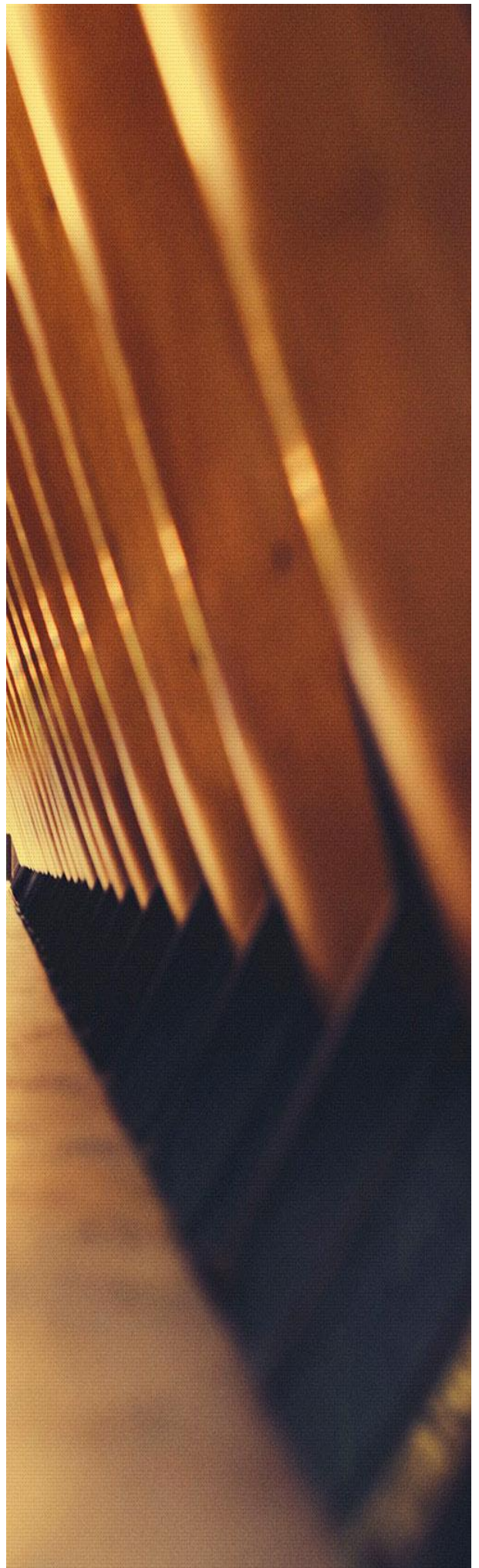


**Rating-Agentur Expert RA GmbH**  
**Avoidance of Conflicts of Interest**  
**Policy**

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## 1. Introduction

Rating-Agentur Expert RA GmbH is aiming to ensure at all times the quality, integrity and thoroughness of the credit rating and review processes. In order to facilitate this the credit rating agency established appropriate internal policies and procedures in relation to employees and other persons involved in the credit rating process in order to prevent, identify, eliminate or manage and disclose any conflicts of interest.

## 2. Definitions

2.1. Conflict of interest – situation when personal interests can influence the process of making decisions and therefore cause damage to the clients of credit rating agency and users of credit ratings as well as create negative impact on the stability of financial markets.

2.2. Potential conflicts of interest arising from the employees of the credit rating agency:

1. **Direct ownership** – ownership of financial instruments issued by the rating object, with exception of holdings in diversified collective investment schemes.
2. **Indirect ownership** – ownership of financial instruments issued by any entity affiliated with the rating object, holding of which might cause or might be considered as causing conflicts of interest, with exception of holdings in diversified collective investment schemes.
3. **Experience of work relations** – recent experience of work relations with the rating object or any other relations with the rating object which might cause or might be perceived as causing conflicts of interests. This type of conflict also includes the cases when employees leaving the credit rating agency are joining the rating object or entity with which these employees had interactions within the framework of work activities in the credit rating agency.
4. **Participation in negotiations related to financing questions** – initiation or participation in negotiations on determination of fees paid for the rating analysis or other fees paid by the rating objects, associated entities or any other persons directly or indirectly connected with the rating objects through control.
5. **Receiving money, presents or favors from rating object.**

2.3. Potential conflicts of interest arising from the owners of the credit rating agency:

1. **Influence of the owners on the decisions of credit rating agency –**  
Direct or indirect ownership or other interests connecting owners of the credit rating agency with the rating object.
- 2.4. All other cases of interaction with the rated entity including using its services in reasonable amount, buying its products, depositing funds on current and savings accounts in its entities and other shall not be considered as reasons for declaring a conflict of interest. The main condition for this is full disclosure of all information about services provided to the credit rating agency or its owners from the rating object or associated third parties.
- 2.5. In case of pressure on the employees participating in rating activities from the side of rating object on the matter of rating score the employee of Rating-Agentur Expert RA GmbH shall inform the head of the rating service and compliance officer about this.
3. **Procedure of identification and mitigation of conflicts of interests arising from the employees of the credit rating agency**
  - 3.1. At the moment of starting employment all rating Experts, Lead Experts and Head of the Rating Service shall have to fill in obligatory questionnaire (Sample questionnaire is attached in the Annex 1 to this Policy) which is targeted to identification of any existing or potential conflicts of interest. This information shall be refreshed every three months, shall be considered as confidential and shall be stored by the Compliance Officer of the credit rating agency. When allocating rating objects between the Experts and Lead Experts the Head of the Rating Service shall interact with the Compliance Officer and take into account this information.
  - 3.2. At the moment when Expert or Lead Expert undertakes work on analysis of rating object he shall sign the self-declaration form (Sample Self-Declaration form is attached in the Annex 2 to this Policy) confirming the fact that he has no conflicts of interest with particular rating object. The self-declaration form goes beyond the questionnaire mentioned in point 3.1. in the sense that it includes the statement of absence of conflicts of interest connected to relatives of the employee, his personal holdings of financial instruments and etc.
  - 3.3. Before starting the assessment of the rating object on rating committee the members of the rating committee shall report any conflict of interest in respect to the rating object under assessment. In case a member of rating committee has a conflict of interests with the rated object this member shall have no vote in the decision making process on this rating object.

- 3.4. Where an employee participating in rating activity at the Rating-Agentur Expert RA GmbH terminates his or her employment and joins a rated entity, which he or she has been involved in rating, or a financial firm, with which he or she has had dealings as part of his or her duties at the credit rating agency, the credit rating agency shall review the relevant work of the rating analyst over two years preceding his or her departure.
- 3.5. An employee previously participating in rating activity at the Rating-Agentur Expert RA GmbH who has terminated his employment shall not take up a key management position with the rated entity or its related third party within six months of the credit rating.

#### 4. Separation between Sales activity and Rating activity

- 4.1. The function of carrying out negotiations with the rating object regarding fees and financing questions and function of conducting creditworthiness analysis of the rating object shall be clearly separated between different structural units of the Rating-Agentur Expert RA GmbH. Between these structural units there shall be no rotation of employees and no exchange of any kind of information.
- 4.2. The function of initiating and carrying out negotiations on determination of cost of the rating analysis as well as other payments received from the rating objects and companies related to them or from any other persons directly or indirectly linked with the rating object (through control or management) shall be fulfilled by the employees responsible for the sale and marketing activities.
- 4.3. Rating Experts, Lead Experts and Head of the Rating Service shall not:
  - Participate in financial negotiations with the rated entity and entities/persons related to the rated entity;
  - Have access to the information about payments received by the credit rating agency from the rated entity.
- 4.4. Important instrument of controlling the conflicts of interests is transparent pricing, which means transparent price list of the rating agency.

#### 5. Avoidance of Conflicts of Interest related to the acceptance of money, gifts or favors by employees of the Agency

- 5.1. In accordance with the Code of Conduct of Rating-Agentur Expert RA GmbH its employees shall not request or accept money, gifts or favors from someone with whom the credit rating agency has business. This requirement of the ethical code is contained in the internal work policies of the agency.

5.2. If an employee of Rating-Agentur Expert RA GmbH has received gift from someone with whom the credit rating agency has business (example: by post) exceeding the minimum monetary value he shall immediately return this gift to the sender indicating the Avoidance of Conflicts of Interest policy of Rating-Agentur Expert RA GmbH prohibition of such actions.

## 6. Avoidance of Conflicts of Interest related to the Owners of the Agency

6.1. Control on the influence of the owners of Rating-Agentur Expert RA GmbH on decisions made by the Agency is done by the Advisory Board and its independent members. Furthermore important tool of managing the conflict of interests is disclosure of information about the owners and beneficiaries of the Agency to ESMA in accordance with the Article 8 of the Regulation (EU) No 449/2012 of 21 March 2012 supplementing Regulation (EC) No 1060/2009 of the European Parliament and of the Council.

## 7. Avoidance of Conflicts of Interest Related to Confidentiality of Information received from Rating Objects

7.1. At the moment of starting his work at Rating-Agentur Expert RA GmbH the employee shall sign the Confidentiality Policy of the Agency which states that he shall:

- Take all reasonable measures to protect property and records in possession of the credit rating agency from fraud, theft or misuse, taking into account the nature, scale and complexity of their business and the nature and range of their credit rating activities;
- Not disclose any information about credit ratings or possible future credit ratings of the credit rating agency, except to the rated entity or its related third party;
- Not disclose information discussed on the rating committee meeting and conclusions made on the rating committee, and refuse from giving comment about rating committees to any third parties indicating confidential nature of the information;
- Not share confidential information entrusted to the credit rating agency with rating analysts and employees of any person directly or indirectly linked to it by control, as well as with any other natural person whose services are placed at the disposal or under the control of any person directly or indirectly linked to it by control, and who is directly involved in the credit rating activities;

- Not use or share confidential information for the purpose of trading financial instruments, or for any other purpose except the conduct of the credit rating activities.
- 7.2. Access to information received from the rated entity shall be given only to the rating experts, conducting rating analysis of this rated entity and confirmed in written form absence of conflicts of interest, and head of the rating service. Other employees shall not have access to this information.
- 7.3. Rating experts and the head of the rating service shall take all reasonable measures in order to protect property and records in possession of the credit rating agency from fraud, theft or unauthorized used. In particular:
- Under no circumstances should this information be sent by electronic mail or any other means outside the Agency;
  - It is forbidden to provide access to the computer with this information to third parties;
  - It is forbidden to leave unattended any paper documents containing confidential information;
  - Any destruction of the documents shall be carried out in confidential form.
- 8. Avoidance of Conflicts of Interests between Rating-Agentur Expert RA GmbH and credit rating agencies from third countries affiliated with Rating-Agentur Expert RA GmbH through common beneficiaries**
- 8.1. It is very important to exclude any possible conflicts of interests between Rating-Agentur Expert RA GmbH and credit rating agencies from third countries affiliated with Rating-Agentur Expert RA GmbH through common beneficiaries, in particular Russian rating agency “Expert RA”.
- 8.2. Rating-Agentur Expert RA GmbH and other structures involved in rating activities outside the EU have no direct connections. However the following types of indirect or temporary interactions are possible:
- Agency from the third country is helping Rating-Agentur Expert RA GmbH with finding rating clients or is acting as a client itself;
  - Agency from the third country is assigning credit rating to the same rating object as Rating-Agentur Expert RA GmbH;
  - Agency from the third country is conducting preliminary processing of raw information according to given algorithm,

- Common owners are interested in some coordinated activities of the rating agencies in which they have ownership interest.

8.3. On the basis of situations outlined above which might introduce conflicts of interest negative influence on activities of Rating-Agentur Expert RA GmbH is possible in two ways:

- Distortion of raw data
- Direct or indirect pressure on decisions taken by Rating-Agentur Expert RA GmbH in the process of assigning ratings or on any other rating actions.

8.4. Avoidance of Conflicts of Interest Policy of Rating-Agentur Expert RA GmbH ensures avoiding this negative influence the following way:

1. Distortion of raw data. Regardless of whether Rating-Agentur Expert RA GmbH assigns rating to the rating object which was attracted with assistance of agency from third country (for example: through an agency agreement), acts directly on the order from the agency from third country or established client relationship with rated entity without any assistance, in any case Rating-Agentur Expert RA GmbH shall have official source of information and official contact person from the rated object. This allows to receive all raw data directly from the rating object, which takes full responsibility for providing correct, full and reliable information. Also this allows Rating-Agentur Expert RA GmbH in case of any doubts or insufficient information to request additional information, ask necessary questions and receive necessary comments and clarifications without any mediation or other involvement of the agency from third country or other structures. All correspondence with the source of information, requests for information and other shall be recorded and stored by Rating-Agentur Expert RA GmbH.
2. Influence of decision-making. In order to eliminate this factor the following measures are undertaken:
  - a) The structure of Rating Service and Rating Committee of Rating-Agentur Expert RA GmbH includes only its permanent employees who are connected with the Agency by employment agreements prohibiting any other side employments, and who receive remuneration only from Rating-Agentur Expert RA GmbH. These



- employees are not dependent in any way from the rating agencies in third countries.
- b) The cost of rating services is not connected with the rating outcome and depends only on objective characteristics of the rating object (for example: type of rating object, size of business, etc.) and is clearly specified in the price-list of Rating-Agentur Expert RA GmbH.
  - c) If Rating-Agentur Expert RA GmbH is assigning rating or preparing to possible execution of other rating action it has a right to request additional information from any source including materials of the rating researches from rating agencies not recognized in the EU. These materials shall be included in making decisions however they cannot be defining these decisions. In order to exclude possibility of influence the Rating Committee of Rating-Agentur Expert RA GmbH shall make decision before corresponding decision of other affiliated agency. Agreement on this matter shall be achieved on the level of senior management of affiliated agencies. If due to some exceptional circumstances this condition was violated the Compliance Officer of Rating-Agentur Expert RA GmbH shall make a record of this occurrence in the Journal of Inconsistencies and this fact shall be clearly stated in the rating report.
  - d) Internal working documents on the rated entity drafted by employees of Rating-Agentur Expert RA GmbH (including draft reports, rating committee conclusions and etc.) shall not be distributed to the rating agency from third country in any case except from the case when this agency from third country is the client and in such case it shall receive only the documents which are normally sent to clients.
  - e) Employees and representatives of affiliated rating agencies shall not have access to any documents, data storage, servers and office of Rating-Agentur Expert RA GmbH.

## 9. Responsibility for violation of this Policy

- 9.1. Infringements of the Avoidance of Conflicts of Interest Policy which may cause adverse legal consequences and conflicts with counterparties or regulatory bodies shall be punished by administrative sanctions in accordance with internal documents of the Agency and valid legislation of the European Union.
- 9.2. If violation of the Avoidance of Conflicts of Interest Policy by rating expert was identified this expert shall be suspended from work on the rating object with whom he has a conflict of interest. Whole cycle of rating analysis shall be carried out again.
- 9.3. The control over implementation of the conflicts of interest policy shall be done by the compliance officer.

## 10. Contact Information

### **Rating-Agentur Expert RA GmbH**

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60329 Frankfurt am Main, Germany.

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## ANNEX 1 – Sample Conflict of Interest Questionnaire

(To be completed by Experts, Lead Experts and Head of the Rating Service at the start of their employment and shall be updated quarterly)

Name: \_\_\_\_\_

Job position: \_\_\_\_\_

In accordance with Commission Delegated Regulation (EU) No 449/2012 of 21 March 2012 supplementing Regulation (EC) No 1060/2009 of the European Parliament and of the Council and internal regulations of Rating-Agentur Expert RA GmbH, I hereby declare the following information about me and my family for the purpose of avoiding the conflicts of interests. This information shall be kept confidentially by the compliance officer of Rating-Agentur Expert RA GmbH and provided upon request to regulatory bodies.

### 1. Background

List the companies where you have worked (including temporary contracts) for the past 5 years:

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### 2. External interests:

a. Do you or your family members own have ownership or investment interest (excluding holdings in diversified collective investment schemes) in a company that competes with Rating-Agentur Expert RA GmbH?

- No
- Yes (specify the company/companies)

b. Have you or your close family members received any payments, presents or favors (exceeding minimum monetary value) from clients or potential clients of Rating-Agentur Expert RA GmbH?

- No
- Yes (specify the companies and benefits received)

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- c. Do you or your family members hold director, trustee or board committee positions with any other company which competes with Rating-Agentur Expert RA GmbH?
- No
  - Yes (specify the company/companies and positions)
- 

- d. Have you made any actions for the past 5 years which can lead to potential conflicts of interests with your work for Rating-Agentur Expert RA GmbH?
- No
  - Yes (specify the company/companies and positions)
- 

3. Internal activity (shall be filled in only by employees already working for the Agency)

- a. Within the framework of your activities in the credit rating agency have you been interacting with someone with whom you previously had business or personal relationship?
- No
  - Yes (provide clarifications)
- 

- b. Have you been trying to influence on the Agency in taking decision about hiring your family member or person with whom you have personal or business relationship?
- No
  - Yes (provide clarifications)
- 

4. Gifts and favors (shall be filled in only by employees already working for the Agency)

- a. Have you or your close family members received any payments, presents or favors (exceeding minimum monetary value) from clients or potential clients of Rating-Agentur Expert RA GmbH or their representatives?
- No
  - Yes (provide clarifications)
- 

- b. Have you or your close family members received any payments, presents or favors from clients or potential clients of Rating-Agentur Expert RA

GmbH or their representatives in such circumstances which can be considered as attempt to influence your rating decision?

- No
- Yes (provide clarifications)

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#### 5. Other

In the space below, please disclose any other interest, activities, investments or involvement that you think might be relevant for full disclosure of all actual, apparent or possible conflicts of interest. If none, indicate "none."

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#### Acknowledgements:

- a) I have received a copy of Avoidance of Conflicts of Interest Policy of Rating-Agentur Expert RA GmbH.
- b) I have read and fully understood the Policy.
- c) I agree with the Policy.
- d) I agree to report to the compliance officer about any changes in my responses to this Questionnaire.
- e) I confirm that the information contained in this Questionnaire is true and accurate to the best of my knowledge and belief as of the date below.

Signature:

Date:

## ANNEX 2 – Self-declaration form for participation in the Rating Committee

(To be completed by Experts, Lead Experts and Head of the Rating Service participating in the rating committee before the start of the committee meeting)

Name: \_\_\_\_\_

Job position: \_\_\_\_\_

Role in the rating committee: \_\_\_\_\_

Entities considered: \_\_\_\_\_

In accordance with Commission Delegated Regulation (EU) No 449/2012 of 21 March 2012 supplementing Regulation (EC) No 1060/2009 of the European Parliament and of the Council and internal regulations of Rating-Agentur Expert RA GmbH, I hereby declare the following information about me and my family for the purpose of avoiding the conflicts of interests. This information shall be kept confidentially by the compliance officer of Rating-Agentur Expert RA GmbH and provided upon request to regulatory bodies.

1. I and members of my family do not hold financial instruments (shares, bonds, etc. with exception of holdings in diversified collective investment schemes) of any of the entities considered on this rating committee.
  - Yes
  - No (provide clarifications)

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2. I do not have any conflicts of interests with of any of the entities considered on this rating committee.
  - Yes
  - No (provide clarifications)

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Acknowledgements:

- a) I have received a copy of Avoidance of Conflicts of Interest Policy of Rating-Agentur Expert RA GmbH.
- b) I have read and fully understood the Policy and I agree with the Policy.

Signature:

Date: