



# Ratings Afrika

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## Ratings of Governance Soundness

### A brief outline of the rating process

The objective is to gain a clear understanding of the ratee's goals and strategies, and the people, structures and tactics that enable it to achieve them – and then marry these to the extent that the stakeholders' interests are considered (refer to the Rating Scale: "...Stakeholders have the assurance that their interests are considered...")

The process in simplified sequence:

1. Discussions take place – introductory, secondary etc.
2. Mandate is signed: the entity commits itself to the full process, and the commitment fee is paid to the agency.
3. Study of company and industry material, including minutes of meetings, strategy documents, charters, meeting packs, organisation charts, operational detail, management reporting, public disclosure: normally 5 days by 3 persons each.
4. Interviews and analyses: minimum 2 hours per person interviewed, CEO and chair sometimes interviewed more than once; two or three analysts plus one person from mandator; 12 - 18 interviews on average (directors, executives, senior staff, drilling down if deemed necessary); discussions on why and how.
5. Analysts prepare their perspectives and recommendations to the rating committee individually.
6. Ratings Afrika rating committee meeting: committee of between 7 and 9 analyst peers, tasked with critiquing the presentations that follow; analysts deliver presentations blind to one another; blind numerical scoring follows by committee but is not collated; book then closed, overall position of mandator on scale discussed and voted on: blind by analysts, then followed by committee; overall decision taken, then compared with (now collated) numerical scoring; differences analysed further (too much disparity requires meeting adjournment and further work before meeting again). Final decision is by committee. Committee indicates points of specific attention to be mentioned in report to mandator.
7. Report preparation (could take up to one week)
8. Report-back to mandator: verbal, with report left for further perusal
9. Feedback from mandator to agency: consideration of feedback; and revision of opinion, where necessary as a result of appeal based on case argued by mandator, backed by facts.
10. Rating committee affirms opinion and symbol becomes final.
11. Mandator takes decision on whether to make result public or not.
12. On-going monitoring of company continues after rating has been assigned.