

Response to comments related to the Sovereign rating methodology



REQUEST FOR COMMENTS OUTCOME

The Request for Comments period was launched in early June 2023 and was closed on the 8th of July. The Request for Comments affected the future Ethifinance Ratings methodologies on Sovereign 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' Reply
The integration of the qualitative and quantitative information - expert-based judgment needs a scientific model for assessment.	All the explanatory variables have been subjected to a significance and/or importance test before their inclusion in the model, and those that did not comply or did not reach a significant weight within the model were discarded.
The rating methodology should have in the same step one model the complete information, qualitative and quantitative.	We have discharged the use of dichotomous variables to avoid parsimony and other statistical problems. For this, we have only used quantitative variables. However, we have defined a set of qualitative adjustments to integrate in the analytical process all the structural features that are not sufficiently captured in the quantitative model.