REQUEST FOR COMMENTS OUTCOME

The Request for Comments period was launched in early July 2022 and was closed on the 25th of August.

The Request for Comments affected the future EthiFinance Ratings methodologies on Long Term Corporate Ratings, Short Term Ratings, Instrument Ratings, Social Housing Providers Ratings, Investment Holding Ratings and Commercial Real Estate Transactions Ratings.

After reviewing all comments received, we are detailing below the results of the review. We again thank all contributors for their input during the process.

RFC returns	EthiFinance Ratings' replies
Could you precise the rating time horizon?	Long-term ratings cover a period from 15 months onwards as specified in our “Credit Rating Scale & Definitions” document.
How do the three types of diversification play to produce a final diversification score?	We take a blended approach averaging out the three types of diversifications.
How do you differentiate between scores 1 and 2 in your guidance tables that assess business risk analytical factors?	The difference between scores 1 and 2 are minimal in terms of credit quality so we have chosen to group them together.
Same question for the NFD/EBITDA and FFO/NFD ratios that when in a net cash position are graded indistinctly with a 1 and a 2 in Table 14?	Negative NFD derive in negative ratios in which we believe are confusing if graded. We prefer to distinguish the 1 to 2 range using the interest cover ratio (EBITDA/interests).
Overlap for the FFO/NFD ratios for scores of 6 and 7 in Table 14?	Overlap has been rectified.
Any changes in adjustments applied to debt and EBITDA compared to criteria dated March 4/2022? Reported equity adjustments?	No changes. Ratio adjustments have been moved from the methodology document to a specific adjustments doc currently in draft form.
Could you precise when PIK debt at the Holding level would be factored into the subsidiary’s debt?	As per our Short-Term methodology, Debt located at the holding level above the consolidated group may be factored in on a case-by-case basis depending upon the degree of protection offered by group covenants against

	cash leakage to service the debt located above the consolidated group.
Could you precise the treatment of shareholder's loans in the context of and LBO structure?	Treatment of SH loans varies. In principle they are subordinated and thus there may be a case of excluding it from debt calculations. However, often LBO structures derive in a push-down of the debt that is funding the SH loan and, in these cases, we would compute this loan as debt.
How does country risk affect the rating?	In our treatment of country risk as a modifier we have added a paragraph whereby if a company derives a major part of its sales from one country its rating will be capped to the country's sovereign rating.
What's the difference between global ESG sector scores of 4 that appear both in orange and in red.	The ESG sector heat map has been further developed to increase clarity and for the avoidance of doubts, global scores have been given a numeric score.