



ARC Ratings' Code of Conduct

www.arcratings.com

LOCAL EXPERTISE, SHARED INSIGHT,
BETTER JUDGMENT

1. INTRODUCTION

ARC Ratings' Code of Conduct reflects the methodologies and procedures followed by ARC Ratings and takes into account the Code of Conduct Fundamentals for Credit Rating Agencies issued in December 2004 and revised in May 2008 by the International Organisation of Securities Commissions (IOSCO), 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) 462/2013 of the European Parliament and of the Council, of 21 May.

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.

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' Board of Directors.

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. RATING AND CREDIT ASSESSMENT

RATING

The 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 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 rating analysis purposes, ARC Ratings cannot be held liable for its accuracy and the agency will only assign a rating if the information meets minimum requirements;
- they may be short-term ratings, in which case they apply to financial commitments with initial maturity of up to one year, or medium and long term 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 rating or events with a strong probability of occurring the outcome of which may influence the ratings assigned; the outlook of the 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 rating:

- upon request from the entity whose commitments are subject to credit assessment;
- with ARC Ratings' option of not assigning it in the case ARC Ratings considers that the issuer is too complex to be subject to a simplified analysis;
- that is not a rating as defined in Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 (Regulation 1060/2009) on credit rating agencies, since it is strictly for private use and cannot be made public neither by the issuer nor by ARC Ratings;
- that is based on all information deemed necessary to form an opinion, including confidential information; the record keeping of this information will follow the same procedures as in a rating;

- without continuous monitoring i.e. being point in time and therefore only valid on the date, the rating 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 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 rating, as long as the 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 rating if the issuer chooses to move forward with a rating process; if a 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;
- with its implementation procedures contained in ARC Ratings' Organisation and Procedures Manual, highlighting differences as compared to a rating procedure:
 - the simplification of information and analysis;
 - the elaboration of a single report, to be submitted for approval to the issuer, and to which will subsequently be attached a chapter "Notation", containing the rating range assigned;
 - the communications between analysts and the issuer shall be made preferably in writing; in case there are telephone calls they will be noted; if there are meetings, there will be signed minutes or with proof of acceptance by the issuer;
- 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 will assign a range of notations 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;
- in which ARC Ratings' Compliance Officer must be informed in advance of all meetings, having the option of witnessing them, checking its minutes or exempt herself from any of these acts, and also having the option of being present on any telephone 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 rating and credit assessment processes:

INTEGRITY AND OBJECTIVITY

The methodologies and procedures adopted by ARC Ratings aim to ensure the integrity and objectivity of the process of assigning 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 not unduly used, but used exclusively for the purpose of assigning ratings or credit assessments.

CONSISTENCY

The methodologies used by ARC Ratings to assign ratings or credit assessments and the associated procedures aim to ensure the consistency of the ratings or credit assessments assigned by ARC Ratings. 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 composed of a quorum of five, which are selected from the following personnel: ARC Ratings' Chief Ratings Officer, ARC Ratings Sector Head (if not the CRO), Lead Analyst, an independent analyst, one or more analysts from the same sector or an additional independent analyst from one of our domestic credit rating agencies within the jurisdiction or region of the rated entity and one randomly chosen senior analyst of a corresponding department reporting to another Network Partner or other ARC Sector.

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 ratings or credit assessments, aim to ensure the accuracy and rigour of the rating assignment process. This is further enhanced by ARC Ratings' commitment to maintain these methodologies and procedures permanently updated.

UPDATING

The ratings assigned by ARC Ratings are subject to review. For corporate ratings this review is performed at least every six months when concerning short-term financial commitments (initial maturity of up to one year) and at least once a year, when concerning medium and long-term financial commitments (initial maturity of more than one year). Sovereign ratings are subject to review three times a year (with a maximum period of six months between each review). Structured finance ratings are subject to annual review or as events warrant. During these periods ARC Ratings monitors the performance of the entity or instrument being rated on a constant basis (unless the ratings assigned are point in time) and as a result of this 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 rating, thus guaranteeing that ratings in force remain consistent and accurate.

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

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

A) QUALITY OF THE RATING AND CREDIT ASSESSMENT PROCESSES

4.1. ARC Ratings has in place written methodologies and procedures that are known to everybody involved in the rating process, the aim being to ensure that 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 summarised in 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;
- ARC Ratings' Knowledge Network, a formal network that promotes the dissemination of all ARC Ratings' Partners expertise; and
- the existence of an Internal Review Officer, independent from all rating activities.

4.2. The 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 methodologies and procedures established in ARC Ratings' Manual of Organisation and Procedures in a consistent manner.

4.4. Ratings are assigned by a Rating Panel composed of a quorum of five members. In exceptional circumstances where a rating is accorded upon a very straight forward analysis, a quorum of 4 members is deemed sufficient by the Chief Ratings Officer (CRO). Note that, in both cases, this panel assigns ratings taking into account all the information believed to be relevant for the purpose, and the 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 rating and credit assessment assignment activities. These records include:

- the proposals submitted for the assignment of each 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, 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.

ARC Ratings maintains the aforementioned records for at least five years after the maturity date of the financial commitment being rated or the date when the credit rating ceased to be valid (was discontinued).

Should the registration of ARC Ratings, under Regulation 1060/2009, be withdrawn, ARC Ratings undertakes to keep such records for an additional period of at least three years.

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 rating or credit assessment analyses, 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 assessment.

4.7. ARC Ratings uses all the resources it deems necessary to ensure the high quality of the rating or credit assessment processes. When assessing whether to submit 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 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. If, in the course of a 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 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' Executive Council 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 Executive Council, which meets at least on an annual basis for this purpose, is also responsible for approving the mentioned changes.

It's the responsibility of ARC Ratings' Internal Review Officer 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 Internal Review Committee.

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 ratings under observation. 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 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 or structure of a new type of structured product or the lack of robust data about the assets underlying the structured product raise serious questions as to whether ARC Ratings can determine a credible 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 up to the maturity of the financial commitment being rated, and in the meantime are subject to review. For corporate ratings this review is performed at least every six months when concerning short-term financial commitments (initial maturity of up to one year) and at least once a year, when concerning medium and long-term financial commitments (initial maturity of more than one year). Sovereign ratings are subject to review three times a year (with a maximum period of six months between each review). Structured finance ratings are subject to annual review. Moreover, ARC Ratings monitors the evolution of macroeconomic and financial markets conditions as well as the situation of the entity or instrument being rated on an ongoing basis during the entire period of validity of ratings. Therefore, any material change in these conditions may give rise to an early or interim review.

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. The ratings assigned by ARC Ratings that are available to the public have a specific period of validity and a review date (see 4.9. above) that is disclosed together with the rating, and are permanently updated, namely 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 the entities whose financial commitments are being rated or credit assessment, as well as with investors, other market participants, and the public in general.

4.13. ARC Ratings holds its employees to high standards of integrity, and does not employ individuals who may not stand up to such standards.

4.14. ARC Ratings and its employees never, either implicitly or explicitly, give any assurance or guarantee to an entity of the particular rating that will be assigned to its financial commitments prior to the rating assessment by the Rating Panel. However, this does not preclude ARC Ratings from assigning ratings to simulated financial commitments, namely in connection to structured products and project finance transactions.

When rating structured products, ARC Ratings, its analysts and the other members of its Rating Panel do not make proposals or recommendations, either formally or informally, regarding the design of the structured products on which it is expected to issue a credit rating.

4.15. The Board of Directors of ARC Ratings is responsible for verifying compliance with the principles set out in the ARC Ratings' Code of Conduct as well as with applicable laws and regulations.

4.16. 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 Board of Directors of ARC Ratings, so that appropriate action may be taken 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 ratings by ARC Ratings or the assignment of credit assessments is not conditioned by the potential impacts (economic, political, or otherwise) of the rating or credit assessment actions on ARC Ratings, the entities whose commitments are rated, investors or other market participants.

5.2. ARC Ratings and its rating analysts always act in accordance with the highest professional standards to maintain the independence and objectivity of the rating analysis and the ratings assigned.

5.3. The assignment or review of a credit rating by ARC Ratings is influenced only by factors relevant to the purpose.

5.4. The ratings assigned by ARC Ratings to the financial commitments of an entity are not influenced 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.

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

- ARC Ratings or any ARC Ratings' rating analysts, 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 the credit rating agency, 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 is issued with respect to the rated entity or a related third party directly or indirectly linked to the credit rating agency by control;
- the credit rating 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 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 that credit rating agency or being otherwise in a position to exercise significant influence on the business activities of the credit rating agency, 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 a person who approved a credit rating, 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 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 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 in its website (www.arcratings.com) a list of the ancillary activities developed, with justification of their ancillary nature.

B) ARC RATINGS PROCEDURES AND POLICIES

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.

If a 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 rating assigned in the case of credit assessment.

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 rating and review reports, in a direct, clear, complete, concise 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.

When assigning ratings to structured products, ARC Ratings undertakes to disclose in the public report whether the issuer of such products has informed it about its intent to publicly disclose all relevant information about the product being rated.

5.10. ARC Ratings and its employees are not permitted to engage in any financial instruments trading presenting conflicts of interest with its rating or credit assessment activities. This restriction is assumed in a general manner in the employment contracts entered by ARC Ratings and each of its employees, whereby each of them is bound to maintain strict and permanent confidentiality about any information to which he or she may have access in the course of their activity with regard to any company, and shall not use such information to their own advantage or that of others, and in case of breach of a personal confidentiality commitment or any other breach of professional ethics" the employee in question shall fully shoulder his / her responsibilities. This restriction is also specifically assumed in writing by ARC Ratings and each of its employees by signed employment contracts which confirm adherence to confidentiality. Under the terms of these

commitments, ARC Ratings and its employees undertake to “maintain strict and permanent confidentiality about non-public information which may come to their knowledge as a result of the rating process” and not to use any confidential information about” the entity whose financial commitments are being rated “to (...) their own advantage or that of others in any commercial or financial transactions”.

5.11. 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

5.12. 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 assessment.

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 and practices in force do not compromise the objectivity of the rating or credit assessment processes.

5.13. ARC Ratings’ employees directly involved in rating or credit assessment are not authorised to initiate, or participate in, discussions regarding fees or payments with a rated entity or related third party, or with any person directly or indirectly linked to it by control.

5.14. ARC Ratings’ employees are bound to immediately report any situations of conflict of interests, namely when:

- they own financial instruments issued by the rated entity or derivatives based on such instruments, other than holdings in diversified collective investment schemes;
- they own 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;
- they have had a recent employment, business or other relationship with the rated entity that may cause or be generally perceived as causing a conflict of interest;
- they have solicited money or favours from the rated entity;
- they have accepted gifts offered in the form of cash or any gifts with a significant monetary value from the rated entity to the extent of their knowledge, any of the situations described in the preceding paragraphs has occurred with their 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;
- 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 so that ARC Ratings may take the necessary measures to prevent, eliminate, or manage and disclose, any actual or potential conflicts of interest. The implementation of “Declarations of Interest” form sent to employees annually will document any conflicts of interest, this will be held on file by the Secretariat and a copy to compliance. Employees are responsible to notify ARC immediately should any changes occur.

5.15. 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 join an issuer which the ARC Ratings analyst has been involved in rating, or a financial firm with which the ARC Ratings analyst has had significant dealings as part of his or her duties at ARC Ratings.

ARC Ratings' employees or any other natural person or entity 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 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 in ARC Ratings website's mailing list. The public reports that substantiate rating decisions and outlooks are freely available for download in ARC Ratings' website (www.arcratings.com).

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

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

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

- the date of the initial rating, when applicable;
- the date of last review, when applicable

6.4. The public rating reports substantiate the ratings assigned by ARC Ratings and 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);
- the timeframe considered for the purpose;
- the rating scales used by ARC Ratings;
- the sensitivity analyses 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 information about the credit rating concerns financial instruments recently issued or to be issued shortly, and whether they are first being rated by ARC Ratings.

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).

The public rating reports make reference to the following:

- that, prior to issuing or revising a rating, ARC Ratings provides to the entity whose financial commitments are being rated, the documents that substantiate the 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 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 rating;

- to the limitation of the use of the 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 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 European Securities and Markets Authority (ESMA) in a central repository, together with an explanatory statement of the meaning of those default rates;
- 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 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 ratings to structured products, ARC Ratings undertakes to:

- provide information to investors and subscribers about the methodologies, models, key rating assumptions and procedures used for the purpose, and about the rating's sensitivity to changes in the assumptions taken;
- differentiate the rating schedules used for structured 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 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 rating, ARC Ratings issues an explanatory note and a public report substantiating that assignment or revision.

6.6. Prior to issuing or revising a rating, ARC Ratings provides the draft rating report, thus affording that entity the opportunity to clarify or correct factual misperceptions and allowing the 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 rating.

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 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 in December 2004 and revised in May 2008.

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 rating agencies in other geographical markets. In the meantime, and where possible, ARC Ratings verifies the accuracy of the ratings assigned by comparing them with those assigned by other 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 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 rating agencies.

6.8. ARC assigns both solicited or unsolicited ratings. In the case of solicited ratings the entity who solicited the rating participates in the 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 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 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 disclosed through its website (www.arcratings.com).

B) THE TREATMENT OF CONFIDENTIAL INFORMATION BY ARC RATINGS

6.10. ARC Ratings has implemented procedures to protect the confidential nature of information shared with it by entities whose financial commitments are being rated or credit assessment.

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 shared with ARC Ratings by the entities whose financial commitments are being rated or credit assessment and the information related to 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 5.9. and 5.12. 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 ratings or credit assessments except to the entities whose financial commitments are being rated or credit assessment.

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 rating or credit assessment activities.

7. IMPLEMENTATION AND DISCLOSURE OF ARC RATINGS' CODE OF CONDUCT AND COMMUNICATION WITH MARKET PARTICIPANTS

7.1. The Board 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. The Board of Directors are also responsible for maintaining contacts with market participants and the public in general about any questions, concerns, complaints or relevant information regarding ARC Ratings' activity.

The fact that ARC Ratings is registered to exercise its activity with the European Securities and Markets Authority (ESMA), under the terms of Regulation 1060/2009, is disclosed in a prominent position in its website (www.arcratings.com).

A summary description of the 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 rating analysis, and material changes to the same are also available in ARC Ratings' website.

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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).