



**Code of Conduct
of the EuroRating
credit rating agency**

[valid from 19 September 2012]

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1. General information

A. Introduction

- 1.1. The EuroRating credit rating agency ("the agency", "EuroRating") means the company operating under the name EuroRating Sp. z o.o. with its registered office in Warsaw (Poland), entered in the Company Register by the Warsaw District Court, 13th Commercial Division of the National Court Register of Poland under the number 0000431943. The company holds the international Legal Entity Identifier (LEI code): 25940027QWS5GMO74003.
- 1.2. Ensuring the independence, objectivity and the highest quality and reliability of the credit ratings assigned by the agency is the fundamental principle guiding the activities of the EuroRating credit rating agency.
- 1.3. EuroRating provides credit ratings only in the scope of credit risk assessment of companies and financial institutions. The EuroRating credit rating agency does not provide sovereign or public finance ratings or ratings for structured financial instruments.
- 1.4. The EuroRating credit rating agency and its shareholders have no formal or informal links or connections with any state or local government authorities or with any business and/or political organisations.
- 1.5. The purpose of the agency procedures and internal regulations, including this Code of Conduct, is to ensure the independence, objectivity and reliability of the credit ratings assigned by EuroRating.
- 1.6. The Code of Conduct relates to the functioning of the EuroRating credit rating agency as regards credit ratings. It relates to public and private ratings, as well as to solicited and unsolicited ratings.
- 1.7. This Code of Conduct implements the guidelines set out in the "Code of Conduct Fundamentals for Credit Rating Agencies" prepared for credit rating agencies by the International Organisation of Securities Commissions (IOSCO), which was published in December 2004 and revised in May 2008. The minor differences between the Code of Conduct of the EuroRating credit rating agency and the IOSCO "Code of Conduct Fundamentals", which take into consideration the specifics of EuroRating's activities, are discussed and justified in section 6 of this Code.

B. Definitions

The terms used in this Code of Conduct shall have the following meaning:

- 1.8. "**Rating**" or "**credit rating**" shall mean an opinion (assessment) concerning the financial reliability (credit risk) of a given entity issued by a specialised credit rating agency (and in particular by EuroRating) in accordance with the rating methodology used by the agency and using an established risk scale (rating scale).
- 1.9. "**Public rating**" shall mean a credit rating, that EuroRating has made (or intends to make) public. Publishing a rating (making information about the rating publicly available) means, specifically, publishing relevant information on the agency's website and/or sending press releases to press agencies and/or directly to the media.
- 1.10. "**Non-public rating**" shall mean a credit rating, that is not made publicly available and which is made available only to a restricted number of recipients (for example, to subscribers).
- 1.11. "**Private rating**" shall mean a credit rating, that is not made publicly available and which is made available only to the rated entity and/or to associated third parties and/or to an unrelated entity that has requested the issuance of such a rating.
- 1.12. "**Rating user**" or "**user**" shall mean all market participants and all other persons who may use the credit ratings and/or information about the ratings and/or the reports issued by the EuroRating credit rating agency or other rating agencies.
- 1.13. "**Rated entity**" means a company or a financial institution, whose financial reliability (credit risk) is being assessed by EuroRating and for which the agency have assigned or intends to assign a credit rating.

Where EuroRating assigns separate ratings for the overall credit risk of a rated entity (rating for the issuer) and/or for particular classes of that entity's obligations and/or for securities issued by the entity (rating for the issue), the term "rated entity" also applies to these obligations and/or securities.

- 1.14. "**Analyst**" or "**Rating analyst**" shall mean, in the context of credit ratings assigned by EuroRating to individual entities, a person employed by the EuroRating credit rating agency who is involved in the rating process (this includes approving ratings) or a person who is not linked to the agency by an employment contract and who is involved in the rating process.
- 1.15. "**Rating process**" shall mean the activities undertaken by EuroRating to carry out an analysis of financial reliability (credit risk) in order to assign a credit rating to a rated entity or to conduct other rating action; this shall also include approving such a rating and/or rating action and the subsequent rating monitoring.

- 1.16. "**Rating committee**" shall mean a team of persons (or an official meeting of these persons) appointed by EuroRating to approve ratings and/or other rating actions undertaken by the agency with regard to a rated entity.
- 1.17. "**Rating action**" shall mean an assignment of a credit rating to a rated entity for the first time; revision (verification) of a rating; any change relating to the level of an existing rating and/or its attributes (such as, for example, rating outlook); and also a suspension or a withdrawal of a rating.
- 1.18. "**Rating activity**" shall mean the business activity carried out by the EuroRating credit rating agency in the area of of issuing credit ratings.
- 1.19. "**Ancillary services**" shall mean types of business carried out by EuroRating other than the rating activity.
- 1.20. "**Confidential information**" shall, in general, mean an information, that has not yet been made publicly available and which is not publicly known, but which is held by the EuroRating credit rating agency and/or by its employees, concerning the rating activity carried out by EuroRating.
- In particular, this refers to data and information obtained from rated entities (and/or from associated third parties) or from other sources, that are not common knowledge, as well as to information on rating processes carried out by EuroRating, including, in particular, information on rating actions, that are being carried out or that are planned.
- 1.21. "**Close family member**" means a person, with whom an employee of the EuroRating credit rating agency lives and/or cohabits, where this person's relationship to the employee is that of: spouse, partner, child, stepson/stepdaughter, grandchild, parent, legal guardian, grandparent, brother/sister, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law/daughter-in-law (including relations through adoption); the above also applies to any business entities owned or controlled by these persons.
- 1.22. "**Securities**" means any shares in ownership of business entities, stocks, bonds, short-term debt notes, promissory notes, or any other financial instruments, that are usually described as securities; also derivatives (including futures and options contracts) based on these securities.
- 1.23. "**IOSCO**" denotes the International Organisation of Securities Commissions.
- 1.24. "**The IOSCO Code**" means the model code of conduct for credit rating agencies prepared and published under the title "*Code of Conduct Fundamentals for Credit Rating Agencies*" by IOSCO, first in December 2004 and then revised in May 2008.

1.25. "**EuroRating's website**" means the main website managed (and owned) by EuroRating, which is available at: www.EuroRating.com. This Code of Conduct and other main internal regulations of the EuroRating credit rating agency are made available free of charge on the agency's website under the easily accessible tab "Regulatory affairs".

2. Quality and integrity of the rating process

A. Quality of the rating process

- 2.1. EuroRating shall prepare and implement written procedures to ensure, that credit ratings issued by the agency are assigned on the basis of a thorough and detailed analysis of all the information known to the agency, in accordance to the EuroRating's rating methodology.
- 2.2. The rating methodologies applied by EuroRating shall ensure, that the analyses conducted and the rating process are rigorous and systematic and also that (where possible) the assigned credit ratings can be a subject to an objective validation based on historical data.
- 2.3. Analyses and assessments of creditworthiness, as well as rating actions, are based on the rating criteria and methodologies in force at the EuroRating credit rating agency. Analysts involved in the rating process should apply the relevant criteria and methodologies in a consistent manner, in accordance with the rules set by the agency.
- 2.4. The credit ratings are assigned by the EuroRating credit rating agency and not by any individual analyst employed by the agency and are approved by rating committees. Ratings reflect all information (that is considered to relate to the rated entities) known to the analysts and to the members of the relevant rating committees) in accordance to the rating criteria and methodologies in force at the agency. EuroRating appoints persons to rating committees who, individually and/or collectively, have appropriate knowledge and experience to assign a reliable credit rating for the given type of a rated entity.
- 2.5. EuroRating keeps and archives internal records for an appropriate length of time in order to maintain continuity in the rating process and to allow verification of the quality of assigned credit ratings, in accordance with the agency's internal regulations concerning guidelines for keeping documents and with applicable law.
- 2.6. EuroRating and individual analysts shall take steps to avoid issuing any credit ratings or rating reports, that contain misrepresentations or are otherwise misleading as to the general creditworthiness of rated entities.

2.7. EuroRating shall possess and allocate sufficient resources to ensure a high quality for all the credit ratings it assigns.

When deciding whether to start or continue a credit rating for individual entities, EuroRating shall assess whether it is able to devote sufficient staff with sufficient qualifications to assign a reliable credit rating and whether its staff will have access to sufficient information to assign such rating.

EuroRating shall take appropriate steps to ensure that it has access to sufficient information of an appropriate scope and quality, which may allow an assignment of credible ratings.

If the rating assessment relates to an entity or an instrument presenting limited historical data, EuroRating shall clearly inform on the limitations of the rating.

EuroRating has a formally separated organisational unit responsible for an ongoing monitoring and for carrying out periodic reviews of the rating models and methodologies applied by the agency and also for making changes to these models and methodologies.

2.8. EuroRating shall take the steps necessary to structure teams of analysts and rating committees in such a way as to ensure continuity of rating processes and to avoid bias in issuing ratings.

B. Monitoring and verification of ratings

2.9. EuroRating shall ensure, that adequate staff and financial resources are allocated to monitor and verify the assigned credit ratings.

Except for credit ratings, that are clearly indicated as not being a subject to a subsequent verifications, EuroRating shall carry out an ongoing monitoring and verification of all assigned ratings by:

- a) regular reviewing the creditworthiness of the rated entities;
- b) initiating a review of the assigned credit rating upon becoming aware of any information, that might affect the rated entity either directly or indirectly and that might have a significant impact on its creditworthiness (also – that might result in the suspension or a termination of the assigned credit rating), in accordance to the methodology applied by EuroRating;
- c) updating the assigned credit ratings periodically, based on the results of an ongoing assessment of the creditworthiness of individual rated entities.

During reviews of the assigned credit ratings, EuroRating shall take into consideration all information and data gathered earlier, that might concern the economic and financial situation, as well as the creditworthiness of the rated entities.

Any changes introduced by EuroRating to the rating criteria or methodologies should be applied both to newly assigned ratings and to ratings assigned earlier.

- 2.10. EuroRating reserves the right to withdraw any rating at any time for any reason. This applies in particular to situations where EuroRating considers, that it does not have and is not in a position to obtain sufficient data and information to conduct a reliable assessment of the credit risk of a given rated entity or if the information held by the agency should seem unreliable.

Where EuroRating makes its credit ratings available to the public, the agency shall publicly announce when it withdraws a rating or when it suspends carrying out assessments of the creditworthiness of a given rated entity.

Where the agency's credit ratings are non-public, provided only to its subscribers, EuroRating shall inform its subscribers if it withdraws a rating or if it suspends carrying out assessments of the creditworthiness of an entity.

If, at a later date, EuroRating publishes or makes available information about a withdrawn credit rating or presents the rating history of a given entity, then it shall state clearly that the rating has been withdrawn and shall also provide information about when the rating was last updated and what was the rating level.

C. Integrity of the rating process

- 2.11. EuroRating and the agency's employees shall comply with all applicable laws and regulations governing its activities in each jurisdiction in which it operates.
- 2.12. EuroRating and the agency's employees shall deal fairly and honestly with the rated entities, investors, other market participants and with the public.
- 2.13. The analystst shall act with high standards of integrity. EuroRating shall not employ individuals with demonstrably compromised integrity.
- 2.14. EuroRating and its employees shall not (either implicitly or explicitly) give any assurance or guarantee of a particular rating level prior to a rating analysis and its subsequent approval by the relevant rating committee, in accordance with the applicable methodology.

This does not, however, preclude EuroRating from developing prospective assessments of financial reliability (which are not ratings) on the basis of assumed future scenarios or limited information, for the requirements of a rated entity or related third parties.

2.15. EuroRating shall appoint a person and/or an organisational unit, that is responsible for monitoring compliance by the agency and its employees with this Code of Conduct and with applicable laws, as well as with internal and external regulations.

2.16. Upon becoming aware, that another employee or entity related to the agency is or has engaged in a conduct that is illegal, unethical or contrary to the agency's Code of Conduct or other internal regulations, an employee shall report such information immediately to the person in charge of compliance with the law and internal regulations at the agency.

Agency's employees do not have to be experts in the law. Nonetheless, employees are expected to report the activities that a reasonable person would question.

The agency's officer responsible for compliance with the law and with internal regulations should assess the significance of this type of information and, where this is necessary and justified, take the appropriate action and remedial measures, as determined by the law as well as by the internal regulations applicable at the EuroRating credit rating agency.

EuroRating and other agency's employees are not permitted to take retaliatory actions against any employee who, in good faith, discloses such information about breaches of law, this Code of Conduct or other internal regulations of the agency.

Disciplinary measures, including termination of the employment, may be taken against agency's employees who consciously and deliberately fail to disclose information about the breaches referred to in this point.

3. Independence of the EuroRating credit rating agency and avoidance of conflicts of interest

A. General provisions

3.1. EuroRating shall not forbear or refrain from taking a rating action, based on the potential effect (economic, political or otherwise) of the rating action on the agency, rated entities, investors or on other market participants.

3.2. EuroRating and its analysts must act professionally to comply with guidelines relating to the full independence and objectivity, as described in the agency's relevant internal regulations and with particular regard to maintaining confidentiality, avoiding conflicts of interest and involvement in securities transactions.

3.3. Credit ratings assigned by EuroRating shall be determined and influenced only by factors relevant to the credit assessment of the individual rated entities.

- 3.4. A credit rating, that EuroRating assigns to a rated entity, should not be affected by an existing or a potential business relationship between the agency (or its affiliates) and the rated entity (or its affiliates) or any other party, or by the non-existence of such a relationship.
- 3.5. The EuroRating credit rating agency shall separate, operationally and formally, its credit rating activity from other activities of the agency (including consulting business – if conducted), that may present (or appear to present) a conflict of interest.

When conducting ancillary activities, which do not present conflicts of interest with the agency's rating activities, EuroRating shall take steps aimed at minimizing the risk of arising of such conflicts.

The EuroRating credit rating agency shall define and publish what it considers to be its principal business and what it considers to be an ancillary business.

B. Procedures and policies of the EuroRating credit rating agency

- 3.6. EuroRating shall prepare and implement written internal procedures and mechanisms in order to: (1) identify and (2) eliminate or manage and disclose any actual or potential conflicts of interest that may influence the analyses and credit opinions prepared by EuroRating, or the judgments and analyses of persons employed by the agency, who have an influence on rating decisions made by EuroRating.

EuroRating shall publish internal procedures concerning its rules for avoiding conflicts of interest on its website.

- 3.7. EuroRating shall disclose existing or potential conflicts of interest in a manner that is complete, timely, clear, concise, specific and prominent.
- 3.8. EuroRating may receive compensation from rated entities and/or third parties for carrying out assessments of financial reliability and for assigning credit ratings to the rated entities.

EuroRating shall take all the steps necessary to minimise the possibility of potential conflicts of interest arising in connection with receiving compensation from rated entities.

In particular, EuroRating shall take care not to allow the fact, that it receives compensation from rated entities, to influence the independence and objectivity of ratings assigned to individual entities or of rating actions.

The amount of compensation received by EuroRating from rated entities (or third parties) for credit ratings depends primarily on the type, scale and degree of complexity of the business activities of the rated entity and/or on the degree of complexity and workload involved in the process of assessing the credit risk of the issued securities.

The ratings assigned by EuroRating shall not, in any way, be dependent on the type and/or amount of compensation received by the agency.

The compensation received by EuroRating for a credit rating cannot, under any circumstances, depend on a specific level (or a range of rating levels) assigned by EuroRating to the rated entity, nor on the success achieved by a rated entity (or third party) in the issuance of any securities nor on the success of any other business activities of the rated entity (or third party).

- a) If EuroRating receives compensation from a rated entity, that is unrelated to the rating activities provided by EuroRating (for example, for a non-rating financial analysis or for a valuation of a company), EuroRating shall disclose a proportion of the fees received for such services to the amount obtained from the rated entity for credit rating services.
- b) EuroRating shall disclose publicly if it received 10% or more of its total revenue for the previous financial year from a single rated entity, subscriber or other type of client (including any compensation received from their related third parties).

3.9. Neither the EuroRating credit rating agency nor any of its employees shall engage in any trading in securities or derivatives issued by rated entities, in order to ensure full independence and objectivity of the agency and its employees when providing rating services.

EuroRating shall prepare, implement and publish on its website internal regulations aimed at eliminating and/or managing potential conflicts of interest associated with any transactions involving securities of rated entities.

C. Analysts' and employees' independence at the EuroRating rating agency

3.10. The organisational structure of the EuroRating credit rating agency, its reporting lines and the compensation arrangements for agency's employees shall be structured to eliminate or effectively manage actual and potential conflicts of interest.

- a) Compensation for rating analysts employed at the EuroRating credit rating agency shall not be dependent or set on the basis of the amount of revenue, that EuroRating derives from rated entities, where the individual analysts have been involved in the preparation of their ratings or with which the analysts regularly interact.
- b) EuroRating shall conduct periodic reviews of compensation policies for rating analysts and other employees who participate in or who might otherwise have an effect on the ratings assigned by the agency. The purpose of these reviews is to ensure, that the compensation rules in force do not compromise the independence and objectivity of the rating process.

3.11. In accordance to the regulations of the EuroRating credit rating agency concerning involvement in transactions in securities and avoidance of conflicts of interest, rating analysts should not be involved in the rating process of or influence the process of assigning a credit rating to a specific rated entity if:

- a) they own securities or derivatives of the rated entity, other than holdings in diversified collective investment schemes;
- b) they own securities of any entity related to the rated entity, the ownership of which may cause or may be perceived as causing a conflict of interest, other than holdings in diversified collective investment schemes;
- c) they have, during the six-month period prior to a rating committee approving a credit rating for the rated entity, been connected by an employment, a business relationship or other significant relationship with the rated entity, that may cause or may be perceived as causing a conflict of interest;
- d) they are close family members of a person who currently works for the rated entity; or
- e) they have or, during the six-month period prior to a rating committee approving a credit rating for the rated entity, have had any other relationship with the rated entity or any related entity that may cause or may be perceived as causing a conflict of interest.

3.12. Rating analysts at the EuroRating credit rating agency and anyone involved in the rating process (or members of their immediate family) should not buy or sell or engage in any transaction in any securities or derivatives based on a security issued, guaranteed or otherwise supported by any entity within such analyst's area of primary analytical responsibility; the above shall not apply to holdings in diversified collective investment schemes.

3.13. Pursuant to the EuroRating credit rating agency's regulations concerning avoidance of conflicts of interest, no rating analyst or other agency employee shall solicit money, gifts or favours from anyone with whom EuroRating does business or is planning to do business.

Analysts and other agency employees may not accept cash or any gifts exceeding a minimal monetary value.

3.14. Any analyst who is involved or becomes involved in any personal relationship, that creates the potential for any real or apparent conflict of interest (including, for example, any personal relationship with an employee of a rated entity) must disclose such a relationship to the person at EuroRating responsible for compliance with the law and with internal regulations.

3.15. If a rating analyst should leave his job at EuroRating and starts work for the rated entity, in which rating process the analyst has been involved, or for a financial firm with which the analyst has had significant dealings as part of his duties while working at the agency, EuroRating shall review the work of the rating analyst going back for a period of two years prior to his departure.

4. Responsibilities of the EuroRating credit rating agency to rating users and to rated entities

A. Transparency and timeliness of publication of ratings

4.1. EuroRating shall take all reasonable steps to reduce the period between the approval of the assignment of a credit rating and/or a rating action by the rating committee and the publication of information concerning this fact (or making it available to users in some other way).

4.2. EuroRating shall prepare, implement and publish on its website policies concerning the publication and/or distribution of ratings, rating reports and information about any updates.

4.3. With each of its ratings, EuroRating shall indicate when the rating was last updated.

Where this is possible and reasonable, each rating announcement should also include the information, that the rating criteria and methodology used by EuroRating for assigning credit ratings are available free of charge in the publicly accessible part of the EuroRating's website.

Where a rating action undertaken by the EuroRating credit rating agency is (solely or principally) a result of changes introduced by EuroRating into the rating criteria and/or rating methodologies, the published announcement concerning the rating action should contain information about this fact.

4.4. For all assigned public credit ratings EuroRating shall provide information about these ratings and about related rating actions, free of charge, to all interested users.

Publication of information about public ratings and related rating actions shall take place primarily via the publicly accessible section of the EuroRating's website. In addition, EuroRating can make this information available in print or by e-mail, as well as in press releases sent to press agencies and/or directly to the media.

The rules governing publication of information relating to public ratings shall also apply to information about any withdrawal of such ratings.

4.5. EuroRating shall carry out credit risk analyses and shall assign credit ratings on the basis of criteria and methodologies adopted and used by the agency and on the basis of its rating scale, in such a way as to ensure continuity in the rating process.

The rating criteria and methodologies applied by EuroRating are published free of charge on the agency's website. The EuroRating credit rating agency's rating scale is also available on the website, together with a description of individual rating categories and a definition of default and/or estimates of degrees of recovery rates, as well as the time horizon to which the credit risk assessments in the form of credit ratings assigned by EuroRating apply.

a) EuroRating shall provide a clear definition of individual rating symbols (according to the applied publicly available rating scale) and shall apply the symbols in a consistent manner in rating processes for all rated entities and/or securities to which the symbols apply.

b) EuroRating shall take steps to help investors and other rating users to understand what is a credit rating, what are its principal characteristics and applications and (where applicable) the limitations of individual assigned ratings.

4.6. If the assignment or a verification of a credit rating (or another rating action) is accompanied by a press release (rating note) and/or a rating report prepared by EuroRating, the agency shall make clear in that document (in the case of a press release, this shall be in an abbreviated form) the key elements underlying the assigned credit rating or any change to it.

4.7. Where feasible and appropriate, prior to a publication of the information on assignment or a verification of a credit rating, EuroRating shall inform the rated entity in advance about the conducted rating action and if the rating and/or its outlook (or other attributes) are about to change, EuroRating shall provide the rated entity with background information containing the principal considerations upon which the changes are based.

EuroRating shall inform rated entities in advance, in order to afford them an opportunity to respond to the conducted rating action, as well as to the information provided by the agency containing considerations upon which the rating action was based, and to allow them to clarify any issues, that may have been misinterpreted by the agency. If, when assigning a credit rating, EuroRating also uses information, that is not publicly available, the rated entity also has an opportunity to provide additional information about the scope of any confidential information that should not be disclosed by the agency.

If EuroRating should receive any clarifications and/or additional information from the rated entity (before the agency's deadline to publish the rating action), EuroRating shall evaluate them from the point of view of any potential impact they may have on the assigned credit rating (or on its attributes) or on the scope of information disclosed by the agency in the press releases and/or rating reports accompanying the conducted rating action. Depending on the results of this evaluation, the rating action may remain unchanged or it may be suspended or amended. The contents of press releases and/or rating reports may also be subject to an amendment.

In the event, that EuroRating has not been able to inform a rated entity in advance about a conducted rating action, then where this is feasible and appropriate, the agency should send appropriate information to the rated entity as soon as practical after the publication of information about the rating action. Where appropriate, the agency shall also explain the reasons for the delay in sending this information.

- 4.8. In order to promote transparency of the EuroRating's rating activity and to enable rating users to assess the quality and reliability of the credit ratings assigned by EuroRating, the agency shall publish on its website free of charge a summary and statistics (updated at least once a year) of current and historical default rates relating to individual rating categories, as well as information concerning changes in default rates over time.

If the current or historical default rates published by the agency are not representative over the long term, or if they could mislead rating users in some other way, EuroRating should also provide appropriate information to explain this.

The published information on historical default rates should be verifiable and statistically correct and, if possible, be organised, standardised and published in such a way as to assist users in drawing performance comparisons between different credit rating agencies.

- 4.9. Unsolicited credit ratings are ratings assigned by EuroRating on its own initiative, without the active and full participation of the rated entity in the rating process. The EuroRating credit rating agency assigns unsolicited ratings at its own discretion and, in particular, to entities that, in the agency's opinion, could be of particular interest to investors.

EuroRating assigns and then continues this type of rating only if the agency has a sufficient range of data and information to be able to carry out the appropriate analyses and to assign a reliable credit rating to individual entities.

EuroRating uses a special designation for unsolicited ratings (in accordance to the rating scale applied by EuroRating, published free of charge on the agency's website).

For unsolicited ratings, the rating process is generally based exclusively (or principally) on information that is publicly available. In certain cases, the rated entity to which the agency assigns an unsolicited credit rating may, of its own volition, provide the agency with some non-public information. However, these ratings are treated (and designated) in the same way as any other unsolicited ratings

In addition to using a special designation for unsolicited ratings, where it is feasible and appropriate, EuroRating adds a comment with the following (or similar) wording when publishing information about unsolicited ratings: "The rating was assigned at the initiative of the EuroRating credit rating agency, and the credit risk assessment process for the rated entity may have taken place without its participation and was based principally or exclusively on publicly available information".

EuroRating publishes its internal policies and procedures concerning the issuance of unsolicited ratings on its website free of charge.

- 4.10. The EuroRating credit rating agency shall carry out periodic reviews of its rating policies, procedures, criteria and methodologies from the point of view, inter alia, of their adequacy and effectiveness.

EuroRating shall publish, free of charge, information about any significant changes that the agency makes to its internal regulations and/or rating methodologies (to the extent specified in the agency's policies) on the agency's website.

Where feasible and appropriate, EuroRating shall publish information about planned significant changes to internal regulations and/or rating methodologies before they are introduced, in order to provide an appropriate period of notice.

When planning the type and scope of changes to internal regulations and/or rating methodologies, EuroRating should take into account the various uses of the credit ratings that the agency assigns.

B. Treatment of confidential information

- 4.11. EuroRating, in its work with many rated entities, often receives confidential information, which is used to carry out analyses and to assign credit ratings to individual rated entities.

Pursuant to internal regulations in this area (published by EuroRating free of charge on the agency's website), all of the rating analysts and other employees at the agency are obliged to maintain the confidentiality of business secrets, which includes not disclosing to outside entities any confidential information obtained from rated entities and/or from third parties.

Where this has not been otherwise specified in agreements with rated entities, EuroRating and its employees are obliged not to disclose confidential information in press releases, on conferences and seminars, in conversations with rating users, to other rated entities, to future employers, or any other outside entities.

Whilst complying with guidelines for keeping confidential information secret, EuroRating shall not desist from using such information for rating purposes, but shall do so without disclosing this information.

4.12. The EuroRating credit rating agency shall use confidential information only for purposes related to its rating activities, unless stated otherwise in any confidentiality agreement with the rated entity

4.13. Agency's employees must take all reasonable measures to protect property and records belonging to or in possession of the agency from theft, fraud, corruption or misuse.

4.14. Pursuant to EuroRating's internal regulations in this area (published free of charge on the agency's website), the agency's employees are prohibited from engaging in transactions in securities and derivatives when they possess confidential information concerning the issuer of such securities.

4.15. Employees of the EuroRating credit rating agency should familiarise themselves with the agency's internal regulations concerning confidentiality, as well as with regulations prohibiting transactions on the basis of confidential information.

Agency's employees shall periodically certify in writing their compliance with internal procedures in this area.

4.16. Agency's employees must not disclose any non-public information on credit ratings assigned by EuroRating or on any planned rating actions, except for informing rated entities (and/or their affiliated third parties) in advance on conducted rating actions and/or on press releases or rating reports that concern them.

4.17. Employees of the EuroRating credit rating agency should not disclose confidential information on rated entities to other agency's employees (including, in particular, to those involved in activities other than the rating activity) except in circumstances where the disclosure of such information is required for the conduct of the agency's business.

- 4.18. Agency's employees must not use or share confidential information for the purpose of trading securities or for any other purpose except the conduct of the EuroRating's business.

5. Publication of the Code of Conduct and communication with market participants

- 5.1. EuroRating shall disclose this Code of Conduct to the public – inter alia by its constant publication, free of charge, on the agency's website (under an easily accessible tab entitled "Code of Conduct").

This Code of Conduct, which is in force at the EuroRating credit rating agency, implements the instructions contained in the model code (*"Code of Conduct Fundamentals for Credit Rating Agencies"*) drawn up by the International Organisation of Securities Commissions (IOSCO) and published in May 2008.

This Code of Conduct deviates in a few items from the instructions contained in the model IOSCO code. This is due the specifics and scope of the rating activity carried out by the EuroRating credit rating agency. These differences have been listed, discussed and explained in section 6 of this Code.

- 5.2. All employees of the agency must comply with the provisions of this Code of Conduct. If an employee should breach the rules laid down in the Code of Conduct, EuroRating may apply official sanctions against the employee, including termination of the employment.
- 5.3. The Management Board of the EuroRating credit rating agency shall be responsible for approving and implementing this Code of Conduct (and other related internal regulations) and for compliance with it by the agency and its employees.
- 5.4. EuroRating shall appoint a person at the agency to be responsible for communication with market participants and with the public on any questions, concerns or complaints, that the agency may receive. EuroRating shall publish an e-mail address and/or telephone number on its website, that can be used by any interested person to contact the agency concerning such matters.

The person appointed to this function shall inform the Management Board of the EuroRating credit rating agency about the most important information, requests and concerns submitted by ratings users or by other persons contacting the agency. This information may then be taken into account by the agency's management when carrying out periodic reviews of, and making any changes to, the agency's policies, procedures, criteria and methodologies.

- 5.5. EuroRating shall provide on its website, in an easily accessible place, links to the following:
- (1) this Code of Conduct; (2) a description of the methodologies used by the agency;
 - (3) information about historical default statistics.

6. Deviations from the model IOSCO code

6.1. This Code of Conduct deviates slightly from the instructions contained in the model IOSCO code of conduct. This is due to the specifics and scope of the rating activity carried out by the EuroRating credit rating agency. These differences are largely due to the fact, that EuroRating is not involved in issuing credit ratings for structured financial instruments, to which a section of the model IOSCO code apply.

6.2. The individual differences between the Code of Conduct of the EuroRating credit rating agency and the guidelines contained in the IOSCO code are as follows:

- a) This Code of Conduct does not contain a clause concerning the appointment of a person within the agency's management to be responsible for ratings for structured products (point 1.7-1 of the IOSCO code).

Explanation: EuroRating does not provide credit ratings for structured products.

- b) This Code of Conduct does not contain a clause concerning the separation of employees in the unit responsible for the ongoing monitoring and periodic review of the models and methodologies applied by the agency from functions relating to assigning ratings (second sentence of point 1.7-2 of the IOSCO code).

Explanation: Bearing in mind the scale of the activities of EuroRating, it would not be economically feasible to maintain a separation in this area. However, in the same point, the IOSCO code permits a deviation from this principle, depending on the size and scope of activities of individual rating agencies.

- c) This Code of Conduct does not contain a clause concerning the requirement to assess the adequacy of methodologies used when assigning ratings for structured products (point 1.7-3 of the IOSCO code).

Explanation: EuroRating does not provide credit ratings for structured products.

- d) This Code of Conduct does not contain a clause concerning the requirement to ensure, that adequate resources are allocated to separate analytical teams responsible for assigning credit ratings to structured finance products and for their subsequent monitoring (point 1.9-1 of the IOSCO code).

Explanation: EuroRating does not provide credit ratings for structured products. As regards credit ratings assigned by EuroRating to companies and financial institutions, the agency does not divide analytical teams into those responsible for determining initial ratings and those responsible for their subsequent verifications.

- e) This Code of Conduct does not contain a clause prohibiting analysts from making proposals or recommendations regarding the design of structured finance products, that the agency rates (point 1.14-1 of the IOSCO code).

Explanation: EuroRating does not provide credit ratings for structured products.

- f) This Code of Conduct does not contain a clause concerning a lack of dependency of the compensation of the person responsible for compliance with the rules set out in this Code of Conduct (as well as compliance with relevant internal and external regulations and law) on the agency's rating operations (second sentence in point 1.15 of the IOSCO code).

Explanation: The company's Management Board is responsible at the EuroRating credit rating agency for implementation of and compliance with the Code of Conduct, as well as with other internal regulations and legal provisions. On the day that the Code of Conduct was adopted, the Management Board included one of the agency's shareholders. Although his remuneration does not depend directly on the income or financial results achieved by the agency from its rating operations, his income (as a shareholder who has the right to receive company dividends) is indirectly dependent on the agency's financial results.

- g) This Code of Conduct does not contain a clause concerning the requirement for rating agencies to encourage structured finance instruments issuers to publicly disclose all relevant information, so that third parties can conduct their own risk analysis (point 2.8.c of the IOSCO code).

Explanation: EuroRating does not provide credit ratings for structured products.

- h) This Code of Conduct does not contain a clause regarding instances where rated entities (e.g. governments) have supervising functions related to the rating agency (point 2.10 of the IOSCO code).

Explanation: EuroRating does not provide sovereign or public finance ratings or ratings to other institutions, that might supervise the agency.

- i) This Code of Conduct does not contain a clause concerning disclosure by the credit rating agency of detailed information concerning structured products (point 3.5.a of the IOSCO code).

Explanation: EuroRating does not provide credit ratings for structured products.

- j) This Code of Conduct does not contain a clause concerning the agency's use of a special designation for credit ratings issued for structured finance products (first sentence in point 3.5.b of the IOSCO code).

Explanation: EuroRating does not provide credit ratings for structured products.

- k) This Code of Conduct does not contain a clause regarding disclosure, for every rating assigned, whether the rated entity participated in the rating process (first sentence in point 3.9 of the IOSCO code).

Explanation: Where the EuroRating rating agency assigns unsolicited ratings, the rating process is usually based exclusively or principally on publicly available information (that is, without the active and full participation of the rated entity). EuroRating assigns a special designation to all unsolicited ratings (in accordance with the rating scale used). This also applies to unsolicited ratings where EuroRating has received and/or is receiving a certain amount of information from the rated entity.

EuroRating considers, however, that providing separate designations for such ratings and/or providing detailed information about the scope of specific types of information would lead to unnecessary complications and could be misleading to rating users.

Instead of this (as noted in point 4.9 of this Code of Conduct), in addition to using a special designation for unsolicited ratings, where it is feasible and appropriate, EuroRating adds a comment with the following (or similar) wording when publishing information about unsolicited ratings: "The rating was assigned at the initiative of the EuroRating credit rating agency, and the credit risk assessment process for the rated entity may have taken place without its participation and was based principally or exclusively on publicly available information".

- 6.3. In EuroRating's opinion, the differences and deviations listed in item 6.2 of this Code of Conduct between the Code of Conduct adopted by the agency and the model IOSCO code do not in any significant way undermine the independence, integrity, objectivity and reliability of the EuroRating credit rating agency's rating process; hence, in EuroRating's opinion, the fundamental requirements and objectives of the IOSCO code can be considered to have been fulfilled and achieved.

7. Limitations

- 7.1. This Code of Conduct is a collection of rules and guidelines concerning the rating activities carried out by the EuroRating credit rating agency. However, the clauses in this Code do not and cannot constitute any part of an agreement concluded with any third party. No third party shall be authorised (on the basis of an agreement or for some other reason) to require (either directly or indirectly) EuroRating and/or other entities mentioned in the Code to fulfil and/or apply all or any of the clauses contained in this Code.
- 7.2. The EuroRating credit rating agency makes this Code of Conduct available to the public on the agency's website. By publishing this Code, EuroRating does not accept any liability and/or obligation associated with the clauses contained in this Code towards any third parties.
- 7.3. The EuroRating credit rating agency may, at its own discretion, amend the contents of this Code, in order to take into account any changes in the market, legal or regulatory environment, or else in the agency's business and/or internal regulations.