Disclosure on Composition of Committees and Sub-Committees

Background

ACER Credit Rating Private Limited (ACER) is committed to upholding the highest ethical and analytical standards, combining deep domain expertise, advanced analytics, and rigorous processes to ensure every rating is objective and insightful. To ensure objectivity and consistency, ACER has established Rating Committees comprising experienced and seasoned senior executives with in-depth credit analysis experience.

ACER's rating process ensures that the concerned analyst on the case sends rating notes to its members in advance, except in cases of urgent rating requirements, when the rating notes are circulated with an exception from the concerned authority.

ACER reserves the right to amend this policy from time to time in accordance with the applicable regulations, circulars, and directives issued by the Securities and Exchange Board of India. This disclosure will be reviewed annually.

Eligibility for a Rating Committee Member

Members of the Rating Committee must demonstrate strong analytical acumen and the ability to evaluate credit risks across diverse industries with independence and objectivity. Internal members should primarily be drawn from the analytical division, possessing experience in credit analysis, banking, finance, or industry evaluation. External members may include senior professionals with extensive expertise in finance or related fields, recognised for their impartiality and sound judgment. The agency emphasises diversity in sectoral exposure while ensuring a strict separation between business operations and the rating process, excluding executives and business development personnel from committee participation.

Composition of Rating Committee and Other Committees

Rating Committee (RC)

The Rating committee generally comprises five members, including an external RC Chair (holding a designation such as Executive Director of a bank/ financial institution or a similar designation) and another external member, who may be an expert from the financial services sector or ex-credit rating or other similar domains. Internal members will include the CRO and lead/ senior analyst. In case of the absence of the RC Chair,

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another senior-most external member will be appointed as RC Chair. The indicative composition of the RC is given below.

Committee Representation	Designation	Category of member
RC Chair	Executive Director or similar position from the financial services sector/ ex-credit rating agency, other domains	External
External member	Senior representative from the financial services sector/ ex-credit rating agency, other domains	External
External member	Senior representative from the financial services sector/ ex-credit rating agency, other domains	External
Senior Internal member	Chief Ratings Officer (CRO)	Internal
Sector Specialist / Internal member	Sector Specialist from the financial services sector/ ex-credit rating agency, other domains or Lead/ Senior Analyst of ACER	Internal

Committee for Other Assignments

This committee will consist of a minimum of three members, including an external Committee Chair and representation of the internal members. In case of the absence of any designated members, the next senior-most members will be considered. The indicative composition of the committee for other assignments is given below.

Committee Representation	Designation	Category of member

RC Chair	Executive Director or similar position from the financial services sector/ ex-credit rating agency, other domains	External
Senior Internal member	Chief Ratings Officer (CRO)	Internal
Internal member	Analytical team	Internal

Rating Review/ Appeal Committee

The Rating review or appeal RC will comprise a minimum of three members, including an external RC Chair, the CRO and other external members. The appeal committee will have one member of the previous rating committee as an independent member, one external independent member acting as RC Chair, and another external independent member to decide the outcome of the appeal process. In case of the absence of any designated members, the next senior-most members will be considered. The indicative composition of the review/ appeal RC is given below.

Committee Representation	**Designation**	**Category of member**
RC Chair	Managing Director from the financial services sector/ ex-credit rating agency, other domains	External
External member	Senior representative from the financial services sector/ ex-credit rating agency, other domains	External
Internal member- part of the previous RC- whose outcome is contested by the issuer	Chief Ratings Officer (CRO)	Internal

Quorum Requirements for Committees

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Any committee- rating committee, internal rating committee or rating review committee will have a quorum of three members as described above, with adequate representation from internal and external members.

Responsibilities of Rating Committee Members

Rating Committee members are entrusted with safeguarding the integrity of the credit rating process. Their primary responsibility is to maintain independence, provide critical insights, and uphold professional and ethical standards. Members must remain informed about rating criteria, regulatory guidelines, and market developments, while continuously updating their knowledge of economies, industries, and financial institutions. This ensures that decisions on issuers and borrowers are made objectively. By combining expertise with impartiality, committee members strengthen the credibility of ratings and reinforce the agency's commitment to transparency, fairness, and high-quality outcomes in rating assignments and reviews.

Committee members are expected to prepare thoroughly for meetings, reviewing rating cases in detail to enable meaningful discussions. They must actively engage in deliberations, contribute unbiased perspectives, and remain open to differing opinions. Members should identify gaps in analysis, request additional information when necessary, and ensure consistent application of rating methodologies. Beyond case evaluation, they provide mentorship to analysts, guiding them on appropriate rating approaches and criteria application. This dual role of reviewer and mentor enhances analytical rigour, improves the quality of ratings, and ensures that the agency's processes remain robust, credible, and aligned with best practices.

Members play a vital role in fostering collaboration and accountability. They must encourage diverse viewpoints, respect dissent, and ensure adherence to the laid-out internal rating process and code of conduct. Confidentiality of issuer information is paramount, and conflicts of interest must be disclosed with recusal where necessary. Members should provide constructive feedback to analysts, attend meetings regularly, and remain flexible for urgent cases. By upholding these standards, the committee ensures trust, transparency, and excellence in the rating process, reinforcing the agency's reputation for integrity.

Recusals and Conflict of Interest

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ACER Rating Committee members must avoid any situation that could compromise independence or objectivity. If the member is a whole-time director, he/ she will not be involved in the proceedings of the case. Where the member is only an independent director, ratings may proceed, but such association must be clearly disclosed in rating notes and press releases. Similarly, if a member is linked to regulated committees dealing with companies or banks, disclosures are mandatory. All such members must not receive agenda papers and must recuse themselves from deliberations and decisions.

Record of Votes of Rating Committee Members Including Dissent

The ACER Rating Committee strives to reach a consensus on the rating assignments while reviewing the ratings. Final decisions are made through voting, with equal rights for all members, including the Chairperson. Outcomes are determined either unanimously or by majority vote, and in case of a tie, the case gets deferred to the next Committee meeting. Dissenting opinions, along with reasons, are documented, and the Chairperson ensures proceedings are accurately captured in the minutes, reinforcing transparency and accountability in the rating process.

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