

MJJK/MSFJ Policy for Withdrawal of Credit Ratings

POLICY

I. What is a Withdrawn Rating?

Moody's Japan K.K. ("MJJK") and Moody's SF Japan ("MSFJ") withdraws its Credit Rating when it no longer rates an entity, debt or financial obligation, debt issuance program, preferred share or other financial instrument for which it previously assigned a Credit Rating. If appropriate and feasible, Credit Ratings will be adjusted before the withdrawal to reflect MJJK/MSFJ's current Credit Rating opinions.

NOTE: This policy and accompanying procedure do not apply when a Credit Rating committee assigns a Credit Rating to an issuance whose sale is canceled by the Rated Entity without the Credit Rating ever having been published. Because the obligation does not exist and the Credit Rating was never published, the Credit Rating does not need to be withdrawn.

II. Reasons why MJJK/MSFJ might withdraw a Credit Rating

MJJK/MSFJ may withdraw a Credit Rating for any of the following reasons:

- 1) Incorrect, insufficient or otherwise inadequate information: MJJK/MSFJ shall withdraw any Credit Rating if, in MJJK/MSFJ's opinion, (i) the information available to support the Credit Rating – whether in terms of factual accuracy, quantity and/or quality – is insufficient to effectively assess the creditworthiness of the Rated Entity or the obligation; and (ii) such information is unlikely to be available to MJJK/MSFJ in the near future.
- 2) Bankruptcy/Liquidation/Debt Restructuring/Writedown of a Structured Finance Security: if a Rated Entity defaults, enters bankruptcy, is liquidated, or restructures its debt, or if a structured finance security experiences a full or partial write-down that results in a zero current balance, it may no longer be useful or necessary for MJJK/MSFJ to maintain a Credit Rating on that Rated Entity or that Rated Entity's obligations.

- 3) Reorganization: if a Rated Entity becomes the subject of a corporate reorganization or regulator-imposed restructuring, including a merger or acquisition, or enters into any other form of governmental administration, it may no longer be useful or necessary for MJKK/MSFJ to maintain a Credit Rating on that Rated Entity or that Rated Entity's obligations.
- 4) Small Pool Factor: For Structured Finance transactions only: if the applicable Credit Rating Methodology states that a Credit Rating must be withdrawn when the size of the asset pool supporting the transaction falls below a level specified in the methodology ("small pool factor"), MJKK/MSFJ shall withdraw the Credit Rating.
- 5) Maturity of Obligation or Termination of Program: the Credit Rating on an obligation will be withdrawn when the obligation is not outstanding or the program has been terminated. This includes when a debt matures, when a debt is called, when a debt is repaid before the maturity date, when a Credit Rating on a debt or program is issued and published but the debt is ultimately not issued or the program is not closed, and/or when a debt is otherwise redeemed by the Rated Entity. A Credit Rating withdrawal may also be appropriate as a result of amendments to the transaction terms of an obligation.
- 6) Business Reasons: under certain circumstances, MJKK/MSFJ will withdraw a Credit Rating for a Rated Entity or an obligation for reasons unrelated to the situations identified above. When MJKK/MSFJ indicates that a Credit Rating was withdrawn for "business reasons," this refers to MJKK/MSFJ's business reasons, not the business reasons of the Rated Entity or obligor. MJKK/MSFJ's business reasons generally do not reflect any concerns about the Rated Entity's creditworthiness or the quality of its management. MJKK/MSFJ's decision to withdraw a Credit Rating under these circumstances will attempt to balance the informational benefit to market participants from maintaining a Credit Rating against the resources required to maintain and monitor that Credit Rating or other business considerations.
- 7) Conflicts of Interest: in any of the following cases, MJKK/MSFJ may determine that it is necessary to withdraw a Credit Rating, if:
 - a) an MJKK/MSFJ Employee who participates in the determination, approval or monitoring of a Credit Rating, or that employee's Family Member had or has direct Ownership in the Rated Entity or in any Related Third Party at the time the Credit Rating was determined;
 - b) an MJKK/MSFJ Employee or his or her family member (limited to spouses and blood relatives and in-laws within one degree of relationship) is an officer of a rating-related person or comparable person;
 - c) an MJKK/MSFJ Employee who either participated in the determination of the rating, the approval of the Credit Rating, or the monitoring of the Credit Rating, acted in violation of the MJKK/MSFJ Fee Discussions Guidelines;

- d) an MJKK/MSFJ employee who either participated in the determination of the rating, the approval of the Credit Rating, or the monitoring of the Credit Rating, has had a relationship with the Rated Entity or a Related Third Party that constitutes a prohibited conflict of interest;
 - e) an MJKK/MSFJ employee who either participated in the determination of the rating, the approval of the Credit Rating, or the monitoring of the Credit Rating, or his or her Family Member, received gifts, including entertainment, in violation of the MJKK/MSFJ gifts and entertainment policy; or
 - f) either MJKK/MSFJ or an entity associated with MJKK/MSFJ made recommendations to the obligor or the Rated Entity, underwriter or sponsor of the security about the corporate or legal structure, assets, liabilities or activities of the obligor or Rated Entity of the security in violation of MJKK/MSFJ policies or procedures.
- 8) Public Point-In-Time Credit Ratings: to meet market needs in certain sectors, MJKK/MSFJ occasionally assigns a public Credit Rating on a "point-in-time" basis that is subsequently withdrawn as soon as practicable, before which it is subject to monitoring.
 - 9) Provisional Rating: MJKK/MSFJ from time to time may assign a provisional rating when the rating committee has been able to assess the relevant risks of a transaction that has not yet issued into the market based on draft documentation. It is highly likely that the Credit Rating will become final after all documents are received, or an obligation is issued into the market. When a provisional rating is transitioned into the definitive rating, the fading out provisional rating corresponds to a withdrawal. To the extent it is anticipated that the transaction does not close in the near future, or that certain tranches of the transaction are not issued, the applicable provisional ratings will be withdrawn.
 - 10) Clerical Error: MJKK/MSFJ will withdraw a credit rating assigned as the result of an internal clerical error.
 - 11) Full Write-Down of Principal Balance: For Structured Finance transaction only: if the principal balance of a structured finance security is fully written down to zero because of credit loss recognitions, then MJKK/MSFJ will withdraw the Credit Rating.

III. Credit Rating Announcements Regarding Withdrawal of Credit Ratings

When a Credit Rating is withdrawn for reasons other than debt maturity or termination of a program¹, MJKK/MSFJ will issue a Credit Rating Announcement.

DEFINED TERMS

Wordings used but not defined in this document have, unless otherwise stated, the meanings assigned to them in the Financial Instruments Exchange Law ("FIEL"), Cabinet Office Ordinance Concerning Definitions Stated in Article 2 of the FIEL, Cabinet Office Ordinance Concerning Financial Instruments Business etc., or in the current Moody's Japan (MJKK/MSFJ) Code of Professional Conduct (the "MJKK/MSFJ Code").

¹ Include when a debt is called before the maturity date and when a debt is repaid before the maturity date.

Responsibility for Amendment/ Abolishment

Compliance has responsibility for this procedure documents. For amendment or abolishment, approval by the director in charge of Compliance is required.

Supplements

The Policy originally named as "Withdrawal of Credit Ratings (Internal)" has been implemented as of October 1, 2010.

The amendment of the Policy has been implemented since June 8, 2011.

The amendment of the Policy has been implemented as of April 1, 2012.

The amendment of the Policy has been implemented as of June 6, 2016.

The amendment of the Policy has been implemented as of October 3, 2016.

The amendment of the Policy has been implemented as of February 6, 2017.

The amendment of the Policy has been implemented as of August 6, 2018.

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