



ARC Ratings' Code of Conduct

www.arcratings.com

LOCAL EXPERTISE, SHARED INSIGHT,
BETTER JUDGMENT

1. INTRODUCTION

ARC Ratings' Code of Conduct reflects the measures, procedures and guiding principles followed by ARC Ratings' subsidiaries that assign credit ratings under the brand name "ARC Ratings". Throughout this Code of Conduct the expression "ARC Ratings" refer to these subsidiaries.

This Code of Conduct applies to ARC Ratings, to all its employees, and to all persons and entities that provide services to ARC Ratings and which, by reason of that provision of services, may have access to confidential information held by ARC Ratings.

ARC Ratings is dedicated to issue credit ratings that contribute to the reduction of the information asymmetry among borrower, lenders and other market participants, therefore improving the risk / reward decision-making capabilities of investors globally, while allowing issuers to access capital markets at premiums commensurate with their objectively assessed credit risk.

This Code of Conduct reflects the Code of Conduct Fundamentals for Credit Rating Agencies issued in December 2004 by the International Organisation of Securities Commissions (IOSCO) and its subsequent reviews, and the requirements of Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (Regulation 1060/2009), amended by Regulation (EU) No. 513/2011 of the European Parliament and of the Council, of 11 May, and Regulation (EU) No. 462/2013 of the European Parliament and of the Council, of 21 May, as well as the Statutory Instrument 2019/266 – The Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019 made on 13 of February by HM Treasury.

Any exemptions from compliance with the principles set forth in this Code of Conduct and related methodologies and procedures must be approved in writing by ARC Ratings' Risk Committee.

The adoption and disclosure of this Code of Conduct does not mean that ARC Ratings is assuming any contractual or legal responsibility before any entity arising from the Code of Conduct or related methodologies and procedures. ARC Ratings may at any time change any provision of this Code of Conduct.

2. CREDIT RATING AND CREDIT ASSESSMENT

CREDIT RATING

The credit ratings assigned by ARC Ratings are independent and forward-looking opinions of the ability and willingness of an entity to make all required payments on a given obligation upon either timely or ultimate repayment according to the analysis, taking into consideration the following:

- they are based on information, including confidential information, collected from a wide group of sources, and in particular from the entity whose financial commitments are being rated when the credit rating is solicited, this information being used and treated by ARC Ratings with due care and attention;
- although all due care is taken in the collection, evaluation and treatment of the information for credit rating analysis purposes, ARC Ratings cannot be held liable for its accuracy and ARC Ratings will only assign a credit rating if the information meets minimum requirements;
- they may be short-term credit ratings, in which case they apply to financial commitments with initial maturity of up to one year, or medium and long term credit ratings, which apply to financial commitments with initial maturity of more than one year;
- they are assigned taking into account a future evolution scenario, which although seeking to be conservative, inevitably entails risks and uncertainty;
- there may be ongoing events at the time ARC Ratings assigns a credit rating or events with a strong probability of occurring the outcome of which may influence the credit ratings assigned; the outlook of the credit ratings is used to indicate the direction of this influence;
- they do not constitute a recommendation to buy or sell, but only one of the factors to be weighted by investors;
- they do not take into account the interest rate, foreign exchange, liquidity or other market risks incurred by the investor through the financial commitment being rated;
- provided they are in force, they are valid until the maturity of the financial commitment being rated, including renewals.

CREDIT ASSESSMENT

Credit Assessment is an assessment of the credit risk and not a full credit rating:

- with ARC Ratings' option of not assigning it in the case ARC Ratings considers that the entity or obligation is too complex to be subject to a simplified analysis;
- that is not a full credit rating since it is strictly for private use and cannot be made public either by the issuer or by ARC Ratings;
- that is based on all information deemed necessary to form an opinion and may (but not necessarily) include confidential information; in which case the record keeping of this information will follow the same procedures as in a credit rating;

- without continuous monitoring, i.e. being point in time and therefore only valid on the date, the credit assessment is accorded (reflects the information existing at the time ARC Ratings assigns it and ARC Ratings has no obligation to follow the subsequent evolution of the issuer);
- that can be used as the basis for a credit rating, both in terms of analysis and in terms of the discount of the fee paid for the Credit Assessment in the fees due for a credit rating, as long as the credit rating process is engaged in the six months following the assignment of the Credit Assessment; note that Credit Assessments cannot be taken in any way as a guarantee of a credit rating if the issuer chooses to move forward with a credit rating process; if a credit rating, engaged within six months after the Credit Assessment assignment, is turned public, the public report and ARC Ratings' website will include a disclaimer that the issuer was subject to a Credit Assessment at a certain date, without mentioning the rating assigned;
- in which ARC Ratings can assign a single rating or a range of ratings with the maximum amplitude of three notches in the case of medium and long term rating, and two notches in the case of short-term rating;
- with its implementation procedures contained in ARC Ratings' Organisation and Procedures Manual, highlighting differences as compared to a credit rating procedure:
 - the simplification of information and analysis;
 - when the credit assessment is solicited by the issuer - the elaboration of a single report, to be submitted for approval to the issuer, and to which will subsequently be attached a chapter containing the rating or range of rating likely to be assigned;
 - the communications between analysts and the entity who solicited the credit assessment shall be made preferably in writing; in case there are calls - they will be noted; if there are meetings, there will be signed minutes or with proof of acceptance by the entity who solicited the rating;
- whose process complies with ARC Ratings' Code of Conduct;
- in which the report and any communications with the issuer will never have the character or nature of advice;
- in which ARC Ratings' Compliance Department must be informed in advance of all meetings, having the option of witnessing them, checking its minutes or exempt itself from any of these acts, and also having the option of being present on any conference call that the analytical team may organise.

3. GENERAL PRINCIPLES

The methodologies and procedures adopted by ARC Ratings seek to ensure that the following general principles are observed in the credit rating and credit assessment processes:

INTEGRITY, INDEPENDENCE AND OBJECTIVITY

The methodologies and procedures adopted by ARC Ratings aim to ensure the integrity, independence and objectivity of the process of assigning credit ratings or credit assessments, as well as to identify, and therefore to eliminate, or manage and disclose, as appropriate, any actual or potential conflicts of interest, and also to guarantee that the confidential information to which ARC Ratings and its employees have access is kept in confidence and not unduly used, but used exclusively for the purpose of assigning credit ratings or credit assessments.

CONSISTENCY

The methodologies used by ARC Ratings to assign credit ratings or credit assessments and the associated procedures aim to ensure the consistency of the credit ratings or credit assessments assigned by ARC Ratings. Credit ratings or credit assessments are assigned according to methodologies and procedures set out in ARC Ratings' Manual of Organisation and Procedures, by a Rating Panel.

QUALITY, RIGOUR AND ACCURACY

ARC Ratings and its employees' knowledge and experience of the rating activity, as well as the methodologies and associated procedures used by ARC Ratings to assign credit ratings or credit assessments, aim to ensure the quality, accuracy and rigour of the rating assignment process. This is further enhanced by ARC Ratings' commitment to maintain these methodologies and procedures permanently updated.

TRANSPARENCY AND TIMELINESS OF RATINGS DISCLOSURE

ARC Ratings' credit ratings public disclosure shall be grounded on public and freely accessible documents, non-discriminatory and without undue delays, therefore guaranteeing the transparency and timeliness of its ratings disclosure.

Furthermore, the credit ratings assigned by ARC Ratings are subject to constant monitoring and formal periodic review (unless the credit ratings assigned are point in time) to assure that they're always updated and reflect all the relevant rating factors. All monitored credit ratings are subject at least to annual review, with the rating panel option to determine a more frequent review or as events warrant, except Sovereign Ratings, which are subject to review a maximum of three times a year (with a maximum period of six months between each review). As a result of monitoring, reviews may be brought to an earlier date. The methodologies and procedures used by ARC Ratings and its employees in the review processes are similar to those used for the assignment of the initial credit rating, thus guaranteeing that credit ratings in force remain consistent and accurate.

Given the referred characteristics of credit assessments, these products are not subject to monitoring or an annual review and as such are point in time.

4. QUALITY AND INTEGRITY OF THE CREDIT RATING AND CREDIT ASSESSMENT PROCESSES

A) QUALITY OF THE CREDIT RATING AND CREDIT ASSESSMENT PROCESSES

4.1. ARC Ratings has in place written methodologies for each class of entity or obligation for which it issued credit ratings, as well as a complete set of procedures for the rating process. These methodologies and procedures are known to everybody involved in the rating process, the aim being to ensure that credit ratings and credit assessments are assigned based on a thorough and consistent analysis of all information that is available to ARC Ratings and that is relevant to its analysis according to its rating methodologies, which are freely available on the ARC Ratings' website (www.arcratings.com).

The methodologies and procedures are reviewed at least annually, and in particular when material changes occur with an impact on the rating process, so as to identify and make any adjustments required to maintain their suitability.

ARC Ratings' methodologies are constantly being challenged, discussed and improved whenever necessary. This process of constant improvement is promoted through:

- a corporate culture that promotes the discussion and the reception of improvement suggestions; and
- the existence of an Internal Review Function, independent from all rating activities.

ARC Ratings also has in place rating scales to be applied to all types of entities or obligations it rates, with clear definition of the meaning of each category and procedures defined to assure that those categories are applied consistently across all classes of rated entities and obligations.

4.2. The credit rating and credit assessments methodologies used by ARC Ratings are rigorous, systematic, continuous and subject to validation, as referred in this Code of Conduct (see point 6.7.).

4.3. ARC Ratings has in place procedures aimed at guaranteeing that its rating analysts use the correct methodology for the type of entity or obligation that is subject to the credit rating actions, as well as the procedures established in ARC Ratings' Manual of Organisation and Procedures, both in a consistent manner.

4.4. Credit ratings assigned by ARC Ratings are decided by a Rating Panel composed of a quorum of at least four credit rating analysts for standard transactions / issuers and of at least five credit rating analysts for more complex transactions / issuers and Structured Finance Products. Note that this panel assigns credit ratings taking into account all the information believed to be relevant for the purpose, and the credit ratings and credit assessments assigned are consistent with the methodologies and procedures adopted by ARC Ratings. The majority of the members of the Rating Panel have vast experience in assigning credit ratings.

4.5. ARC Ratings maintains internal records of its credit rating and credit assessment assignment activities. These records include:

- the proposals submitted for the assignment of each credit rating or credit assessment;
- the account records relating to fees received from any rated entity or related third party or any user of the

records documenting the established procedures and methodologies used by ARC Ratings to assign each credit rating and credit assessment;

- the internal records and files, including non-public information, work papers, and (confidential) draft reports for discussion and panel front pages, used to form the basis of any credit rating decision taken and of any credit assessment;
- copies of internal and external communications, including electronic communications, received and sent by ARC Ratings and its employees, that relate to credit rating activities and of any credit assessment.;
- for each credit rating or credit assessment decision, the composition of the Rating Panel, and the date on which the credit rating decision was taken, panel objective and panel minutes.

These records allow the reconstruction of the credit rating process for any credit rating action, in case of need.

ARC Ratings maintains the aforementioned records for at least five years after the date when the credit rating ceased to be valid (was discontinued / withdrawn).

Should the registration of any of ARC Ratings subsidiaries, under its relevant regulatory context, be withdrawn, ARC Ratings undertakes to keep such records for an additional period of at least three years.

The detailed internal record policy is part of ARC Ratings Manual of Organisation and Procedures, which is known by all ARC Ratings' employees and to which they all must adhere. The assessment of the compliance with this policy is a fundamental part of ARC Ratings' Compliance Departments mission.

4.6. ARC Ratings and its rating analysts take all the measures deemed adequate in accordance with the methodologies and procedures set out in ARC Ratings' Manual of Organisation and Procedures in order to avoid errors and / or misrepresentations in their credit rating or credit assessment analysis, namely using a wide range of information sources permitting to cross-check the information obtained, and holding meetings with the officers of the entity whose financial commitments are being rated or credit assessed.

4.7. ARC Ratings uses all the resources it deems necessary to ensure the high quality of the credit rating or credit assessment processes. When assessing whether to submit credit rating or credit assessment proposals, ARC Ratings takes into account its capacity in terms of human, technical and material resources to carry out such rating assessments. If it considers that such capacity is insufficient to conduct the credit rating or credit assessment process in accordance with the Code of Conduct and related methodologies and procedures, namely due to the complexity of the issuers or issues for which the assignment is proposed, ARC Ratings does not submit a proposal.

ARC Ratings' ratings reflect a thorough analysis of all information known and believed to be relevant for the analysis and assignment of the rating. If, in the course of a credit rating or credit assessment process, it becomes apparent that the information used is insufficient or suffers from relevant imprecision, ARC Ratings does not assign a rating. In the case of the assignment of a credit rating to financial commitments presenting limited historical data, ARC Ratings makes this fact clear in a prominent place in the public rating report.

Changes in the quality of information available to conduct a review on a rating assigned by ARC Ratings are disclosed in the review report and the assignment of the rating takes into account the impact of such changes.

It is the responsibility of ARC Ratings' Risk Committee to ascertain the need to make changes and / or revisions to the procedures used, viewing, among others, their compliance with the legal framework applying to the rating activity, best management and organisation practices and procedures. The Risk Committee, which meets at least on an annual basis for this purpose, is also responsible for approving the mentioned changes.

It is the responsibility of ARC Ratings' Internal Review Function to ascertain the need to make changes and / or revisions to methodologies, models and key rating assumptions (this review has to be performed at least annually) and submitting these changes for approval by the Board Criteria Review Committee, which integrates all the Independent Directors from all ARC Ratings' subsidiaries.

It is the responsibility of ARC Ratings' Global Chief Ratings Officer to ascertain the feasibility of providing a credit rating for a type of entity or obligation that is materially different from the entities or obligations ARC Ratings currently rates.

ARC Ratings undertakes to immediately disclose, using the same means of communication as used for the initial disclosure, any changes to methodologies, models, key rating assumptions and procedures used in credit rating activities, disclose the likely scope of credit ratings to be affected, and review the affected credit ratings as soon as possible and no later than six months after the change, in the meantime placing those credit ratings "Under Review". When the overall combined effect of the changes affects those credit ratings, ARC Ratings undertakes to review them on the basis of the methodologies, models, key rating assumptions and procedures that have been changed.

When assigning credit ratings or credit assessments to structured products, ARC Ratings undertakes to implement procedures for determining whether the methodologies, models, key rating assumptions and procedures used for the purpose are appropriate in case the risk characteristics of the assets underlying a structured product change materially. In cases where the complexity of a security or the structure of a type of security, or the lack of robust data about the assets underlying the security raise serious questions as to whether ARC Ratings can determine a high-quality credit rating for the security, ARC Ratings undertakes to refrain from issuing a credit rating.

Should ARC Ratings use an existing credit rating or ratings prepared by another credit rating agency with respect to underlying assets or structured finance instruments, it undertakes not to refuse to issue a credit rating of an entity or a financial instrument because a portion of the entity or the financial instrument had been previously rated by another credit rating agency. In all instances where the result is the assignment of a rating that departs from existing credit ratings prepared by another credit rating agency with respect to underlying assets or structured finance instruments, ARC Ratings undertakes to keep records justifying the differing assessment.

4.8. The teams involved in a rating analysis at ARC Ratings are always structured to promote continuity and avoid bias in the rating process.

B) REVIEWS

4.9. The ratings assigned by ARC Ratings are valid until the next review date (a date that is clearly indicated in the documents supporting the credit rating), if they are not withdrawn or the financial commitments paid in full prior to this date. The validity is further expanded to the following review date once the review process is successfully completed. In the meantime they are subject to constant monitoring (unless the ratings assigned are point in time).

All monitored credit ratings are subject at least to annual review, with the rating panel option to determine a more frequent reviewing, except Sovereign Ratings, which are subject to review a maximum of three times a year (with a maximum period of six months between each review). As a result of monitoring, reviews may be brought forward to an earlier date. The methodologies and procedures used by ARC Ratings and its employees in the review processes are similar to those used for the assignment of the initial rating, thus guaranteeing that ratings in force remain consistent and accurate.

The methodologies, models, key rating assumptions and procedures used by ARC Ratings and its employees in the review process are similar to those used for the assignment of the initial rating, thus guaranteeing that adequate resources, including human and financial resources, are used for the purpose, and also that the ratings in force are consistent and accurate.

As a result of monitoring, changes to methodologies, models, key rating assumptions and procedures shall apply, as appropriate, to initial ratings and reviews.

When using separate teams for determining initial ratings and for subsequent review of structured products, ARC Ratings undertakes to make sure that each team has the requisite level of expertise and resources to perform their respective functions in a timely manner.

4.10. Information on the public ratings issued by ARC Ratings' is available through ARC Ratings' website (www.arcratings.com).

C) INTEGRITY OF THE RATING AND CREDIT ASSESSMENT PROCESSES AT ARC RATINGS

4.11. ARC Ratings and its employees comply with all applicable laws and regulations governing the activity of rating agencies in each jurisdiction in which it operates.

4.12. ARC Ratings and its employees deal at all times fairly and honestly with rated or credit assessed entities, obligors, originators, underwriters, arrangers, users of credit ratings, and the public in general.

4.13. ARC Ratings holds its employees to the highest standards of integrity and ethical behaviour, and have policies and procedures in place that are designed to ensure that individuals with noticeably compromised integrity are not employed.

4.14. ARC Ratings and its employees never, either implicitly or explicitly, give any assurance or guarantee to an entity subject to a rating action, obligor, originator, underwriters, arrangers, users of ARC Ratings' credit ratings about the outcome of a particular rating action. However, this does not preclude ARC Ratings from assigning ratings to simulated financial commitments, namely in connection to structured products and project finance transactions.

4.15. ARC Ratings and its employees can never make promises or threats about potential credit rating actions to influence rated entities, obligors, originators, underwriters, arrangers, or users of the CRA's credit ratings to pay for credit ratings or other services.

4.16. Neither ARC Ratings, nor its employees can make proposals or recommendations, either formally or informally, regarding the activities of rated entities or obligors that could impact a credit rating of the rated entity or obligation, including but not limited to proposals or recommendations about corporate or legal structure, assets and liabilities,

business operations, investment plans, lines of financing, business combinations, and the design of structured finance products.

4.17. ARC Ratings has established a compliance function / department in each of its subsidiaries, with a global coordination, that is responsible for verifying compliance of ARC Ratings' subsidiaries and of its employees with ARC Ratings' Code of Conduct as well as with applicable laws and regulations of its specific jurisdiction. The compliance department reporting line is independent of the credit rating operations.

4.18. If an employee of ARC Ratings or any natural person or entity that provides services to ARC Ratings becomes aware that another employee of ARC Ratings or natural person or entity that provides services to ARC Ratings has engaged in conduct that is illegal, unethical or contrary to this Code of Conduct, that person or entity shall report such information immediately to the Compliance Department of ARC Ratings. The Compliance Department shall take appropriate action in accordance with the legal framework and the procedures adopted by ARC Ratings.

The Board of Directors of ARC Ratings shall guarantee that there will be no form of retaliation against the ARC Ratings employee or natural person or entity that provides services to ARC Ratings which reported the situations referred to in the preceding paragraph.

5. ARC RATINGS INDEPENDENCE AND AVOIDANCE OF CONFLICTS OF INTEREST

A) GENERAL

5.1. The assignment or review of credit ratings by ARC Ratings or the assignment of credit assessments is not conditioned by the potential impacts (economic, political, or otherwise) of the credit rating or credit assessment actions on ARC Ratings, the rated entity, obligor, originator, underwriter, arranger, investor or other market participants.

5.2. ARC Ratings and its employees always use care and professional judgment to maintain both the substance and appearance of ARC Ratings and its employees' independence and objectivity.

5.3. The assignment or review of a credit rating by ARC Ratings is influenced only by factors relevant to assessing the creditworthiness of the rated entity or obligation.

5.4. The ratings assigned by ARC Ratings to an entity or obligation are not affected by any existing or potential conflict of interest or business relationship of ARC Ratings, its employees, or any natural person or entity that provides services to ARC Ratings, or any person directly or indirectly linked to it by control, namely by any existing or potential business relationship between ARC Ratings and the rated entity, obligor, originator, underwriter, or arranger (or any of their affiliates), or any other party.

5.5. ARC Ratings shall not issue a credit rating or a credit assessment in any of the following circumstances, or shall, in the case of an existing credit rating, immediately disclose where the credit rating is potentially affected by the following:

- ARC Ratings or any ARC Ratings' employees, or any other natural person whose services are placed at the disposal or under the control of ARC Ratings and who are directly involved in the issuing of credit rating, directly or indirectly owns financial instruments of the rated entity or a related third party or has any other direct or indirect ownership interest in that entity or party, other than holdings in diversified collective investment schemes, including managed funds such as pension funds or life insurance;
- a shareholder or member of ARC Ratings holding 10 % or more of either the capital or the voting rights of ARC Ratings or being otherwise in a position to exercise significant influence on the business activities of ARC Ratings, holds 10 % or more of either the capital or the voting rights of the rated entity or of a related third party, or of any other ownership interest in that rated entity or third party, excluding holdings in diversified collective investment schemes and managed funds such as pension funds or life insurance, which do not put him in a position to exercise significant influence on the business activities of the scheme;
- the credit rating or credit assessment is issued with respect to a rated entity or a related third party directly or indirectly linked to ARC Ratings by control;
- the credit rating or credit assessment is issued with respect to a rated entity or a related third party which holds 10 % or more of either the capital or the voting rights of ARC Ratings;

- an ARC Ratings' rating analyst, employee, or any other natural person whose services are placed at the disposal or under the control of ARC Ratings and who is directly involved in the issuing of credit rating or credit assessment is a member of the administrative or supervisory board of the rated entity or a related third party;
- a shareholder or member of ARC Ratings holding 10 % or more of either the capital or the voting rights of ARC Ratings or being otherwise in a position to exercise significant influence on the business activities of ARC Ratings, is a member of the administrative or supervisory board of the rated entity or a related third party;
- a rating analyst who participated in determining a credit rating or credit assessment, or a person who approved a credit rating or credit assessment, has had a relationship with the rated entity or a related third party which may cause a conflict of interests.

5.6. Should it engage in activities other than the assignment of credit ratings or credit assessments, ARC Ratings undertakes not to provide financial consultancy or advisory services to the rated entity or a related third party regarding the corporate or legal structure, assets, liabilities or activities of that rated entity or related third party. In the case of activities that may give rise to conflicts of interest with credit rating or credit assessment activities, ARC Ratings undertakes to separate its credit rating activities from any other activities or to adopt procedures and mechanisms to eliminate any potential conflicts of interest.

Should it develop other activities for rated entities or related third parties, ARC Ratings undertakes to disclose such activities in the public rating and review reports.

ARC Ratings further undertakes to publish on the website (www.arcratings.com) a list of the ancillary activities developed, with justification of their ancillary nature.

B) ARC RATINGS POLICIES, PROCEDURES, CONTROLS AND DISCLOSURES

5.7. ARC Ratings has in place internal procedures and mechanisms to prevent, identify, and consequently eliminate or manage and disclose, clearly and prominently, as appropriate, any actual or potential conflicts of interest involving its employees, any natural person or entity that provides services to ARC Ratings or any person directly or indirectly linked to it by control. ARC Ratings maintains a record of all significant threats to the independence of its activity.

ARC Ratings has implemented measures and procedures, in particular internal control mechanisms, reporting arrangements and measures ensuring the independence of its employees, of any natural person or entity that provides services to ARC Ratings and of any person directly or indirectly linked to it by control.

5.8. ARC Ratings discloses specific situations of actual and potential conflicts of interest in its credit rating and review reports, in a complete, timely, clear, concise, specific and prominent manner.

5.9. ARC Ratings discloses in its Transparency Report the proportion of revenues received from rating clients for non-rating services, as well as the name of the entities with published ratings that represent more than 5% of its annual revenue.

5.10. When assigning credit ratings to structured finance products, ARC Ratings undertakes to disclose in the credit rating announcement whether the issuer of such products has informed that it is publicly disclosing all relevant

information about the obligation being rated or if the information remains non-public. 5.11. If a credit rating engaged within the six-month period after the credit assessment assignment to the same entity is turned public the public report and ARC Ratings' website will include a disclaimer that the issuer was subject to a credit assessment at a certain date, without mentioning the outcome.

5.12. ARC Ratings and its employees are not permitted to engage in any financial instruments trading presenting conflicts of interest with its credit rating or credit assessment activities. This restriction is specified in the employment contracts entered by ARC Ratings and each of its employees.

5.13. In instances where the entities whose financial commitments are rated by ARC Ratings have regulatory or oversight powers over ARC Ratings' activities, the employees engaged in the rating or credit assessment processes of the financial commitments of said entities are different from those dealing in the regulatory and oversight issues with those entities.

C) INDEPENDENCE OF ARC RATINGS' RATING ANALYSTS AND OTHER EMPLOYEES

5.14. ARC Ratings' organisational structure clearly identifies hierarchical relationships and allocates functions and responsibilities.

ARC Ratings' employees are not compensated on their performance or evaluated on the basis of the ratings assigned or to be assigned, or on the amount of revenue that ARC Ratings will receive from the entities whose financial commitments are being rated or credit assessed.

It is the responsibility of the Board of Directors of ARC Ratings to establish, and periodically review, the compensation policies and practices for ARC Ratings' employees, and to ensure that the policies, procedures and practices have not compromised the objectivity of the credit rating or credit assessment processes.

5.15. ARC Ratings' employees directly involved in a credit rating or credit assessment are not authorised to initiate, or participate in, discussions regarding fees or payments with rated entities, obligors, arrangers or subscribers or related third party, or with any person directly or indirectly linked to these by control.

5.16. ARC Ratings' employees must report the following situations to the Compliance Department and can't participate in or otherwise influence a credit rating action with respect to an entity or obligation if the employee, an immediate family member of the employee (e.g., spouse or partner considered by national law as equivalent to the spouse, to children dependent on them as defined under national law, or to other relatives who have lived with them under the same roof for at least one year), or an entity managed by the employee (e.g., a trust):

- holds or transacts financial instruments issued by the rated entity or derivatives based on such instruments, other than holdings in diversified collective investment schemes;
- holds or transacts financial instruments issued by any entity related to a rated entity, or derivatives based on such instruments, other than holdings in diversified collective investment schemes, the ownership of which may cause or be generally perceived as causing a conflict of interest;
- holds or transacts in a trading instrument issued by a lead underwriter or arranger of the rated obligation, the ownership of which may cause or may be perceived as causing a conflict of interest with respect to the employee

or the CRA;

- is currently employed by or had a recent employment or other business relationship with the rated entity or obligor or a lead underwriter or arranger of the rated obligation that may cause or be generally perceived as causing a conflict of interest;
- is a director of the rated entity or obligor, or lead underwriter or arranger of the rated obligation;
- they have solicited money or favours from the rated entity or any other related entity (it is strictly forbidden for any ARC Ratings employee to solicit money or favours from anyone);
- they have accepted gifts offered in the form of cash or any gifts with a significant monetary value from the rated entity (it is strictly forbidden to have such behaviour);
- their family and kin in direct line of the 1st degree, other relatives or kin in direct line or collateral line up to the 2nd degree have an employment relationship with the rated entity; or
- they have applied for a job with an issuer in which they have been involved in rating, or a financial firm with which they have had significant dealings as part of his or her duties at ARC Ratings, received a job offer to work in one of these entities or joined one of these entities.

The "Declarations of Interest" form received from employees annually documents any conflicts of interest and will be held on file by the Compliance Department. Employees should also recuse themselves from any rating panel committee if they foresee a conflict of interest.

5.17 An ARC Ratings analyst cannot hold or transact in a trading instrument issued by a rated entity or obligor in the analyst's area of primary analytical responsibility. This would not preclude an analyst from holding or trading a diversified collective investment scheme that owns a trading instrument issued by a rated entity or obligor in the analyst's area of primary analytical responsibility.

5.18. An ARC Ratings employee who becomes involved in a personal relationship (including, for example, a personal relationship with an employee of a rated entity, obligor, or originator, or the lead underwriter or arranger of a rated obligation) that creates an actual or potential conflict of interest is required to disclose the relationship to the Compliance Department.

5.19. ARC Ratings has established and implemented policies and procedures for reviewing the work of the past two years of rating analysts that leave the employ of ARC Ratings and joins an entity that the employee participated in rating, an obligor whose obligation the employee participated in rating, an originator, underwriter, or arranger with which the employee had significant dealings as part of his or her duties at ARC Ratings, or any of their affiliates.

ARC Ratings' employees or any other natural person that provides services to ARC Ratings, or the spouse or partner considered by national law as equivalent to the spouse or other family members living under the same roof with them for at least one year, shall not take up a key management position with the entity whose financial commitments were rated or with related third parties within six months of the term of the validity of the rating of those commitments.

6. ARC RATINGS RESPONSIBILITY TO INVESTORS AND TO THE ENTITIES WHOSE FINANCIAL COMMITMENTS ARE BEING RATED

A) TRANSPARENCY AND TIMELINESS OF ARC RATINGS, RATINGS DISCLOSURE

6.1. ARC Ratings shall disclose any credit rating or rating outlook, as well as any decision to discontinue / withdraw a credit rating (including full reasons for this decision), on a non-selective basis and in a timely manner, through ARC Ratings' website (www.arcratings.com), the media, and by e-mail to the persons and entities included on ARC Ratings' mailing list. The public reports and press releases that substantiate rating decisions and outlooks are freely available for download from the ARC Ratings' website (www.arcratings.com).

6.2. ARC Ratings' policy for disclosing ratings and reports, referred in 6.1., is described on the Company's website (www.arcratings.com).

6.3. All the reports that substantiate rating decisions bear a "date of the report", that corresponds to the date when the credit rating was first released or most recently updated. This date is also indicated in the list of public ratings that are available free of charge on the ARC Ratings' website (www.arcratings.com).

All the reports that substantiate rating actions clearly and prominently indicate the following:

- the date of the initial rating, when applicable;
- the date of most recent review, when applicable.

6.4. The public rating reports substantiate the ratings assigned by ARC Ratings and, besides the analysis that substantiate the rating, also contain the following information:

- the main sources of information used;
- the methodologies and procedures used (including any adjustments made to the financial statements published by the entity whose financial commitments are being rated);
- indication of the analysed period;
- the sensitivity analysis made to the key rating assumptions.

The definition of default is given in ARC Ratings' website (www.arcratings.com).

When applicable, ARC Ratings' public rating reports also indicate if the credit rating is in respect of a newly issued type of financial instrument, and whether ARC is rating this for the first time.

ARC Ratings never discusses credit ratings with the entities whose commitments are being rated, or with related entities (or changes the ratings at their request), only allowing these entities to clarify or correct factual inaccuracies in the information on which the rating will be based (see point 6.6. of the Code of Conduct) and to indicate if the draft documents contain any information which the applicant considers confidential and does not wish to be published (ARC Ratings shall amend the text of the Public Rating report accordingly).

The public rating reports make reference to the following:

- that the expression “ARC Ratings” is a trade name / brand used by ARC Ratings’ subsidiaries that assign ratings and a general expression to identify these subsidiaries;
- that all of ARC Ratings’ subsidiaries follow the same organisational matrix, procedures and apply the same methodologies;
- that, prior to issuing or revising a credit rating, ARC Ratings provides to the entity whose financial commitments are being rated, the documents that substantiate the credit rating to be attributed i.e. the Draft Report thus affording that entity the opportunity to clarify or correct factual inaccuracies or inclusion of confidential information and allowing the credit rating produced to be as accurate as possible; and that the comments made by that entity are taken into account by ARC Ratings in the assignment of the credit rating;
- to the limitation of the use of the credit rating by investors, stating that ratings do not constitute a recommendation to buy or sell, but only one of the factors to be weighted by investors;
- that credit ratings are based on information, including confidential information, collected from a wide group of sources, and in particular from the entity whose financial commitments are being rated, this information being used and treated by ARC Ratings with due care and attention;
- that, although all due care is taken in the collection, verification and treatment of the information for rating analysis purposes, ARC Ratings cannot be held liable for its accuracy, but must make sure that the information has a minimum level of quality prior to assigning a rating;
- where appropriate, to the fact that historical data on the entity whose commitments are being rated is limited;
- a reference to the historical default rates published by ESMA in a central repository, together with an explanatory statement of the meaning of those default rates (“ARC Ratings, S.A. historical default rates are published in the European Securities and Markets Authority Central Repository (CEREP) which can be accessed on the website cerp.esma.europa.eu/cerep-web/. ARC Ratings default rate is the probability of lack of full and timely payment of capital or interest or of the occurrence of any event that explicitly indicates that the future full and timely payment of those commitments will not occur (e.g., in case of insolvency).”);
- where an existing credit rating or rating outlook is potentially affected by either of the following:
 - a shareholder (direct or indirect, provided that this information is known or should be known by ARC Ratings) or member of ARC Ratings holding 5 % or more of either the capital or the voting rights of ARC Ratings or being otherwise in a position to exercise significant influence on the business activities of ARC Ratings, holds 5 % or more of either the capital or the voting rights of the rated entity or of a related third party, or of any other ownership interest in that rated entity or third party, except for holdings in diversified collective investment schemes and managed funds such as pension funds or life insurance, which do not put him in a position to exercise significant influence on the business activities of the scheme; and
 - a shareholder or member of ARC Ratings holding 5 % or more of either the capital or the voting rights of ARC Ratings or being otherwise in a position to exercise significant influence on the business activities of ARC Ratings, is a member of the administrative or supervisory board of the rated entity or a related third party.

The description of the credit rating assignment process by ARC Ratings is part of the ARC Ratings' Code of Conduct (see point 4.4. of this Code of Conduct).

When assigning credit ratings to structured finance products, ARC Ratings undertakes to:

- disclose information about the methodologies, models, key rating assumptions and procedures used for the purpose, sufficient information about its loss and cash-flow analysis, and about the rating's sensitivity to changes in the assumptions taken.
- differentiate the rating schedules used for structured finance products from those used for all other products by use of a (sf) modifier after the rating.
- state what level of assessment it has performed concerning the due diligence processes carried out at the level of structured finance products or the underlying financial instruments or other assets of structured finance instruments, and whether it has relied on a third-party assessment, and how the outcome of such assessment impacted the credit rating.

ARC Ratings undertakes not to use the name of any competent authority in such a way that would indicate or suggest endorsement or approval by that authority of the credit ratings assigned.

6.5. When disclosing the assignment or revision of a credit rating, ARC Ratings issues a press release substantiating that assignment or revision.

6.6. Prior to issuing or revising a credit rating, ARC Ratings provides a draft document to the counterparty in the credit rating process, thus affording that entity the opportunity to clarify or correct factual misperceptions and allowing the credit rating produced to be as accurate as possible. The comments made by the entity whose financial commitments are being rated are taken into account by ARC Ratings in the assignment of the credit rating. If this draft contains any information, which the applicant considers confidential and does not wish to be published, ARC shall amend the text of the Public Rating report accordingly.

6.7. Since up to now there are no sufficient known cases of default on financial commitments rated by ARC Ratings, it has not been possible to make an objective validation of the credit ratings assigned by ARC Ratings, as would be desirable and is foreseen in the Code of Conduct Fundamentals for Credit Rating Agencies issued by IOSCO.

ARC Ratings believes that when such validation becomes possible, i.e., when there is a meaningful statistical sample, it will not differ significantly from that presented by other international Credit Rating Agencies in other geographical markets. In the meantime, and where possible, ARC Ratings verifies the accuracy of the credit ratings assigned by comparing them with those assigned by other Credit Rating Agencies to the financial commitments of the same entities in roughly the same historical moments, and by verifying the consistency over time of the credit ratings assigned by ARC Ratings with the spreads on the debt contracted by the entity whose financial commitments are rated.

When such validation is possible, ARC Ratings will disclose the historical default rates of the financial commitments which it has rated, quantified and organised, and, where possible, standardized in such a way to assist investors in drawing performance comparisons between different Credit Rating Agencies.

6.8. ARC Ratings assigns both solicited or unsolicited credit ratings. In the case of solicited credit ratings, the entity

who solicited the credit rating participates in the credit rating process through, among others, the provision of information required for the process, part of which is reserved and confidential, as well as meetings with officers of the entity whose financial commitments are being rated. In the case of unsolicited credit ratings these will be clearly identified as such, and ARC Ratings will establish and disclose the methodologies and procedures used for the purpose, also disclosing if the entity whose commitments were rated or a related entity participated in the credit rating process and whether ARC Ratings had access to internal information from those entities.

6.9. Any material modifications to the methodologies, practices and procedures used by ARC Ratings are publicly and prominently disclosed through its primary website (www.arcratings.com) and are put for public discussion prior to their application.

B) THE TREATMENT OF CONFIDENTIAL INFORMATION BY ARC RATINGS

6.10. ARC Ratings has implemented procedures to protect the confidential nature of information received from a rated or credit assessed entity, obligor, or originator, or the underwriter or arranger of a rated or credit assessed obligation.

6.11. ARC Ratings has implemented procedures to guarantee that its employees and natural persons and entities that provide services to it, their spouses or partners considered by national law as equivalent to the spouse, children dependent on them as defined under national law and other relatives who have lived with them under the same roof for at least one year take all reasonable measures to guarantee that the confidential information received from a rated or credit assessed entity, obligor, or originator, or the underwriter or arranger of a rated or credit assessed obligation and the information related to credit rating or credit assessment processes is adequately kept and cannot be used in a fraudulent or undue manner, taking into account the nature, scale and complexity of ARC Ratings' business and the nature and range of its credit rating activities.

6.12. ARC Ratings' employees, natural persons and entities that provide services to ARC Ratings, their spouses or partners considered by national law as equivalent to the spouse, children dependent on them as defined under national law and other relatives who have lived with them under the same roof for at least one year, are prohibited from engaging in transactions in financial instruments or financial instrument derivatives when they possess confidential information concerning the issuer of the financial instruments or the underlying assets of the financial instrument derivatives (for more detail, see items 5.12. and 5.16. of this Code of Conduct).

6.13. ARC Ratings' employees and the natural persons and entities that provide services to it are familiar with the procedures and commitments undertaken by ARC Ratings regarding the preservation of the confidential information received, and are obliged to periodically report to the Board of Directors of ARC Ratings that they comply with those procedures and commitments.

6.14. ARC Ratings has implemented procedures to ensure that its employees and natural persons and entities that provide services to it, their spouses or partners considered by national law as equivalent to the spouse, children dependent on them as defined under national law and other relatives who have lived with them under the same roof for at least one year do not disclose any information about credit ratings or future changes to those credit ratings or credit assessments except to the entities whose financial commitments are being credit rated or credit assessed, obligor, arranger, or their designated agents.

6.15. ARC Ratings has implemented procedures to ensure that its employees and natural persons and entities that provide services to it, their spouses or partners considered by national law as equivalent to the spouse, children dependent on them as defined under national law and other relatives who have lived with them under the same roof for at least one year, do not share confidential information held by ARC Ratings with employees of companies with which ARC Ratings is under a group relationship and only share information among each other strictly as required to assign credit ratings or credit assessments.

6.16. ARC Ratings has implemented procedures to ensure that its employees and natural persons and entities that provide services to it, their spouses or partners considered by national law as equivalent to the spouse, children dependent on them as defined under national law and other relatives who have lived with them under the same roof for at least one year, do not use or share confidential information for the purpose of trading financial instruments, or for any other purpose except the conduct of the credit rating or credit assessment activities.

7. GOVERNANCE, RISK MANAGEMENT AND EMPLOYEE TRAINING

7.1. The Boards of Directors are responsible for the implementation and disclosure of the ARC Ratings' Code of Conduct. This Code of Conduct is available free of charge on the ARC Ratings' website (www.arcratings.com).

7.2. ARC Ratings' Risk Committee is responsible for ARC Ratings' risk management - identifying, assessing, monitoring, and reporting the risks arising from its activities.

7.3. ARC Ratings management team shall develop and update an annual training skills and development plan, which evaluates the current staff basic education and professional experience and, given the company's business prospects, defines the basic education and training priorities for that year. This plan must have concrete measures, timelines and responsibilities for each measure, and should cover at least, as necessary, ARC Ratings Code of Conduct, ARC Ratings credit rating methodologies and ARC Ratings Manual of Organisation and Procedures.

8. DISCLOSURE AND COMMUNICATION WITH MARKET PARTICIPANTS

8.1. This Code of Conduct is publicly and prominently disclosed, free of charge on the ARC Ratings website (www.arcratings.com).

8.2. The regulatory registries of ARC Ratings are disclosed in a prominent position on its website (www.arcratings.com).

A summary description of the credit rating or credit assessment methodologies adopted by ARC Ratings as well as a brief description of the models and key rating assumptions used for each credit rating analysis, and material changes to the same are also available on ARC Ratings' website.

8.3. The Boards of Directors are responsible for maintaining contacts with market participants and the public in general about any complaints or relevant information regarding ARC Ratings' activity.

ARC Ratings

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ARC Ratings, S.A. is registered as a Credit Rating Agency (CRA) by the European Securities and Markets Authority (ESMA), within the scope of the REGULATION (EC) N° 1060/2009 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL, of 16 September, and recognised as External Credit Assessment Institution (ECAI).

ARC Ratings (UK) Limited is registered as a Credit Rating Agency (CRA) by the UK Financial Conduct Authority (FCA), within the scope of the STATUTORY INSTRUMENT 266/2019 - Credit Rating Agencies (Amendment, etc.) (EU Exit) Regulations 2019, of 13 February, and recognised as External Credit Assessment Institution (ECAI).