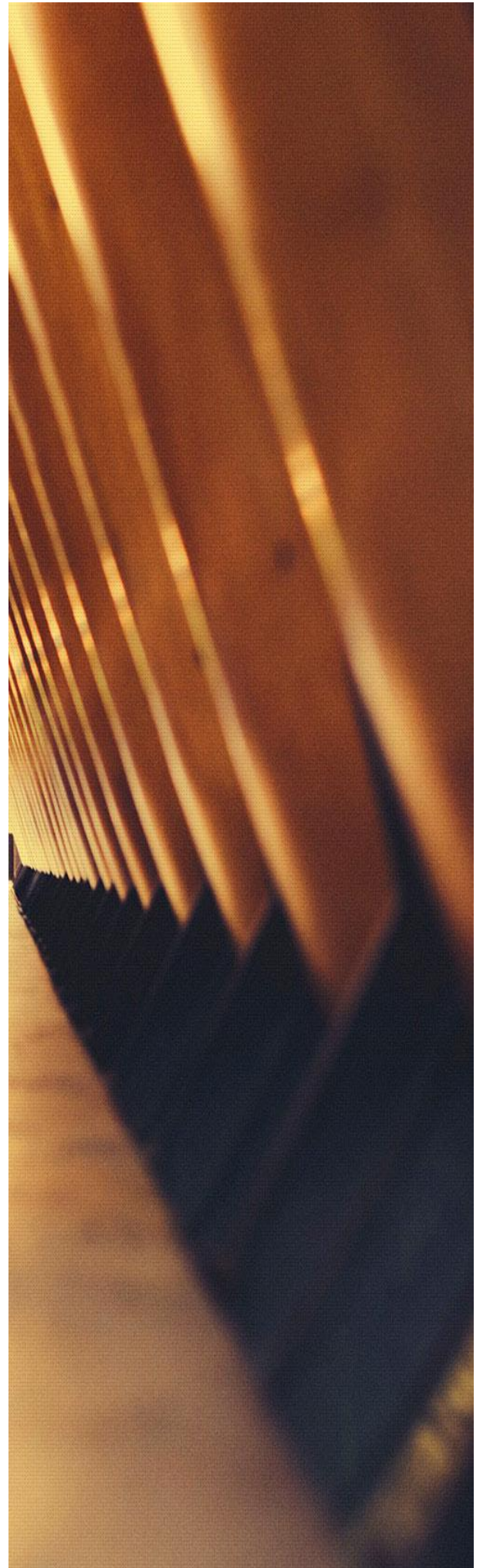


**Rating-Agentur Expert RA GmbH**

**Avoidance of Conflicts of  
Interest Policy**

Date of Issuance: 13.04.2022



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## 1. Introduction

Rating-Agentur Expert RA GmbH<sup>1</sup> is aiming to ensure at all times the quality, integrity and thoroughness of the credit rating and review processes. To facilitate this the Agency has 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.

This Policy lists all potential conflicts of interest, which might arise in the course of Agency's activities, and this is a public document available on the official website of the Agency<sup>2</sup>. The list of potential conflicts of interest mentioned in this document is full as of the Agency's knowledge. If any new potential conflicts of interests will be identified, by the Agency, this document will be updated and the updated version will be posted on the website of the Agency along with corresponding news message in order to draw public attention to this change.

## 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 the 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 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 Agency are joining the rating object or entity with which these employees had interactions within the framework of work activities in the Agency.

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<sup>1</sup> Also referred as the Agency.

<sup>2</sup> <http://www.raexpert.eu/compliance.php>

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 the 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 the credit rating agency** – Direct or indirect ownership or other interests connecting owners of the Agency with the rating object.
  2. **Holdings in other credit rating agencies.**
- 2.4. Potential conflicts of interests arising from providing other services in addition to the credit rating assessment by the Agency for the same rated entity.
- 2.5. All other cases of interaction with the rated entity including using its services in a 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 Agency or its owners from the rating object or associated third parties.
- 2.6. In case of pressure on the employees participating in rating activities from the side of the rating object on the matter of the rating score, the employee of Rating-Agentur Expert RA GmbH shall immediately inform the 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 employees of the Rating Service shall have to fill in an obligatory questionnaire (Sample questionnaire is attached in the Annex 1 to this Policy) which is targeted to the identification of any existing or potential conflicts of interest. This information shall be considered as confidential and shall be stored by the Compliance Officer of the Agency. When allocating rating objects between the employees of the Rating Service the Compliance Officer shall arrange taking into account this information.
  - 3.2. At the moment when Rating Service employee undertakes the work on analysis of a 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 the 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, etc. The employee who has conflicts of interest with the rated entity shall not be the responsible expert or reviewer for this particular rated entity.

- 3.3. Before starting the assessment of the rating object the members of the rating committee shall report any conflicts of interest in respect to the rating object under assessment. In case a member of the 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 a rating activity at Rating-Agentur Expert RA GmbH terminates his or her employment and joins a rated entity, which he has been involved in rating, or a financial firm, with which he has had dealings as part of his or her duties at the Agency, the Agency shall review the relevant work of the rating expert over two years preceding his or her departure. The Compliance Officer shall be responsible for tracking such cases through checking-up on the current occupations of the Rating Service employees during at least six months following their termination of employment at Rating-Agentur Expert RA GmbH.
- 3.5. An employee previously participating in a rating activity at 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.
- 3.6. All employees of the Agency shall be acquainted with this Avoidance of Conflicts of Interest Policy when joining the Agency and when the Policy is updated, by signing it confirming their intentions to follow the policy during their work at the Agency and where the Policy requires so – after termination of their employment at the Agency.

#### 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 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 the determination of the 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 sales and marketing activities or administration of the Agency.

4.3. Employees of the Rating Service<sup>3</sup> shall not:

- a) Participate in financial negotiations with the rated entity and entities/persons related to the rated entity;
- b) Have access to the information about payments received by the Agency from the rated entity.

4.4. During conference calls or meetings with rating clients, the issues related to fees and rating assessment shall be clearly divided and only the employees responsible for the sales and marketing activities or administration of the Agency shall participate in the parts of conference calls/meetings devoted to the discussion of fees and terms of rating contracts.

4.5. If an employee of the Rating Service receives information about fees or financing questions by a mistake (either from a rating client or found accidentally in the Agency), he shall immediately inform the Compliance Officer about this and the Compliance Officer shall investigate in this matter suggesting appropriate measures to address this deficiency in the future and suggesting reviews of the rating work when it might be affected by discovering this information.

4.6. An important instrument of controlling the conflicts of interests is transparent pricing, which means a 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 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 a gift from someone with whom the Agency has business (example: by post) exceeding the minimal monetary value<sup>4</sup> he shall immediately return this gift to the sender indicating the Avoidance of Conflicts of Interest Policy of Rating-Agentur Expert

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<sup>3</sup> Together referred as the Rating Service

<sup>4</sup> Minimal monetary value = minimum monetary value which can be considered as significant and a gift or favor exceeding which could introduce potential conflict of interest.

RA GmbH prohibition of such actions and inform the Compliance Officer of the Agency.

5.3. Minimal monetary value is currently defined by the Agency to be 25 euro.

## 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, an 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.

6.2. In accordance with the EU CRA Regulation<sup>5</sup>, a shareholder of the Agency holding at least 5 % of either the capital or the voting rights in the Agency or in a company which has the power to exercise control or a dominant influence over the Agency, shall be prohibited from:

- a) holding 5 % or more of the capital of any other credit rating agency<sup>6</sup>;
- b) having the right or the power to exercise 5 % or more of the voting rights in any other credit rating agency;
- c) having the right or the power to appoint or remove members of the administrative or supervisory board of any other credit rating agency;
- d) being a member of the administrative or supervisory board of any other credit rating agency;
- e) exercising or having the power to exercise control or a dominant influence over any other credit rating agency.

This restriction does not apply to investments in other credit rating agencies belonging to the same group of credit rating agencies.

In order to check compliance of the Agency's shareholders with this requirement, the Compliance Officer shall request a regular update on this issue from the shareholders, check this information in open public sources (if it is available) and provide a report on these updates and checks to the Advisory Board of the

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<sup>5</sup> Regulation (EU) No 462/2013 of the European Parliament and of the Council of 21 May 2013 amending Regulation (EC) No 1060/2009 on credit rating agencies

<sup>6</sup> This restriction does not apply to holdings in diversified collective investment schemes, including managed funds such as pension funds or life insurance, provided that the holdings in such schemes do not put the shareholder or member of a credit rating agency in a position to exercise significant influence on the business activities of those schemes.

Agency. Also, the shareholders of the Agency are informed and requested by this Policy to voluntarily provide corresponding updates to the Compliance Officer in cases when they suspect possible infringement of this requirement.

## 7. Potential conflicts of interests arising from providing other services in addition to the credit rating assessment by the Agency for the same rated entity

Credit rating assessment is the main type of Agency's activities, however the Agency also offers a number of other services:

- **ESG rating:** the opinion of the Agency on the environmental, social and governance strengths and weaknesses of a rated entity. These ratings allow to compare an entity's performance with other peers and can be used by investors in the process of investment decision making and in the course of responsible investment portfolio selection.
- **Providing an ESG rating report from the ESG Database on a fee basis.**
- **Green Bond Second Opinion:** an independent opinion focused on assessing how the framework of the green bond issued complies with the Green Bond Principles<sup>7</sup>. The Agency also assesses the issuer's environmental performance related to the eligible projects and the environmental impact of these projects.
- **Organization of analytical events and conferences.**
- **Leasing 3D scanner equipment set to companies who are willing to obtain 3D models for their business purpose.**

According to the EU CRA Regulation, the Agency should be able to provide ancillary services, as long as their provision does not create any potential conflicts of interest with the issuing of credit ratings.

A conflict of interest may arise if the Agency provides credit rating assessment and additional services to the same entity or any third parties of the entity.

For example, a potential conflict may be caused by the provision of credit rating services to a company renting 3D scanner equipment.

The Agency shall clearly disclose providing additional services to the entity for which the credit rating is issued and assess potential conflicts of interest for each particular case.

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<sup>7</sup> <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>



Compliance officer shall monitor that such conflicts do not arise, and report to ESMA and Advisory Board when any potential conflicts take place.

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

8.1. 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:

- a) Take all reasonable measures to protect property and records in possession of the Agency from fraud, theft or misuse, taking into account the nature, scale and complexity of its business and the nature and range of its credit rating activities;
- b) Not disclose any information about credit ratings or possible future credit ratings of the Agency, except to the rated entity or its related third party;
- c) Not disclose information discussed on the rating committee meeting and conclusions made on the rating committee, and refuse from giving comments about rating committees to any third parties indicating confidential nature of the information;
- d) Not share confidential information entrusted to the 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;
- e) Not use or share confidential information for the purpose of trading financial instruments, or for any other purpose except the conduction of the credit rating activities.

8.2. Access to information received from the rated entity shall be given only to the rating experts conducting the rating analysis of this rated entity who confirmed in written form absence of conflicts of interest. Other employees shall not have access to this information unless necessary within the framework of rating analysis.

8.3. All employees of the Rating Service shall take all reasonable measures in order to protect property and records in possession of the Agency from fraud, theft or unauthorized used. In particular:

- a) Under no circumstances should this information be sent by electronic mail or any other means outside the Agency;

- b) It is forbidden to provide access to the computer with this information to third parties;
- c) It is forbidden to leave unattended any paper documents containing confidential information;
- d) Any destruction of the documents shall be carried out in confidential form.

## 9. Cases when Rating-Agentur Expert RA GmbH will refrain from issuing a rating or rating outlook

9.1. In accordance with the EU CRA Regulation the Agency shall not issue a rating or rating outlook in any of the following circumstances:

- a) The Agency or its employees, directly or indirectly own 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;
- b) A shareholder or a member of the Agency holding 10 % or more of either the capital or the voting rights of the Agency or being otherwise in a position to exercise significant influence on the business activities of the 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;
- c) The rated entity or a related third party is directly or indirectly linked to the credit rating agency by control;
- d) Rated entity or a related third party which holds 10 % or more of either the capital or the voting rights of the Agency;
- e) Employee of the Agency is a member of the administrative or supervisory board of the rated entity or a related third party;
- f) A shareholder holding 10 % or more of either the capital or the voting rights of the Agency or being otherwise in a position to exercise significant influence on the business activities of the Agency, is a member of the administrative or supervisory board of the rated entity or a related third party;

g) A rating expert, who participated in determining a credit rating, has had a relationship with the rated entity or a related third party, which may cause a conflict of interests.

For the cases when circumstances mentioned above are identified for the existing rating or rating outlook the Agency shall immediately assess whether there are grounds for re-rating or withdrawing this rating or rating outlook and immediately disclose if it could be potentially affected by these circumstances.

Furthermore, the Agency shall disclose when the rating or rating outlook could be potentially affected by the following circumstances:

- a shareholder or member of a credit rating agency holding 5 % 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, 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. This excludes 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;
- a shareholder or member of a credit rating agency holding 5 % 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.

Provided that the information is known or should be known by the credit rating agency, the obligations in point 9.1. (b), (d) and (f) and the points mentioned in the paragraph above shall also relate to: indirect shareholders covered by Article 10 of Directive 2004/109/EC and companies that control or exercise a dominant influence, directly or indirectly, on Agency, and which are covered by Article 10 of Directive 2004/109/EC.

9.2. Occurrence of the circumstances mentioned in the point above shall be monitored and controlled by the Compliance Officer of the Agency who shall ask all employees of the Agency to fill in questionnaires and forms provided in the annexes to this Policy, conduct regular interviews with employees of the Agency checking for these circumstances and monitor public sources of information. Regarding the shareholders of the Agency – the Compliance Officer shall regularly provide them a list of rating clients (both actual and potential) and ask if for any

of the clients the circumstances indicated in points 9.1. (b), (d) and (f) apply. The Compliance Officer shall also check if any new client or potential client is included in the list of the Agency's shareholders. In case any of the above occurrences are identified, the Compliance Officer shall inform the Managing director about the necessity to immediately assess whether there are grounds for re-rating or withdrawing ratings or rating outlooks concerned and immediately disclose if they could be potentially affected by these circumstances. These occurrences and actions taken to address them shall be included in the Compliance Officer report to the Advisory Board of the Agency.

## 10. Review and approval of rating methodologies

- 10.1. Rating-Agentur Expert RA GmbH has established a review function, which is responsible for periodically reviewing its methodologies, models and key rating assumptions or any significant changes or modifications thereto.
- 10.2. The Review function is independent from the business lines, which are responsible for credit rating activities and reports to the Advisory Board of the Agency.
- 10.3. All rating methodologies used by the Agency are reviewed at least annually by the methodological committee and all changes of these methodologies shall be approved by the voting of independent members of the advisory board in order to enter in force. This structure assures independent assessment of methodologies and fair judgments during the approval of methodology changes. The shareholders of the Agency do not have any opportunity to have influence on rating methodologies and the approval of methodologies is independent of business interests of the Agency.

## 11. Responsibility for violation of this Policy

- 11.1. 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.
- 11.2. 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.
- 11.3. The control over implementation of the conflicts of interest policy shall be done by the Compliance Officer, who shall report on these activities to the Managing Director and Advisory Board of the Agency.

## 12. Contact Information

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

Walter-Kolb-Straße 9-11,  
60594 Frankfurt am Main, Germany.  
T: +49 (069) 3085 4500

Information: [info@raexpert.eu](mailto:info@raexpert.eu)

Compliance: [compliance@raexpert.eu](mailto:compliance@raexpert.eu)

Official web page: [www.raexpert.eu](http://www.raexpert.eu)

## ANNEX 1 – Sample Conflict of Interest Questionnaire

(To be completed by all employees of the Rating Service at the start of their employment)

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 the 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)

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b. Do you or your family members hold director, trustee or board committee positions in any other company which competes with Rating-Agentur Expert RA GmbH?

- No
- Yes (specify the company/companies and positions)

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c. 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 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 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 minimal 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)
- 

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 and will act according it during my employment at Rating-Agentur Expert RA GmbH and where specifically required by the Policy after the termination of my employment at the Agency.
- 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 all employees 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)
- 

2. I do not have any conflicts of interests with of any of the entities considered on this rating committee.

- Yes
  - No (provide clarifications)
- 

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: