



Credit Rating Analyst Training Policy and Procedure

November 2022



Credit Rating Analyst Training Policy and Procedure

CRAs

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Applicable to	Entities affected
<input checked="" type="checkbox"/> Covered Analyst	<input checked="" type="checkbox"/> Scope Ratings GmbH <input checked="" type="checkbox"/> Scope Ratings UK Ltd. <input checked="" type="checkbox"/> All existing and coming subsidiaries and affiliates of the above
<input checked="" type="checkbox"/> This document and any future updates or changes are made available on Scope's intranet. <input type="checkbox"/> This document and any future updates or changes are made available on Scope's website.	
<input checked="" type="checkbox"/> This document contains defined terms made available in the Defined Terms Glossary available on Scope's intranet and on Scope's website.	

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1. Preamble

1.1 Introduction

Analysts must at all times possess and maintain the necessary knowledge and skills to perform their function. To that aim, the Analytical Groups maintains, enforces, and documents standards of training, experience and competence for Analysts. These standards are designed to achieve the objective of the production of accurate and robust Credit Ratings by Scope Ratings GmbH and Scope Ratings UK Ltd. (hereinafter "Scope CRAs") in the classes of Credit Ratings for which they are registered. As the Risk Solutions Analytical Group does not produce Credit Ratings, the policy does not presently apply to it.

To ensure robust processes, Analysts, including the Risk Solutions Analytical Group, are also fully knowledgeable of internal processes related to the credit rating activity.

This policy addresses trainings necessary to achieve the above.

1.2 Regulatory references

Among others, the following guidelines relate directly to the subject: Article 7-point (1) CRAR, ESMA Press Release point (4) 2013/1790, Annex I Section A point (8). SEC standards are also set for Training, Experience, and Competence (§ 240.17g-9); and the applicable UK regulation.

2. Policy

2.1 Rating Methodology Training

The Analytical Groups and Analytical Team Heads must ensure the development or update of methodology training courses and associated tests to enable the following:

- (1) Analysts have the necessary knowledge to perform qualitative analysis and to effectively evaluate and process the data relevant to the credit analysis of the issuer or instrument being rated.
- (2) Analysts have the technical expertise to perform quantitative analysis necessary to understand the models and model inputs that are a part of the rating methodologies.
- (3) Analysts have knowledge of the classes and subclasses of Credit Ratings that are relevant to the Analyst for determining Credit Ratings and the factors relevant to such classes and subclasses, including geographic location, sector, industry, regulatory and legal framework, and underlying assets that are applicable to the obligors or issuers in the classes and subclasses.
- (4) Analysts are informed of the complexities of the obligors, securities, or money market instruments that are relevant to the Analyst for determining Credit Ratings.

Analyst must undertake the respective training when:

- he/she starts working in a line of business,
- he/she starts participating in the rating process of another line of business, and
- There are material changes to the rating methodologies;

Analysts affirm that they have undertaken the relevant training(s) prior to being a Lead Analyst and/or participating as a voting member in a rating committee.



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Methodology Policy must ensure that the content of the methodology trainings and tests are consistent with the current rating methodologies and is available in the applicable training platform.

Compliance must ensure that the process and tests comply with the above-mentioned requirements.

2.2 RPM Training and Compliance training

- [1] New Analytical Personnel must take Rating Process Manual (RPM) and Compliance trainings when joining any of the Scope CRAs.
- [2] Compliance will also provide ad hoc trainings and a yearly refresher of the Compliance trainings.
- [3] Compliance or Credit Policy provides ad hoc trainings and a yearly refresher of the RPM training.

3. Procedure

The Scope CRAs' rating methodologies trainings, RPM trainings and compliance trainings are implemented separately.

3.1 Methodology training

A methodology training is developed by the Analytical Team upon each new methodology publication and/ or a Material Change to a methodology which affects the content of the methodology. The methodology training must address all the analytical steps and key rating drivers of a methodology. A methodology training is composed of the presentation of the methodology and a test.

- [1] The Analytical Teams are responsible for providing the content and structure of the training as well as to develop a test for each training;
- [2] Once Methodology Policy has approved a methodology training, said training is uploaded to the training platform by People & Organisation Department or by IRF;
- [3] Once the Methodology training is uploaded, Lead Analysts must complete the training and pass the test within three months from the date of the methodology publication and voting members of rating committees in which the methodology is applicable must complete the training and pass the test prior to assisting to a rating committee during which the methodology is applied;
- [4] Upon a Material Change to a methodology which affects the content of its related methodology training, the Analytical Team updates the existing methodology training and provides a separate methodology refresher training no later than ten business days after the final publication of the updated methodology.. The refresher training is taken, and the test passed within a maximum of three months by all Lead Analysts who have already passed the methodology training while voting members of rating committees in which the methodology is applicable must complete the training and pass the test prior to assisting to a rating committee during which the methodology is applied;
- [5] Material changes to a methodology which do not affect the content of its related methodology training do not lead to the creation of a refresher training.
- [6] A methodology training and corresponding test will be deemed completed and passed with a score of 80%;
- [7] The Lead Analyst and voting members can participate in a Rating Committee only if they have undertaken and successfully passed the methodology training or the relevant refresher training;



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- [8] The analyst (voting member) must confirm they have taken the applicable methodology trainings, in the ANOP¹ invitation to a Rating Committee;
- [9] The Analytical Team Head must ensure that all the Analysts of his/her team successfully complete the relevant methodology training and pass the test, according to their role and responsibility (asset class), in accordance with this Policy and Procedure;
- [10] IRF department tracks and store the completion of the trainings and the related tests;
- [11] Analysts that were part of the voting quorum of the latest methodology committee are deemed to have passed the relevant training for that methodology.

3.2 RPM and Compliance training

3.3.1 Compliance Onboarding, refreshers, and ad hoc trainings

- [1] The Compliance department delivers a compliance training for new joiners twice a month. Analysts in quality of new joiners must complete the compliance training session and pass the compliance test prior to attending any Rating Committee (RC);
- [2] Furthermore, Compliance delivers a Compliance refresher training on a yearly basis;
- [3] The minimum score to pass either of the above-mentioned trainings is 80%;
- [4] The compliance trainings encompass the following topics, as a minimum:
 - Control Functions at Scope
 - Regulated vs unregulated environment
 - Covered Employees
 - Group Communications Procedure
 - Social Media Guideline
 - Record Keeping Policy and procedure
 - Whistle-blower Policy
 - Confidential Information Policy
 - Commercial Separation Policy
 - Gifts, Entertainment and Anti-Bribery:
 - Complaints Handling Policy
 - Code of Business Conduct
 - Outside Business Interest Policy
 - Commercial Separation Policy
 - Information Separation Policy
 - Conflict of Interest Management Policy

¹ ANOP: Analytical Operations (ANOP) standardizes and centrally manages analytical processes to database input and output data. ANOP enables digitalization of process workflows. If ANOP that is referred to in this document is not available, email is the alternative solution.



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- Analyst Rotation Policy and procedure
- Personal Account Dealings Policy and procedure
- Disclosure Requirements Procedures

The compliance training material as well as the compliance test are prepared by the Compliance department. Compliance, with the collaboration of People & Organisation, ensures the upload of the training materials onto the learning platform and invites all employees to their respective mandatory trainings.

The compliance department tracks the attendance to the trainings and completion of the tests. It is also responsible for filing the corresponding records.

3.3.2 Rating Process Manual (RPM) training

- [1] IRF, most specifically Credit Policy, must ensure that the content of the trainings and tests are consistent with the RPM. Compliance will support Credit Policy with this task and with the delivery of the trainings, when needed
- [2] Compliance must ensure that the training process and tests comply with the respective regulations. Compliance must send the invitation to the new joiners to participate in the RPM trainings and must ensure that the RPM training and tests are successfully completed within 30 days of the new Analytical Personnel onboarding, extracting the data available on LMS.
- [3] The Credit Policy department, in collaboration with the compliance department, sets out the RPM training based on the latest updated version of the RPM;
- [4] Credit Policy department conducts the training which consists of an RPM introductory course for the new joiners in addition to a refresher course provided on an annual basis for the Analysts who have already passed it;
- [5] Passing the test of the RPM is mandatory for Analysts and the passing score is 80%;
- [6] The RPM training covers the rating governance policy which defines the types of credit rating actions, and core principles for convening a Rating Committee (RC) and releasing a credit rating action;
- [7] The test is implemented in the learning tool by the People & Organization Department

3.3 Learning tool

Scope Ratings has implemented the Learning Management System (LMS) tool to implement, manage and store expertly the above trainings material and tests results related to every Analyst.

The Learning tool must ensure:

- Accessibility of the LMS by all employees
- Compatibility with both video trainings and at least one type of closed questions testing
- Ability to assign trainings
- Recording and reporting the results of the abovementioned trainings via an audit trail.

People & Organization Department is responsible for

- Managing and operating the current Learning Management System tool and for keeping it updated and running
- Supporting IRF and Compliance in recording compatible training modules

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- Managing an environment accessible by Compliance and IRF for training assignment
- Regularly extracting and sending the abovementioned audit trail

Compliance with this Policy and requirements regarding breaches

This Policy reflects the way Scope implements regulatory requirements.

If case of questions about this Policy or any doubt as to employees' obligations under this Policy, guidance should be sought from Compliance.

Breach of this Policy may lead to breach of regulatory obligations applying to Scope. As a result, any action by employees to whom this Policy applies which breaches or might reasonably be expected to lead to or result in a breach, of the provisions set forth in this Policy, is strictly prohibited and can result in disciplinary action, up and including, termination of employment. Any potential infringements of these requirements will be investigated and reported to Senior Management to determine appropriate intervention.

Employees must immediately report breaches or suspected breaches of this Policy to Compliance.