



R&I Credit Rating Process

Rating and Investment Information, Inc. (R&I) assigns a credit rating in its credit rating business basically according to the following steps:

(1) Solicitation of a rating by an issuer

- The Sales and Marketing Division receives a request for rating assignment.

(2) Acceptance of a rating application form

- If the Sales and Marketing Division has accepted a rating application form, the Sales and Marketing Division notifies the Credit Rating Division or the Structured Finance Division that it has accepted an order for rating assignment.
- Upon the acceptance of an order, the Head of the Credit Rating Division or the Head of the Structured Finance Division shall ensure sufficient personnel with professional knowledge and skills to perform credit rating activities and information of sufficient quality required for analysis.
- Upon the acceptance of an order, the possibility of establishing an appropriate rating methodology shall be discussed at a rating committee in cases where the structure of structured finance products is substantially different from the structure of asset securitization products to which R&I assigned credit ratings in the past.

(3) Appointment of rating analysts (check for conflicts of interest)

- The Head of the Credit Rating Division or the Head of the Structured Finance Division appoints rating analysts after confirming that no conflict of interest exists between the rating analysts and rating stakeholders.

(4) Request for materials to the issuer by the rating analysts and submission of materials by the issuer

- The rating analysts request and obtain materials required for rating analysis from rating stakeholders.

(5) Preliminary research and analysis of materials by the rating analysts

- The rating analysts conduct preliminary research and analyze materials based on publicly available information in addition to materials obtained.

(6) Interviews or similar surveys by the rating analysts

- The rating analysts visit stakeholders and conduct interviews. The rating analysts may also carry out on-site surveys of plants, laboratories or other sites.

Credit ratings are R&I's opinions on an issuer's general capacity to fulfill its financial obligations and the certainty of the fulfillment of its individual obligations as promised (creditworthiness) and are not statements of fact. Further, R&I does not state its opinions about any risks other than credit risk, give advice regarding investment decisions or financial matters, or endorse the merits of any investment. R&I does not undertake any independent verification of the accuracy or other aspects of the related information when issuing a credit rating and makes no related representations or warranties. R&I is not liable in any way for any damage arising in relation to credit ratings (including amendment or withdrawal thereof). As a general rule, R&I issues a credit rating for a fee paid by the issuer. For details, please refer to <http://www.r-i.co.jp/eng/policy/policy.html>.

- (7) Analysis of the subject of a rating by the rating analysts in accordance with the Rating Determination Policy and Methodologies and presentation of the outcome of the analysis to a rating committee
- The rating analysts analyze the creditworthiness of the subject of a rating using materials obtained, findings from interviews and other information in accordance with the Rating Determination Policy and Methodologies and bring a proposal for a rating to a rating committee.
- (8) Appointment of rating committee members with voting rights (check for conflicts of interest and rotation rules)
- The chairperson of the rating committee appoints rating committee members with voting rights after confirming that no conflict of interest exists between these members and rating stakeholders and ensuring that one third or more of the total of rating committee members with voting rights would not participate consecutively in a rating committee in which the same rating stakeholders have an interest.
- (9) Approval of a credit rating by the rating committee (main committee, standing committee or documentary examination)
- The rating committee approves the rating analysts' proposal for a credit rating by a vote of rating committee members with voting rights.
- (10) Announcement of the credit rating in accordance with the Rating Provision Policy
- In cases where the determined credit rating is to be provided or made available to the public, the credit rating is announced, along with the matters for regulatory disclosure, on R&I's free website without delay after the determination of the credit rating.
- (11) Monitoring of the credit rating
- The determined credit rating is monitored in an appropriate and continuous manner to ensure its appropriateness.

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