



Credit Ratings & Research

Equifax Credit Ratings & Research Rating Services Guide

Rating Services Guide

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Equifax Credit Ratings & Research /
Equifax Australasia Credit Ratings Pty
Limited
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Document Control

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1. Overview

This document provides an overview of Equifax Australasia Credit Ratings Pty Limited and Rating Services products. The document outlines how the Credit Ratings should be interpreted, the process applied in Rating assignment, the types of users of this service, and the commercial application of Equifax Credit Ratings & Research Ratings. The document also outlines how Equifax Credit Ratings & Research is remunerated, the process for managing potential 'conflicts of interest', and describes the complaints handling procedures and how you can access them. Should you have any additional queries, please review the Equifax Credit Ratings & Research website at www.corporatescorecard.com.au or contact a Client Relationship Manager on +612 9959 3318 for more information and support.

2. Corporate Structure

Equifax Australasia Credit Ratings Pty Limited (EACR) is an Australian proprietary company (A.B.N. 33 007 527 611) and has an Australian Financial Services license (A.F.S. 341391) to provide credit ratings to wholesale clients. EACR is a wholly owned subsidiary Veda Advantage Limited (A.C.N. 080 662 568). Equifax Credit Ratings & Research does not act as a representative of any other financial services licensee and does not act on behalf of any third party in the provision of its services.

3. Contact Details

Equifax Australasia Credit Ratings Pty Limited can be contacted below:

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4. Equifax Credit Ratings & Research

Equifax Credit Ratings & Research (EACR) is an Australian Credit Rating Agency that specialises in providing commercial, financial and risk advisory services to the finance, insurance, government and corporate sector. Established in 1987, Equifax Credit Ratings & Research's risk analytics and assessments are highly regarded for their integrity, consistency and uniformity, derived from a systematic and objective approach. Equifax Credit Ratings & Research is widely acknowledged for the expertise and experience of its people and the strength and quality of its analytical systems. The company's rating algorithms utilize scientifically based and empirically derived risk models to objectively evaluate the financial fundamentals, and these analytics leverage large databases to provide invaluable evidence-based data to support our professional opinion. As a Credit Rating Agency, Equifax Credit Ratings & Research provides the highest level of financial assurance, protection and peace of mind to support our clients in their critical business decisions.

Equifax Credit Ratings & Research, together with Standard & Poor's, Moody's, and Fitch, is one of only a small select group of firms licensed to provide such a service to wholesale clients in Australia. The licensing regime provides regulatory oversight and industry surveillance to ensure strict compliance to a code of conduct relating to the quality and integrity of the ratings process, independence and avoidance of conflict of interest, and responsibilities to the public, clients and assessed entities. The regime also covers confidentiality, communication and disclosure, professional development, document management, and a range of additional governance related matters for Credit Rating Agencies.

Credit ratings are a critical measure used extensively in financial and capital markets to support key business decisions, and EACR's ratings are designed to support lending, debt and bonding decisions, insurance and warranty, portfolio management and recovery, funds management, tendering and procurement, counterparty assessments and other commercial contracts. EACR conducts assessments on government and commercial agencies, international conglomerates, infrastructure consortia, financial institutions, publicly listed entities, private corporations and small-to-medium sized enterprises across a range of industry sectors both domestically and internationally. As such, EACR is also able to provide detailed industry benchmark reviews and analysis across a wide range of sectors.

Equifax Credit Ratings & Research is a committed advocate in promoting the fairness, efficiency and transparency of rating services. Equifax Credit Ratings & Research provides client commissioned, subscriber and issuer based ratings for a range of organisations across finance, insurance, government and corporate sectors. We comply with a strict Code of Conduct based on the International Organisation of Securities Commissions (IOSCO) 'Code of Conduct for Credit Rating Agencies' to ensure our professional independence and objectivity are of the highest order.

The Rating Services team is widely acknowledged for the expertise and experience of its people and the strength of its analytical systems. The team members are highly qualified Ratings Analysts, being Chartered Accountants with proven expertise in financial risk analysis and credit rating assessments.

- They are trained specialists with deep experience in conducting financial assessments relating to the viability, sustainability, capacity and credit quality of Australian and International entities.
- They have the accounting knowledge, analytical rigour and investigative skills to identify key sensitivities and address the complexities inherent in credit rating assessments.
- They have the capability and competency to interpret statements beyond the mere presentation of statutory numbers, and critically dissect and analyse notes and off-balance sheet information.
- They are highly experienced in the critical assessment of information and possess the forensic skills to conduct root cause analysis and extract issues not apparent from the data provided.
- These investigative, forensic, analytical and communication skills support the delivery of authoritative reports, evidence-based facts and professional advice to enable informed decisions.

The Equifax Credit Ratings & Research database contains more than 65,000 financial years of information spanning more than twenty-five years. As such EACR is in a unique position, having developed a large and empirical data source on entities across various industry sectors with long data histories covering a range of economic conditions and one or more complete business cycles. EACR has therefore been able to use a variety of quantitative validation tools and comparisons using this information to adequately verify the stability, accuracy and consistency of its rating models and system¹.

Equifax Credit Ratings & Research uses its comprehensive benchmarking database to evaluate the financial position, performance and credit quality of an agency, institution, corporation or entity relative to an industry and its peers. This enables the identification of key sensitivities, trends, cautionary alerts and exception reports based on identified anomalies and/or outliers across key credit indicators of a select group. In this way, the database enables detailed sector analysis, trend analytics and industry benchmarking, and has been used by the banking sector, together with the Australian Prudential Regulatory Authority (APRA) and the Institute of Banking and Finance (now the Financial Services Institute of Australasia - FINSIA). This has enabled EACR to conduct detailed statistical analysis and empirical research on the financial health and distress of entities, and has been used to assist the development of credit risk models in the Australian banking and financial sector.

Equifax Credit Ratings & Research is therefore well positioned to leverage financial databases and risk analytics to provide an early warning of financial distress of key counterparties to minimise organisational exposure. Greater levels of risk granularity will also facilitate improved risk-based pricing decisions. EACR's

¹ *Equifax Credit Ratings & Research's risk analytics have been developed using advanced analytics and non-linear modelling technologies, and have been reviewed and validated on Australian and International data with the assistance of Professor Edward Altman (Max L. Heine Professor of Finance, Stern School of Business, New York University, Director of the Credit and Debt Markets Program at the NYU Salomon Centre), an internationally recognised leader in the field of credit risk analysis and bankruptcy prediction.*

portfolio management platform facilitates a strategic governance mechanism to monitor the credit quality of portfolio's, sectors, regions, and across tenure and time.

For more than twenty-five years Equifax Credit Ratings & Research has provided the public and private sector with financial advisory services and highly credible, comprehensive and authoritative reports that stand up to public and political scrutiny. The EACR team has the specialist expertise, investigative skills, diagnostic systems and benchmarking data to provide assessments of performance, value, capacity and risk against peer groups and industry trends. This provides invaluable evidence-based data to support our professional opinion, and provides you with information you can rely on to identify the key sensitivities, financial risks and valuable opportunities for critical decision-making.

5. Rating Services

Equifax Credit Ratings & Research provides general advice through the provision of credit ratings and its professional opinion to wholesale clients. Credit ratings are provided for the purpose of evaluating the credit risk of an entity or product, and are not recommendations to purchase, sell, or hold equity in any entity or product.

The most recognized credit rating is that based on Bond Rating Equivalents (BRE) used over the past eighty years to determine the proximity of an entity's securities to default. A default is recorded as any known payment default on any financial obligation, with the exception of preference share dividends, bona fide commercial disputes, and/or where a missed payment is subsequently made within the grace period. A default is assumed to take place on the earliest of the date a payment was missed, or the date the entity filed for and/or was placed into administration or receivership. The accuracy of this method has been extensively tested and is accepted worldwide.

Equifax Credit Ratings & Research and other Credit Rating Agencies all attempt to measure the probability of an entity being able to honor its financial commitments as and when they fall due. Equifax Credit Ratings & Research assigns its ratings in a similar way to other agencies. However Equifax Credit Ratings & Research's purpose is to **objectively** quantify and report on a **regular and frequent basis** the financial changes which take place in an entity.

Equifax Credit Ratings & Research's risk models have been designed to assess the proximity of an entity to defaulting on its financial commitments and obligations. Proprietary risk analytics are used to evaluate the multivariate interrelationship of key risk indicators using scientifically based and empirically derived risk models. These models evaluate the financial performance, position and profile of an entity in the context of its industry, size and structure. They have been validated on Australian and International data with the assistance of Professor Edward Altman, an internationally recognized leader in the field of credit risk analysis and bankruptcy prediction.

Equifax Credit Ratings & Research's risk analytics and rating systems are calibrated to provide credit ratings and default probabilities across a credit rating scale similar to Standard and Poor's, including nine credit grades and twenty-one credit notches from 'C' (highly vulnerable) to 'AAA' (extremely strong).

RATING COMPARISONS

S&P®	EACR Ratings
AAA	AAA
AA	AA
A	A
BBB	BBB
BB	BB
B	B

CCC	CCC
CC	CC
D	D

The models have been derived and tested on tens of thousands of financial years from Australian public and private companies collected over a twenty-five year period. As such Equifax Credit Ratings & Research is in a unique position, having developed a large and empirical data source on entities across various industry sectors with long data histories covering a range of economic conditions and one or more complete business cycles. Equifax Credit Ratings & Research has therefore been able to use a variety of quantitative validation tools and comparisons using this information to adequately verify the stability, accuracy and consistency of its rating system.

While there is no method to discriminate unambiguously between firms that will default and those that will not, Equifax Credit Ratings & Research can make probabilistic assessments of default. This requires a large database of actual defaults to enable an assessment of default probabilities and actual default rates from empirical evidence. The Australasian market has a comparatively small number of corporate bond issues and a relatively benign credit climate over the last fifteen years, and as such empirical data on Australian default rates is limited. Therefore Equifax Credit Ratings & Research considers it is more appropriate to apply an internationally recognised set of corporate default statistics using empirical data from developed countries over several economic cycles.

Equifax Credit Ratings & Research's default statistics have therefore been derived over an 18 year period from mainly US non-financial, non-utility corporate bond issuers between December 1986 and December 2004. The analysis covered a relatively large number of companies (approximately 1,000 rated each year) and follows the well-established static pool approach used by Standard & Poor's, Moody's, Zeta, and others to report their default experience. Static pools were created for bond issuers each year by both notch and grade, and the history of these bond issuers was then analysed over the 18 year period. The pools were then combined so that long-term average default experience by duration could be calculated, and both annual and cumulative default experience was calculated over the 18 year period from the pools.

Equifax Credit Ratings & Research's risk analytics enable analysts to evaluate the most critical and sensitive financial and risk items through the Risk Assessment Platform by analysing key indicators to derive a definitive credit risk score and Bond Rating Equivalent (BRE), providing Probabilities of Default (PoD) over the short-, medium- and long-term horizon.

6. Ratings Methodology

The rating assignment process is largely influenced by the financial profile, performance and position of an entity based on its legal structure, industry sector, and relative size. There are a large number of financial and key risk indicators that are reviewed, and the weighting and sensitivity of these depend on the financial profile and multivariate interrelationship they have with each other. The analytics utilize these risk indicators to derive a definitive financial risk score, which is reviewed in light of sector positioning, trend analytics, credit stability and the entity's future outlook.

Equifax Credit Ratings & Research has defined and documented its ratings methodologies by industry sectors including:

- Corporate
- Financial
- Insurance

These documents are available upon request.

7. Rating Process

Each rating engagement adheres to a strict set of protocols in accordance with internal policies and procedures, which are defined in our Ratings Process Manual.

An overview of the process is as follows:

- Initiation commences following the initial engagement. Dedicated analysts are assigned to the project and the team is assembled to obtain a detailed brief, clarifying the terms of the engagement, identifying relevant stakeholders, reviewing the context and background, together with the project specific protocols and governance procedures.
- Introduction involves an analyst(s) making contact with the rated entity (where authorised) to obtain the necessary information in order to complete the assessment. The analyst also makes contact with the client as appropriate to provide an update and address any queries throughout the course of the engagement.
- Analysis is applied to identify whether accounting choices may introduce a bias regarding actual performance. This includes a review of accounting policies and estimates given the industry, the degree of flexibility available given accounting rules and conventions, the particular selection of policies, the depth and quality of notes and disclosures, the identification of potential concerns, and the restatement of accounting numbers to remove any bias and to normalize earnings.
- Interviews are conducted to extract pertinent information and to clarify perceived discrepancies or anomalies. The analyst may request a meeting with an officer(s) of the rated entity and/or material counterparties to capture commentary across a range of critical areas, while verifying material assumptions (where necessary) and confirming any identified exceptions and/or issues outside of industry norms.
- Profiling is used to categorise the rated entity into a homogeneous group of similar comparator entities, and Equifax Credit Ratings & Research's risk analytics use industry (i.e. manufacturing, retail, services, mining, etc.), structure (listed public, unlisted public, proprietary, trading trusts, etc.) and size (turnover, net assets) to assist in the determination of an appropriate comparator profile.
- Scoring applies a multivariate assessment of key risk indicators (i.e. profitability, cash-flow, liquidity, gearing, etc.) to assess the level of risk depending on the specific profile and corresponding risk benchmarks. This score is reviewed in the context of economic, industry, management, market, and other factors (i.e. trading history, adverse information, country rating, etc.) to derive an overall risk assessment.
- Classifying the rated entity into a particular risk profile is based on the underlying risk assessment. The scores range from 0 (default) to 100 (very low risk), being statistically correlated to the twenty-one credit notches to derive an indicative credit rating. The scores and ratings are much more elastic and sensitive to financial changes within the sub-prime and lower credit quality classifications.
- Assigning an official credit rating is conducted by a Ratings Committee after reviewing all of the relevant information. The Committee consists of the Ratings Analyst charged with the responsibility of conducting the assessment, together with a Senior Ratings Analyst to provide an independent evaluation and quality review of the underlying analysis.
- Default Probabilities are attributed to ratings based on time horizon. These are statistically calibrated using the well-established static pool approach. This requires a large quantum of data, with a large number of defaults. As such, given the small sample size and benign credit

environment in Australia, Equifax Credit Ratings & Research applies an international set derived from the U.S.

- Reporting uses evidence-based findings and an assigned rating to highlight the relative risk of a specific entity for a given context. To assist users of these reports in understanding why a particular rating has been assigned, detailed commentary is provided together with the percentile positioning of an entity across a range of industry benchmarks.
- Consultation provides the financial expertise and advice as necessary to support our clients in their critical decision making processes. This may, subject to the scope of our engagement, involve committee presentations, meetings and continued consultation, particularly where we have been requested to include the entity within our ongoing monitoring regime to update the rating following subsequent events and additional information.
- Distribution protocols and Equifax Credit Ratings & Research's official ratings release mechanism ensure appropriate control and governance over the release of credit ratings and rating reports. Subject to the scope of our engagement, publication of the rating and reports will be provided through our website, with ongoing entity surveillance to update the ratings of those under continuous monitoring.
- Validation ensures the process is audited and the model is statistically verified to reproduce accurate and consistent results across a range of hold-out samples and walk-forward tests. Equifax Credit Ratings & Research has used various sources for this purpose, including datasets from Australian and U.S. Banks. In addition, the credit quality distribution curve remains similar across Australian and International markets.

8. Rating Definitions

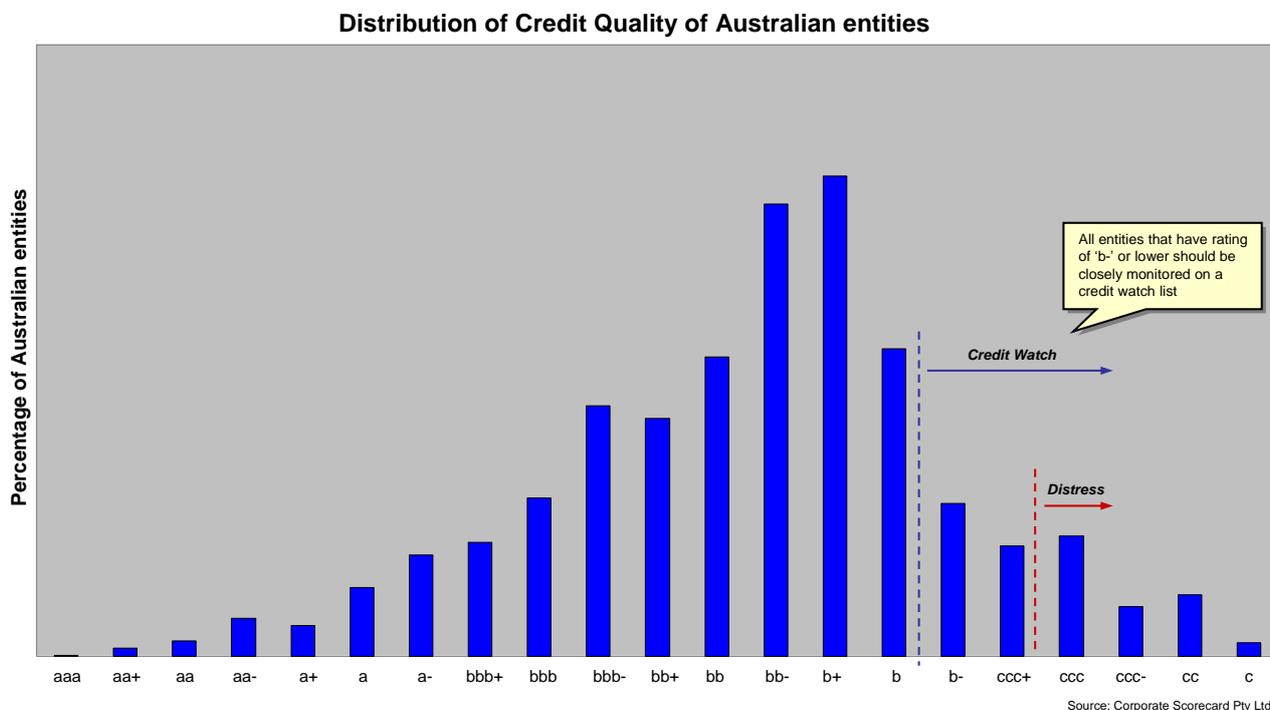
Credit ratings provide an Agency's opinion as to the capacity, viability and willingness of an entity to meet their respective financial and contractual commitments. As such credit ratings are assigned in accordance with the entity, commitment or product's proximity to default. Equifax Credit Ratings & Research's credit ratings adhere to internationally recognised grades and are similar to other agency classifications, providing ratings across twenty-two credit notches from 'd' (in default) to 'aaa' (extremely strong).

Moody's	Fitch	S&P	EACR	Classification	Capacity	Risk Level
Aaa	AAA	AAA	AAA	High Grade	Extremely Strong	Negligible
Aa1	AA+	AA+	AA+		Very Strong	
Aa2	AA	AA	AA			
Aa3	AA-	AA-	AA-			
A1	A+	A+	A+	Investment Grade	Strong	Very Low
A2	A	A	A			
A3	A-	A-	A-			
Baa1	BBB+	BBB+	BBB+		Sound	Low
Baa2	BBB	BBB	BBB			
Baa3	BBB-	BBB-	BBB-			
Ba1	BB+	BB+	BB+	Near Prime	Average	Low to Moderate
Ba2	BB	BB	BB			
Ba3	BB-	BB-	BB-			
B1	B+	B+	B+	Sub Prime	Speculative	Moderate
B2	B	B	B		Vulnerable	
B3	B-	B-	B-			
Caa1	CCC	CCC+	CCC+	Credit Watch	Highly Vulnerable	Very High
Caa2		CCC	CCC			
Caa3		CCC-	CCC-			
Ca		CC	CC	Distressed	Severe Distress	Extremely High
	C	C	Imminent			
C	D	D	D		In Default	

Equifax Credit Ratings & Research assigns ratings based on the credit worthiness of an entity or a specific financial commitment, and provides probabilistic assessments of default over the short, medium and long-term.

The credit rating assigned to an entity, commitment and/or instrument, and the related probabilities of default do not indicate an absolute potential of failure. It merely indicates that the credit is exhibiting all the characteristics of those which have defaulted at this level in the past. Even the highest rated entities have some, albeit extremely low, probability of default.

The distribution of credit quality across Australian entities provides a relatively normal distribution with a slight negative skew, as detailed in the diagram below.



Every entity or commitment has some probability of default over a period of time, even those assigned with the strongest of ratings. An Investment Grade classification is attributed to credits that exhibit a lower probability of default, while a Sub-Prime classification has a greater expectancy of default.

A Equifax Credit Ratings & Research Credit Rating may also be assigned additional clarification markers (symbols) to qualify the credit risk assessment. These may include:

Conditional Rating (#)

A Conditional Rating is used where Equifax Credit Ratings & Research has rated an entity on the basis of significant risk factors and/or report qualifications, with recommendations providing one or more conditions precedent and/or mitigation action(s) to reduce identified uncertainty and risk.

Provisional Rating (*)

A Provisional Rating is used when the most recent financial figures are based on draft management accounts or are deemed out-of-date. Entities with a provisional rating should be re-evaluated as soon as finalised financial statements become available.

Indicative Rating (^)

An Indicative Rating is used where Equifax Credit Ratings & Research is engaged to conduct preliminary analysis only, and as such an official rating assignment would require a more detailed and comprehensive investigation and due diligence assessment prior to the provision of our professional opinion.

9. Rating Philosophy

For a Credit Rating to be effective it must:

- provide adequate warning of failure,
- be objective
- be uniform
- be reproducible
- be understandable
- be international
- be accurate, and
- the Rating Agency must stand behind its rating!

For a Credit Rating to be of value to its user, it must address several objectives, perhaps most notably the likelihood of default. This is a relative measure based on a credit's proximity to default, and indicates the degree to which the credit is considered to be financially robust or vulnerable.

It should be noted that non-payment and/or insolvency is the only financial state which can be clearly defined whereas a definition of the level of financial strength is less precise. As a Credit Rating is defined as a position in a risk class or grade, the class or grade must be defined and all the credits in that grade must be capable of being rated in an identical manner.

For instance, if both national and international credits are being considered, both must be evaluated relative to the same assessment scale. This is why a Credit Rating Agency such as Equifax Credit Ratings & Research has so much to offer. Equifax Credit Ratings & Research has a rich and diverse experience in rating credits from many different countries with differing Accounting Standards across different industry sectors, sizes and legal structures.

As a Credit Rating Agency relies on the integrity of the information used for the purposes of the assessment, the quality of the financial statements and related information is an important factor. Ideally these would be audited or at least prepared in accordance with the relevant Accounting Standards. However Equifax Credit Ratings & Research also uses trend analytics to identify anomalies from one period to the next, and from one credit to others within its sector. Over the last twenty-five years Equifax Credit Ratings & Research has developed an extremely large database of information with tens of thousands of financial years of complete accounts pertaining to both public and private entities.

10. Rating Platforms

Equifax Credit Ratings & Research can also provide clients with a Ratings Assessment Platform to support their own team(s) with an automated risk scoring engine to derive quantitatively driven credit ratings.

The **Risk Assessment Platform** (RAP Interactive) is a leading edge viability assessment platform founded on the quality and integrity of Equifax Credit Ratings & Research's risk rating technology. The system provides a series of advanced decision analytics to automate and fast-track the assessment process quickly, easily and reliably. It is delivered through a centralised web-based system that provides immediate and secure access, with the capacity to leverage public databases, trade and adverse information to provide an early warning of financial distress. The system has been designed to integrate financial and non-financial analysis, and requires only minimal data to calculate risk scores and sensitivities. The platform can be fully integrated with existing systems to streamline the work-flow process and provide an efficient delivery of highly credible and reliable ratings. The company's rating algorithms utilise scientifically based and empirically derived risk models to objectively evaluate the financial fundamentals. These analytics leverage large databases to provide invaluable evidence-based data, information and high integrity financial risk analysis.

This infrastructure serves to support an ongoing risk monitoring regime, and can help finance, insurance, investment, credit, procurement or risk analysts by providing the following benefits:

- A greater volume of assessments can be conducted with streamlined input schedules and advanced decision analytics
- A more efficient assessment process is facilitated through the automatic integration of statutory data and public record
- A higher level of consistency is achieved with analysts following an objective and auditable assessment process
- A higher level of reliability is obtained with input schedules providing cautionary alerts to highlight anomalies
- A greater level of quantification of the relative improvement or deterioration of a credit based on underlying risk parameters
- A more comprehensive assessment is achieved by analysing financial and non-financial data simultaneously
- A more informed decision is supported with the knowledge of entity specific risk factors relative to industry benchmarks
- A greater amount of analyst time can be focused on valuable analysis supported by automated risk diagnostics
- A greater level of analyst engagement is obtained through a user-friendly interface requiring minimal and automated data entry
- A more appropriate assessment is conducted using a series of custom built and scalable forms to meet your specific needs
- A greater level of accessibility is enabled through a centralised web application that is available anywhere and anytime
- A greater level of comparability is facilitated through sector comparators, industry benchmarks, and/or custom portfolios
- A greater level of control is achieved through a security encrypted online portal to a single, consolidated data repository
- A greater level of governance is facilitated through the supervisor dashboard, portfolio manager monitoring and reporting capability
- A greater level of independence is provided with an impartial, high quality and objective review of risk exposures
- A greater level of transparency of 'credit watch' and 'distressed' credits is enabled to facilitate the strategic allocation of resources
- A greater level of reliability is achieved with risk monitoring, mitigation and management of entity specific risk factors
- A greater level of synthesis and understanding is facilitated through a single, easily understood risk measure
- A more dependable outcome is achieved with a forward-looking and early warning of financial distress
- A more useful outcome is facilitated through relative credit ranking to support appropriate risk based pricing and mitigation
- A greater level of confidence using the ratings algorithms of an independent Australian Credit Ratings Agency licensed with ASIC

11. General Advice Warning

Each credit rating (and corresponding rating report) has been issued without any regard for the personal objectives, financial situation or needs of any particular party. Before acting on any of Equifax Credit Ratings & Research's ratings or opinions, users must take into account the appropriateness of the ratings or opinion having regard to their own objectives, financial situation and needs. Equifax Credit Ratings & Research does not recommend any particular financial product or investment.

All information on which Equifax Credit Ratings & Research bases its ratings and opinions is obtained by Equifax Credit Ratings & Research from sources believed to be accurate and reliable. Equifax Credit Ratings & Research derives a Credit Rating on the subject based on the understanding that it has no contingent liabilities to any other entity other than as disclosed in the course of the investigation. The scope of our engagement and provision of Credit Rating Reports does not include auditing the financial statements and related information, and unless stated otherwise, does not include monitoring the financial performance of the rated entity into the future. These services are subject to the terms of our engagement.

While every effort is made to accurately assess the level of financial risk, the Credit Rating provided does not take into account operational risk management issues, which may result in sudden financial duress. It is therefore advised that where an entity has a moderate to high level of financial risk, an independent assessment should be made of those aspects that may contribute to operational risk.

The professional opinion detailed in Equifax Credit Ratings & Research's Credit Rating Reports is based on the information available at the time of the assessment. For those engagements that do not include ongoing monitoring, Equifax Credit Ratings & Research strongly recommends a revised assessment be conducted within twelve months of the preceding assessment.

For credit ratings that have been commissioned on a private basis (i.e. 'private ratings'), each rating and report is provided as commercial-in-confidence, being for the exclusive, internal and restricted use of the client. The information is not to be disclosed to any other person or entity without written consent from Equifax Australasia Credit Ratings Pty Limited. Public ratings are available for release through Equifax Credit Ratings & Research's official online ratings release mechanism. Each report should be taken as a whole and cannot be abridged or excerpted for any reason.

12. Service Access

For enquiries Equifax Credit Ratings & Research's qualified Client Relationship Managers are always available to discuss the ratings methodology, various report types, schedule of fees and the process for accessing these services.

For regular users, password-encrypted access to Equifax Credit Ratings & Research's secure online web portal can be provided on request. This portal also enables access to alternative report types, report samples and price schedules, and related ratings information based on the access level and permission rights. The Equifax Credit Ratings & Research website is www.corporatescorecard.com.au. Client Relationship Managers may be contacted on +612 9959 3318 for more information and support.

13. Remuneration

Equifax Credit Ratings & Research receives a fixed fee for the provision of a credit rating and report according to the standard pricing schedule. Equifax Credit Ratings & Research does not receive any commission or other benefits. The analysts' remuneration is not related to the performance of any financial product or investment scheme, the rating assigned to any entity, or the fees paid to Equifax Credit Ratings & Research by any entity.

14. Independence

Equifax Credit Ratings & Research has no affiliation or association with any financial product or entity or related party of any financial product or entity for which it has published a rating or opinion.

In addition, as the majority of Equifax Credit Ratings & Research's credit ratings are client commissioned, we have limited the potential 'conflict of interest' faced by other rating agencies. While Equifax Credit Ratings & Research can provide issuer-based ratings, these engagements adhere to strict governance protocols to ensure the quality and integrity of the rating assessment process.

Each rating assignment is conducted within the terms and scope of our engagement, and these are outlined within each report. As such, each rating report clearly defines the respective assessment date, initiation (i.e. solicited), type (i.e. issuer-based), scope (i.e. specific entity/commitment/instrument), surveillance (i.e. ongoing monitoring), distribution restrictions (if any), sources of information, entity participation, fee arrangement, and rating qualifications (if necessary). Each rating engagement is conducted as a separate commercial transaction, and our opinion prepared in accordance with the particular context and circumstances of the engagement. As such, Equifax Credit Ratings & Research maintains a clear and transparent model for remuneration of services.

When Equifax Credit Ratings & Research is engaged to conduct, update and/or to provide ongoing monitoring for a credit rated entity/commitment/instrument, an assessment of the potential conflict of interest is undertaken. This is co-ordinated by either the General Manager or Chief Ratings Analyst. In the event there is a potential conflict, the issues are disclosed and discussed with the respective parties. If the potential conflict cannot be satisfactorily mitigated or managed, the client and/or engagement is declined.

Equifax Credit Ratings & Research is often commissioned on a credit rating engagement relating to a publicly listed organisation. In these situations, particularly where analysts are privy to potentially price sensitive information that has not been released to the market, Equifax Credit Ratings & Research complies with a series of additional governance requirements and safeguards to afford the entity with relief from public disclosure that would otherwise be imposed. As a Credit Ratings Agency, Equifax Credit Ratings & Research's analysts are prohibited from trading in those entities that are rated, and the company maintains a cease-trading register that is externally audited to monitor compliance.

Equifax Credit Ratings & Research has implemented a strict 'Conflict of Interest' policy. All staff have been trained in this policy, which defines conflicts of interest and how such conflicts of interest are identified, reported, controlled and managed. All staff are involved in continuing professional development, and these workshops also include reviews of relevant company procedures and policies including the Service Delivery procedure and Conflict of Interest policy.

All team members are instructed to be continuously alert to actual, perceived or potential conflicts of interest. If an analyst considers that a conflict of interest does or may be perceived to exist they are required to immediately disclose the matter to their superior. In the instance the perceived conflict relates to the General Manager, the matter is disclosed to the Managing Director, and where the conflict resides with the Managing Director, the matter is disclosed to the Leadership Committee.

As part of the internal audit procedure, all company policies and procedures are audited at least annually. As part of this process, staff are interviewed and assessed for compliance to procedures and policies, including the maintenance of rating analyst independence.

A copy of the 'Conflict of Interest' policy can be obtained through Equifax Credit Ratings & Research's Quality Manager who will forward you a copy of the policy document on request.

15. Dispute Resolution

Equifax Credit Ratings & Research is committed to ensuring its clients' expectations are always met or exceeded, and is a strong advocate for integrating continuous improvement in the processes underpinning its business.

Equifax Credit Ratings & Research receives very few complaints. If clients are not satisfied with the service they are encouraged to contact their Client Relationship Manager. Equifax Credit Ratings & Research is committed to resolve any issue or concern as soon as possible. If the matter is not satisfactorily resolved, please send your concerns in writing to the Quality Manager using the contact details set out in the 'Overview' section above. If a satisfactory outcome is not provided, you are encouraged to send this to the Managing Director who will give it his personal attention.

If you would like a copy of the 'Customer Feedback' policy, please contact Equifax Credit Ratings & Research's Quality Manager who will forward you a copy of the policy document on request.