

POLICY ON CONFLICTS OF INTEREST

May 2019

The present policy is disclosed in accordance with Point 1 of Section E of Annex I to Regulation (EC) 1060/2009 of the European Parliament and of the Council of 16 September 2009 on Credit Rating Agencies (the "CRA Regulation") and should be read together with Inbonis List of actual and potential conflicts of interest available on Inbonis Website.

This policy is to ensure that Inbonis complies with its obligations under the CRA regulation relating to the prevention, identification, management and disclosure of conflicts of interest.

The present policy is an abstract of Inbonis internal Policy on Conflict of interest and is applicable to Inbonis employees, shareholders and members of the Board of Directors.

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1) Prevention of conflicts of interest

1.1- General requirements as to conflicts of interest

Provided that the information is known or should be known by Inbonis, the obligation mentioned in the below points shall relate to:

- o indirect shareholders covered by Article 10 of Directive 2004/109/EC; and
- o companies that control or exercise a dominant influence, directly or indirectly, on Inbonis, and which are covered by Article 10 of Directive 2004/109/EC.

(i) Situations where it is prohibited to issue a credit rating

Inbonis shall not issue a credit rating in any of the following circumstances.

- Situations concerning Rating Analysts:
 - An Inbonis Rating Analyst, 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;
 - An Inbonis Rating Analyst is a member of the administrative or supervisory board of the rated entity or a related third party; or
 - An Inbonis Rating Analyst has had a recent employment, business or other relationship with the rated entity or a related third party which may cause a conflict of interest.
- Situations concerning Inbonis:
 - Inbonis, 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;
 - The credit rating is issued with respect to the rated entity or a related third party directly or indirectly linked to Inbonis by control;
 - The credit rating is issued with respect to a rated entity or a related third party which holds, directly or indirectly, 10% or more of Inbonis capital or voting rights;
- Situations concerning Inbonis' shareholders:
 - A shareholder holding 10% or more of Inbonis capital or voting rights or a person otherwise in a position to exercise significant influence on Inbonis business activities, holds, directly or indirectly, 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;
 - A shareholder holding 10% or more of Inbonis capital or the voting rights or a person otherwise being in a position to exercise significant influence on Inbonis business activities, is a member of the administrative or supervisory board of the rated entity or a related third party;

In addition, in accordance with the CRA Regulation, shareholders holding, directly or indirectly, at least 5 % of Inbonis capital or voting rights or being otherwise in a position to exercise significant influence on Inbonis business activities:

- shall refrain from providing consultancy or advisory services to rated entities or related third party regarding the corporate or legal structure, assets, liabilities or activities of that rated entity or related third party.
- shall be prohibited from:
 - a) holding 5 % or more of the capital of any other credit rating agency;
 - 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.

The prohibition referred to in point (a) above 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 in a position to exercise significant influence on the business activities of those schemes.

The prohibitions referred to in point (a) to (e) do not apply to investments in other credit rating agencies belonging to the same group of credit rating agencies.

(ii) Prohibitions regarding ancillary services

In order to avoid conflict of interest arising from the provision of ancillary services Inbonis shall refrain from proposing consultancy or advisory services to rated entities or related third party regarding their corporate or legal structure, assets, liabilities or activities.

The list of ancillary services provided by Inbonis is available on Inbonis Website.

1.2- Process to ensure compliance with general conflicts of interest requirements

(i) As regards potential conflicts of interest with related third parties

Inbonis Rating Analysts and shareholders holding more than 5% of Inbonis capital or voting rights shall regularly fill in a Conflict of Interest Statement that should also be updated immediately in case of relevant changes.

In addition, Inbonis Rating Process requires the mandatory signature by the lead and approving Rating Analysts of a self-declaration relating to the absence of any relationship with the rated company.

Finally, Inbonis and Inbonis Rating Analysts shall refrain from doing any preliminary ratings: the communication with rated entity and related third party shall strictly follow the rules set out in Inbonis Rating Process.

(ii) As regards potential conflicts of interest arising from ancillary services

Prior to decide to initiate the rating process of a rated entity, Inbonis verifies whether the rated entity or related third party has received Inbonis ancillary services, in which case, no credit rating shall be issued. Conversely, Inbonis shall ensure that Inbonis does not provide ancillary services to rated entities.

2) Identification and disclosure of actual or potential conflict of interest

Inbonis shall carry out on a regular basis, an internal assessment identifying:

- any potential conflicts of interest with related third parties,
- any potential conflicts of interest arising from the carrying out of ancillary services,

On the basis of such internal assessment, Inbonis shall establish and update on a regular basis an Inventory of Conflicts of Interest listing potential and actual conflict of interests. Such Inventory is available on Inbonis Website as per Point 1 of Section E of Annex 1 to the CRA Regulation.

3) Rules on Inbonis Rating Analysts

3.1- Prohibition from carrying out certain actions relating to rated entities

Inbonis Rating Analysts, persons closely associated with them (e.g., spouse, or dependent) and entities managed by Inbonis Rating Analysts shall not buy or sell or engage in any transaction in any financial instrument issued, guaranteed, or otherwise supported by any rated entity within their area of primary analytical responsibility other than holdings in diversified collective investment schemes, including managed funds such as pension funds or life insurance.

3.2- Prohibition from participating in the rating process on certain entities

Inbonis Rating Analysts shall not participate in or otherwise influence the determination of a credit rating of any particular rated entity if Inbonis Rating Analysts or persons closely associated with them:

- owns financial instruments of the rated entity, other than holdings in diversified collective investment schemes;
- owns financial instruments of any entity related to a rated entity, the ownership of which may cause or may be generally perceived as causing a conflict of interest, other than holdings in diversified collective investment schemes;
- has had a recent employment, business or other relationship with the rated entity that may cause or may be generally perceived as causing a conflict of interest.

3.3- Transparency obligations

If Inbonis Rating Analysts become involved in a business or personal relationship with a rated entity (including, for example, a personal relationship with an employee of a rated entity), they shall disclose it to Inbonis Compliance Officer.

More generally, Inbonis Rating Analysts shall inform Inbonis Compliance Officer of any situation that may create an actual or potential conflict of interest.

3.4- Obligations relating to confidential information

Inbonis Rating Analysts shall take all reasonable measures to protect confidential information and records in possession of Inbonis from fraud, theft or misuse, in particular by complying with the rules laid down in Inbonis Record Keeping Policy.

Inbonis Rating Analysts are prohibited from:

- using or sharing confidential information for the purpose of trading financial instruments, or for any other purpose except the conduct of the credit rating activities;

- disclosing confidential information entrusted to Inbonis with other Rating Analysts, Inbonis Employees or other persons where disclosure is not necessary in connection with Inbonis credit rating activities;
- using or disclosing confidential information received from a rated entity or related third party in violation of the terms of any applicable agreement or mutual understanding that Inbonis will keep the information confidential
- disclosing any confidential information about credit ratings, possible future credit ratings of Inbonis, except to the rated entity or a related third party in the conditions laid down in Inbonis Rating Process.

3.5- Training obligations

Inbonis Rating Analysts shall attend the mandatory compliance trainings organised regularly by Inbonis Compliance Officer and undergo the relevant examinations.

3.6- Prohibition of acceptance of money, gifts or favours

Inbonis Rating Analysts and persons closely associated with them, shall not solicit or accept money, gifts or favors from anyone with whom Inbonis does business. This shall apply to any tangible favor or gifts, other than business supplies (such as pens and note pads) or food and beverage of a value exceeding 25 euros.

In case of receiving an unsolicited gift of favour from a person or entity which whom Inbonis does business, including a rated entity or related third party, Inbonis Rating Analysts shall report to Inbonis Compliance Officer who shall advise on the appropriate procedure to follow.

In case of any doubts about this prohibition, Inbonis Rating Analysts shall refer to Inbonis Compliance Officer.

3.7- Prohibition from participating in credit rating fee negotiations

Under no circumstances, shall Inbonis Rating Analysts initiate or participate in negotiations regarding fees or payments with any rated entity, related third party or any person directly or indirectly linked to the rated entity by control.

3.8- Obligations upon terminating employment at Inbonis

Upon terminating their employment at Inbonis, Inbonis Rating Analysts shall carry out an exit interview with Inbonis Compliance Officer.

After terminating their employment at Inbonis, Inbonis rating analysts shall not take up a key management position with a rated entity or a related third party within six months of the issuing of a credit rating and shall, in any event, inform Inbonis if they join a rated entity after.

4) Segregation of the rating process from the fee discussions

Any potential fee discussions are handled exclusively by Inbonis Commercial Department and Rating Analysts do not participate in any fee discussions nor have access to any fee-related information.

5) Independence of Inbonis Rating Analysts

5.1- General requirements

Inbonis ensures that:

- Inbonis Rating Analysts have the necessary resources and expertise to carry out their mission and meet the minimum qualification requirements set out in Inbonis Rating Analysts Recruitment and Evaluation Policy;
- Inbonis Rating Analysts have direct access to Inbonis Supervisory Committee;
- Inbonis Rating Analysts strictly comply with Inbonis Credit Rating Process which is designed to ensure that Inbonis Rating Analysts carry out their rating activities in an objective and unbiased way;
- the performance evaluation and compensation of Inbonis Rating Analysts is not linked to the business performance of Inbonis and arranged so as to ensure the independence of their judgements, in accordance with Inbonis Rating Analysts Recruitment and Evaluation Policy.
- Inbonis Employees, including the members of Inbonis Board of Directors, other than Inbonis Rating Analysts, do not participate in any capacity in the decision process with respect to credit ratings or seek to cause a Rating Analyst to reach any particular conclusion on a credit rating or alter any conclusion arrived at by such Rating Analyst.

5.2- Rotation of Inbonis Rating Analysts

Inbonis shall ensure that:

- Lead Rating Analysts shall not be involved in credit rating activities related to the same rated entity or a related third party for a period exceeding four years, with a cooling off period of two years in between assignments involving the same rated entity or related third party;
- In case of unsolicited ratings:
 - Lead Rating Analysts shall not be involved in credit rating activities related to the same rated entity or a related third party for a period exceeding five years, with a cooling off period of 2 years in between assignments involving the same rated entity or related third party;
 - Approving Rating Analysts shall not be involved in credit rating activities related to the same rated entity or a related third party for a period exceeding seven years, with a cooling off period of 2 years in between assignments involving the same rated entity or related third party.

This shall also concern the Head of Rating where he or she has been involved in credit rating activities for the same rated entity as lead or approving Rating Analyst. Inbonis Compliance Officer shall monitor the rotation mechanism.

Where Inbonis Compliance Function identifies that a Rating Analyst is about to fall within one of the situations mentioned above, it shall advise Inbonis Head of Rating that the credit rating process, monitoring process or review process shall be reassigned to another lead or approving Rating Analyst.

5.3- Termination of Inbonis Rating Analysts' employment

Where a Rating Analyst terminates his or her employment at Inbonis, Inbonis Compliance Function shall remind the prohibition set out in the CRA Regulation to join a rated entity within six months of the termination of his or her employment and of the obligation to inform Inbonis if he or she joins a rated entity thereafter. Inbonis Compliance Officer shall monitor during the legal timeframe that Rating Analysts comply with these obligations.

5.4- Compliance trainings

Inbonis Compliance Officer shall organise at regular time intervals compliance training to Inbonis employees which shall cover in particular the rules set out in Inbonis Internal Conflict of Interest Policy as well as the specific trainings to Inbonis Rating Analysts.

6) Enforcement and monitoring of this policy

Inbonis CEO shall have the overall responsibility to enforce this policy and the specific responsibilities assigned to them in this policy. Inbonis Compliance Office shall have the responsibility to ensure that the policy is enforced and applied by all relevant Inbonis Employees, shareholders and members of the Board of Directors for whom this policy applies. In addition, Inbonis Supervisory Committee shall have the specific task of monitoring the effectiveness of measures and procedures instituted to ensure that any conflicts of interest are identified, eliminated or managed and disclosed, pursuant to Inbonis Policy on Inbonis Supervisory Committee and the Internal Audit Function.

7) Breach of this policy and procedure for reporting to ESMA

Any Inbonis Employee who violates this policy may be subject to discipline by Inbonis, up to and including termination of employment.

If a breach to this policy results in a breach of the conditions for Inbonis initial registration, Inbonis Supervisory Committee shall inform ESMA of the breach.