical framework to be applied in the assignment of a Credit Rating and includes key rating assumptions and, where applicable, Models.

2.14 Credit Rating Services

Credit Rating Services are products and services offered with respect to Credit Ratings and, if applicable the related Outlook and/or Under Review status, except those related to Private Ratings.

2.15 Confidential Information

Confidential Information is any competitively sensitive and/or Material Non-Public Information that is maintained or otherwise handled by Scope Group, its Employees or third parties with whom Scope Group does business, including, but not limited to

- Non-public information used for, or obtained from a Client, Issuer or Related Third Party for the purpose of delivery a Credit Rating Service, Other Service, Ancillary Service, or any other non-regulated service offered by Scope Group's affiliates
- Non-public information generated during the analytical process including internal credit risk assessments, portfolio analysis, cash flow and default studies or other assessments undertaken for the delivery of a Scope Service
- Information regarding the rating committee process
- Information regarding a pending Credit Rating Action
- Information regarding Scope Group's business plans, strategies, proprietary systems, algorithms, formulas, models and methodologies, product and service designs, research, data collection and trade secrets
- Information about Scope Group's non-public financial information and business projections
- Special personal information.

2.16 Controlling Shareholder

A Controlling Shareholder is an entity or an individual which exercises (directly or indirectly) control onto another entity through either

- (i) holding the majority of the shareholders' or members' voting rights in this entity, or
- (ii) holding the right to appoint or remove most of the members of the administrative, management or supervisory body of this entity and being at the same time a shareholder of this entity; or
- (iii) holding the right to exercise a dominant influence over the entity of which it is a shareholder or member, pursuant to a contract entered with that entity or to a provision in its memorandum or articles of association; or
- (iv) any other channel which will allow the exercise of a dominant influence.

2.17 Covered Employees

Covered Employees means all Employees of Scope CRAs, all Employees of Scope Group working on processes contractually outsourced by Scope CRAs, management of Scope Group exercising executive tasks over Scope CRAs, and all freelancers, consultants and counsels who provide services to Scope CRAs.

2.18 ECAF

The Euro system credit assessment framework (ECAF) defines the procedures, rules and techniques which ensure that the Euro system requirement of high credit standards for all eligible assets is met. Further information available under <https://www.ecb.europa.eu/paym/coll/risk/ecaf/html/index.en.html>.

2.19 Employees

All Scope employees who are in active (permanent or temporary) employment or in a training or internship relationships with the company. Managers and members of the executive boards are also considered Employees. Staff who provide services for Scope and do not qualify as employees (Arbeitnehmer) in terms of labour law (such as freelancers, contractors) are considered Employees only if their engagement with Scope exceeds 3 months and provided that contractual arrangements provide for protections and control arrangements that are equivalent to a direct employment.

External consultants and counsels who provide project-related services are not deemed to be Employees.

Personnel provided to Scope by way of an agreement with a third-party employer (or outsourcing company) and (temporary) employment agency workers (Zeitarbeit, Mitarbeiterüberlassung, Personal leasing) are not deemed to be Employees.

2.20 Family Members

The term Family Members refers to the following persons:

- an Employee's spouse or domestic partner (or any other person with whom an Employee cohabits and shares financial responsibilities);
- an Employee's minor or dependent children;
- any other relative sharing the same household as an Employee;
- any persons who do not live in the same household as an Employee but whose Trades in Securities are directed by or are subject to the Employee's influence or control (either direct or Indirect) (such as parents or children living in separate households who consult with the Employee before they Trade); and
- any other natural or legal person, trust, entity, or partnership: (i) whose managerial responsibilities are discharged by, (ii) that is set up for the benefit of, (iii) that is directly or indirectly controlled by, or (iv) whose economic interests are substantially equivalent to, the Employee or any Family Member.

2.21 Fee Schedule

A fee schedule means the overview of fee categories and fee ranges for the provision of Credit Rating Services or Ancillary Services, as well as other unregulated services offered by Scope Group. Fee Schedules contain specific criteria that are used to set the fee for the provision of a specific service.

2.22 Financial Instruments

The term “Financial Instruments”, also referred to as “financial assets”, includes the following, but is not limited to

- Securities
- Loans
- Shares in investment assets
- Money market instruments or short-term promissory note bonds
- Derivatives
- Subscription rights for securities.

2.23 Fixed-Income Financial Instruments

Fixed-Income Financial Instruments refer to a subset of Financial Instruments based on contractually defined terms and conditions which overall and in the context of each instrument, enable to forecast the contractually-promised cash flows from the instrument in the absence of a credit event. Fixed-Income Financial Instruments include inter alia loans, bonds and notes. Explicitly, this definition also includes financial instruments that may pay variable cash flows in excess of those contractually promised.

2.24 Internal Control Functions

The Internal Control Functions comprise Scope CRAs Compliance, Internal Review Function with Credit Policy, Risk Management, IT Security, and Internal Audit. Control functions contractually outsourced to other entities of Scope Group are also Internal Control Functions

2.25 Independent Review Function (IRF)

The Independent Review Function consists of the team responsible for the review, validation and approval of Rating Methodologies, models and key rating assumptions and of the Credit Policy team which monitors the consistent and rigorous application of Rating Methodologies.

2.26 Insiders

Insiders are Employees of Scope Group who are on a regular basis, or may be on occasions, in possession of or exposed to Material Non-Public Information (MNPI). Insiders may typically be in possession of MNPI due to logical accesses to folders or software where MNPI is stored, as well as involvement in the rating process where MNPI is communicated.

2.27 Investor Relations

Investor Relations represents the team that is responsible for the management of Scope’s shareholders.

2.28 Issuer

Issuer means any entity that may issue Fixed-Income Financial Instruments.

2.29 Lead Analyst

Lead Analyst is an Analyst who has been assigned the primary responsibility for assigning a new Credit Ratings or monitoring an existing Credit Rating and, if applicable, the related Outlook or Under Review.



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2.30 Markets

Markets means the business development team at Scope that is responsible for the development of Credit Rating Services and Ancillary Services, and other unregulated services offered by Scope Group. Markets reaches out to the actual or potential Clients of Scope Group including Rated Entities, Issuers, Related Third Parties, ScopeOne Users, and Qualified Professional Investors.

2.31 Managing Director

A Managing Director means those Scope Employees who hold that title.

2.32 Material Non-Public Information (MNPI)

Material Non-Public Information refers to any precise information that is not publicly available and is material because

- it might influence the market price for a Security generally; or
- it might influence the investment decision of a reasonable investor.

Pending Credit Rating Actions of Restricted Subscription, Subscription and Public Credit Ratings are Material Non-Public Information before publication.

2.33 Models

Models are numerical algorithms implemented on a variety of platforms (e.g., Excel, Python, R, etc.) that are used for: a) the development and validation of Rating Methodologies, b) generic or bespoke application of Rating Methodologies in the context of assigning a Credit Rating or Outlook.

2.34 Monitoring Notes

Monitoring Notes are communications related to current Restricted Subscription, Subscription and Public Credit Ratings, which are not announcements of Credit Rating Actions.

Monitoring notes may typically be notifications of completion of an annual review or an ad-hoc review, notifications of withdrawal for full repayment, or changes of regulatory disclosures due to events happening after the last Rating Action Release.

2.35 Non-Public Information

Information is "Non-Public Information" unless it has been publicly disseminated (including through any of the following methods: public filing with a securities regulatory authority; issuance of a press release; disclosure of the information in a national or broadly disseminated financial news service; or the issuance prospectus).

Credit Rating Actions of Restricted Subscription, Subscription and Public Credit Ratings are considered publicly disseminated once posted on Scope CRAs public websites or subscription portals or by any other means of dissemination.

2.36 Outlook

An Outlook is an opinion regarding the likely direction of a Credit Rating over the medium term. For further information, please consult Rating Definitions posted on Scope's Website.

2.37 "Own" and "Ownership"

The terms "Own" and "Ownership" refer to all methods by which an Employee may possess an interest in a Security or an account with a financial services institution, including direct ownership and beneficial ownership (i.e., sole, or shared dispositive or voting power over a Security). Direct ownership includes all Securities held in trust (other than a blind trust) and all Securities held in any individual retirement account ("IRA"). Employees are deemed to be the beneficial owner of all Securities held by their Family Members.

2.38 Private Credit Rating

A Private Credit Rating refers to a Credit Rating and, where relevant, Outlook or Under Review status which is not published on any Scope website or portal, is provided to the Client for internal purposes only and may not be shared with more than a limited

number of individuals. Private Credit Ratings are not subject to the CRA Regulation and cannot be used for regulatory purposes. They can be point-in-time or monitored.

2.39 Product Head

A Product Head is a senior manager member of a Markets Division - typically an Executive or Managing Director- responsible for the development of new Credit Rating Services, or Ancillary Services for Scope CRAs' Clients or other Scope Services of Scope Group from a business development point of view. The Product Head is responsible for creating the business model and Fee Schedule for the services.

2.40 Public Credit Rating

A Public Credit Rating refers to a Credit Rating and, where relevant, Outlook or Under Review status that is published on Scope CRAs public website. Public Credit Ratings are subject to the CRA Regulation and can be used for regulatory purposes. They can be solicited or unsolicited and are always monitored.

2.41 Public Official

The term Public Official includes anyone working in a legislative, administrative, or judicial position or working for or on behalf of government-owned or controlled entities or agencies, political parties, party officials and political candidates or for a public international organisation whose members are either a) countries or territories b) government of countries or territories or c) other public international organisations. This term also covers immediate Family Members (parent, spouse, child, in-law, and sibling of a Public Official) and anyone else to whom the Public Official provides material support.

2.42 Qualified Professional Investor

Qualified Professional Investor, also known as sophisticated investors, qualified investors, qualified institutional buyers (QIB), qualified institutional purchaser (QIP) or accredited investors, is a professional investor meeting the requirements under any of the multiple definitions available from ISIN under <https://www.isin.net/sophisticated-investors-qualified-investors-and-accredited-investors/> or other equivalent whereby retail investors are explicitly excluded.

2.43 Quantitative Tool

A Quantitative Tool represents a set of code or the implementation of quantitative formulas used for a) computations necessary for the development of Rating Methodologies, and/or b) the application or computation of certain key rating assumptions or key rating drivers of a Rating Methodology.

They may be set up as basis to allow the development of a bespoke application used in the rating process for a particular transaction or financial instrument. The bespoke application is constructed to be used once, tailored to the characteristics of the rated financial instrument. Quantitative Tools are not part of a Rating Methodology. They can, however, be used for methodology validation techniques.

2.44 Rating Action Release

Rating Action Release means the publication of a Credit Rating Action in a form which meets all necessary regulatory requirements. The Rating Action Release determines the date of the issuance, change or withdrawal of a Credit Rating, Outlook or Under Review.

2.45 Rated Entity(ies)

A Rated Entity means any entity rated by Scope CRAs or any entity that issues securities rated by Scope CRAs or refers to vehicles, such as Structured Finance or Project Finance vehicles, or Covered Bond programmes, which issue instruments rated by Scope CRAs.

2.46 Regulated Credit Rating Services

Regulated Credit Rating Services means services related to Public Credit Ratings, Subscription Credit Ratings and Restricted Subscription Credit Ratings.



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2.47 Related Third Party (RTP)

A Related Third Party means the originator, arranger, sponsor, servicer, or any other party that interacts with Scope CRAs on behalf of a Rated Entity, or an entity to be rated in connection with a Credit Rating Service for such Rated Entity or entity to be rated including any person directly or indirectly linked by control to that Rated Entity or entity to be rated.

2.48 Restricted List

The Restricted List is a list of issuers rated by Scope CRAs, and where relevant issuer's parent or Related Third Parties, made available to Analytical Personnel and Insiders for the purpose of prohibiting or warning about potential prohibited holdings or trades in associated securities.

2.49 Restricted Subscription Credit Rating

A Restricted Subscription Credit Rating refers to a Credit Rating and, where relevant, Outlook or Under Review status that is distributed to subscribers which have been listed by the Client for private placement purposes. Restricted Subscription Credit Ratings are subject to the CRA Regulation. They can be solicited or unsolicited and are always monitored.

2.50 Scope CRAs

Scope CRAs means registered credit rating agencies belonging to Scope Group, including their subsidiaries and affiliates.

2.51 Scope or Scope Group

Scope or Scope Group means Scope SE & Co. KGaA and its subsidiaries.

2.52 Scope's Intranet

Scope's Intranet means Scope internal information sharing tool available to all Employees and external consultants working for Scope.

2.53 Scope's Website

Scope's Website means Scope Internet public website.

2.54 ScopeOne

ScopeOne is the online service available under <https://app.scope-one.com/> and represents Scope's online marketplace to deepen and share financial and non-financial insights among Qualified Professional Investors.

2.55 ScopeOne Access Type

ScopeOne Access Types provide specific external or internal ScopeOne User groups access to a specific ScopeOne Module. The current defined access types refer to the Credit Analyses Module and the Risk Solutions Module. Additional ScopeOne Access Types could be defined when new ScopeOne Modules are put into production.

2.56 ScopeOne Company Account

A ScopeOne Company Account is a ledger created for each Client that has contracted any of the services offered via ScopeOne. Depending on the type of account, a Client can register a single ScopeOne User or multiple ScopeOne Users. There are three different types of ScopeOne Company Accounts, namely the Personal Account for a single user, the Standard Account, and the Premium Account.

2.57 ScopeOne Credit Analysis Module

The ScopeOne Credit Analysis Module generally offers Clients the right to request access to Subscription Credit Ratings and specifically allows Issuers and or Related Third Parties to use the functionalities of the Issuer Dashboard allowing peer comparison and access to Qualified Professional Investors.

2.58 ScopeOne Module

A ScopeOne Module is a specific subsection of ScopeOne that gives access to specific Scope Services including Credit Rating Services provided by Scope CRAs.

2.59 ScopeOne Scope Risk Solutions Module

The Scope Risk Solutions Module is a specific subsection of ScopeOne that give access to credit risk services, for example the financial spreading tool or the corporate scorecard.

2.60 ScopeOne User

A ScopeOne User is any Client with access to ScopeOne via a ScopeOne Company Account. Depending on the type of ScopeOne Company Account, they can therefore be referred to as Premium Users, Standard Users or Personal Users. In addition, Scope Group Employees can get access to ScopeOne and become internal ScopeOne Users.

2.61 Scope Ratings

Scope Ratings means Scope Ratings GmbH and Scope Ratings UK Ltd.

2.62 Scope Service

Scope Service comprises any Credit Rating Services, Ancillary Services, or any other unregulated service offered by Scope Group.

2.63 Securities Accounts

Securities Accounts are securities accounts as well as all other accounts through which transactions in Financial Instruments can be booked (e.g., margin accounts, contracts for difference accounts, etc.), cash related accounts (e.g., loan accounts, current accounts, savings accounts) and other accounts through which no financial instruments can be booked are not considered securities accounts.

2.64 Security

The term "Security" means any non-deposit Financial Instrument that is, or is derived from, any equity or Fixed Income Financial Instrument. This includes, but is not limited to stocks, bonds, debentures, options, equity securities, convertible securities, warrants, derivative instruments (including swaps, commodities and futures based on or linked to equity or fixed income securities), notes, collective investment schemes, fixed annuities, variable annuities, open- or closed-end mutual funds, Contract for Differences (CFD), exchange traded funds (ETFs) and unit investment trusts (UITs).

2.65 Securitisation

Securitisation means a transaction or scheme, whereby the credit risk associated with an exposure or pool of exposures is tranced and has both of the following characteristics:

- Payments in the transaction or scheme are dependent upon the performance of the exposure or pool of exposures.
- The subordination of tranches determines the distribution of losses during the ongoing life of the transaction.

2.66 Senior Management

Means the executive individuals or bodies of Scope CRAs.

2.67 Sensitive Counterpart

Sensitive Counterpart is a type of individual or organisation to which specific laws or rules apply governing the giving or receiving of gifts and entertainments. It includes Public Officials (including state owned enterprises and state-controlled entities) and union officials in all countries.

2.68 Service

Service means any act performed, work product produced and/or delivered, or service discharged by Scope for a Client.



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2.69 Structured Finance Instrument

Structured Finance Instrument means an instrument with ownership or beneficial interests in a portfolio of assets.

2.70 Subscription Credit Rating

A Subscription Credit Rating refers to a Credit Rating and, where relevant, Outlook that is distributed by subscription to Clients who have requested access under Scope subscription model. Subscription Credit Ratings can only be used for the contractual intended purpose and for regulatory purposes. Subscription Credit Ratings are subject to the CRA Regulation. They can be solicited or unsolicited and are always monitored.

2.71 Review

Under Review is an indication that a Credit Rating is under consideration for a change in the near term. For further information see Rating Definitions posted on Scope's Website.



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