

# Ratings monitoring and review process

Governance



BeZero

# Ongoing monitoring

## Continuous monitoring

All BeZero Carbon Ratings are valid at all times and are monitored on an ongoing basis. The assigned lead analyst is responsible for reviewing all new information pertaining to the project, sector and methodology. Such information includes new satellite imagery, new research, new project documents including new monitoring reports, new or changed regulations, changes in the methodology, and other information deemed relevant to the project or the rating. The analyst also monitors the continuing availability of information in the public domain, an essential criterion for a project to be eligible for a BeZero Carbon Rating. The analyst takes note of these developments and assesses their implications (if any) on the rating.

## Rating reaffirmation

The publication of a monitoring report is typically a trigger for a detailed review of the rating. At this point, the lead analyst will collate all the new information pertaining to the relevant project that has been published since the last Rating Committee Meeting in which that project was discussed, including information they have reviewed during their ongoing monitoring. They will reconfirm that the project continues to meet the eligibility criteria and that all information regarding the project remains available in the public domain.

A detailed review report is prepared and follows the same process of independent peer review before being presented at a forthcoming Rating Committee, along with the analyst's recommendation on the rating. The Rating Committee discussions and deliberations are similar to the process followed for assigning a new rating.

If the new information or changes to information are not considered to have a material impact on the rating, the rating is reaffirmed following unanimous approval of the Committee. All reaffirmations, along with their rationale, are published on the BeZero website and the BCM platform.

## Sector and portfolio reviews

Portfolio reviews are an integral part of the continuous monitoring process carried out by BeZero. This process involves the simultaneous review of the ratings assigned to a homogeneous group of projects/credits, either at a sector/sub-sector or at the country level (as compared to a review of one or two projects at a time).

Portfolio reviews can be triggered by macroeconomic events such as changes in sector dynamics, changes in regulation (global or country-specific), or the incorporation of new elements of analyses applicable across a sector/sub-sector. Alternatively, it could be part of a periodic review process to reassess the appropriateness of the ratings in the context of an updated methodology, sectoral developments, and comparison of the rating across similar projects.

These reviews can last anywhere from a few weeks to several months, depending on triggers, project-specific factors, and Rating Committee unanimity.

If BeZero believes that a portfolio review may have an impact on the published ratings, some or all ratings in the portfolio may be placed on 'rating watch' pending the completion of the full review.

All 'rating watch' decisions include a direction that provides additional information as to the likely orientation of the implications of the rating watch trigger. The three 'directions' are:

- A rating placed on **'rating watch with positive implications'** indicates that the rating is under review and BeZero believes the rating is likely to be upgraded or reaffirmed.
- A rating placed on **'rating watch with negative implications'** indicates that the rating is under review and BeZero believes the rating is likely to be downgraded or reaffirmed.

- A rating placed on **‘rating watch with developing implications’** indicates that BeZero does not have enough information to indicate the likely direction and may be either upgraded, downgraded or reaffirmed.

This is particularly important as a portfolio review may involve a recalibration of ratings across the portfolio. The review process will follow the usual process of peer reviews, Rating Committee discussions, and decisions. BeZero will publish the resolution of the ‘rating watch’ and updated ratings at the conclusion of the review process.

## Updates and reviews\*

Version number	Date	Description
1.00	01/06/22	Initial release
1.02	31/08/22	Updated to reflect inclusion of sector and portfolio review process and modified Risk Scoring Bucket designation
1.11	15/05/24	Updates to application of ratings watch
1.12	15/05/25	Inclusion of rating watch ‘direction’

*\*Content extracted from the BeZero Carbon ex post Ratings methodology.*

## Disclaimer

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