



CREDIT
RATINGS

Code of Conduct and Code of Ethics

MFR Credit Ratings

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Abbreviations and definitions

Abbreviations

BoD	Board of Directors
CEO	Chief Executive Officer
CRAs	Credit Rating Agencies
IOSCO	International Organization of Securities Commissions
MFR	MicroFinanza Rating S.r.l.
MFR CR	MFR Credit Ratings S.r.l.

Definitions

Analyst	CRA employee who performs analytical functions that are necessary for the issuing or monitoring of a credit rating or participates in determining credit ratings, including an employee involved in a credit rating committee.
Code	Meaning set forth in the Introduction.
Confidential Information	Information received by MFR CR from an issuer or its accountants, attorneys, or other agents which has been marked "Proprietary and Confidential" or in respect of which MFR CR has received from the issuer specific written notice of its proprietary and confidential nature. Notwithstanding the foregoing, information disclosed by the issuer or its accountants, attorneys, or other agents shall not be deemed to be Confidential Information if such information (i) was substantially known by MFR CR at the time of such disclosure, (ii) was known to the public at the time of such disclosure, (iii) becomes known to the public (other than by MFR CR's act) subsequent to such disclosure, (iv) is disclosed lawfully to MFR CR by a third party subsequent to such disclosure, (v) is developed independently by MFR CR without reference to the Confidential Information, (vi) is approved in writing by the issuer for public disclosure, or (vii) is required to be disclosed by any law, rule or regulation or is disclosed at the request of any governmental agency or authority.
Credit Ratings	assessments on the general creditworthiness of an obligor (issuer) or of its creditworthiness in relation to a particular security or financial obligation and the relative likelihood that it may default, taking into account the foreseeable future events.
Employee	any individual who is involved in the credit rating process for MFR CR on a full- time, part-time, or temporary basis, including any individual working as a contractor, provided that such contractor is involved in the credit rating process and includes employees who are associated directly or indirectly with the rating business.
Facility	A bank facility.
Immediate Relative	An employee's spouse. It also includes parents, siblings, and children of such person or of the spouse, any of whom is either dependent financially on such person or consults such person in taking decisions relating to trading in securities.

IOSCO	The International Organization of Securities Commissions (IOSCO) is the international body that brings together the world's securities regulators and is recognized as the global standard setter for the securities sector.
IOSCO Code	The IOSCO Code of Conduct Fundamentals for Credit Rating Agencies (the "IOSCO CRA Code") is intended to offer a set of robust, practical measures as a guide to and a framework for CRAs with respect to protecting the integrity of the rating process, ensuring that investors and issuers are treated fairly, and safeguarding confidential material information provided them by issuers.
Issue	The securities, facilities or equivalent of the Issuer to whom a credit rating is assigned by MFR CR.
Issuer	The entity whose securities, facilities or equivalent are assigned a credit rating by MFR CR. On occasions the Issuer itself may be assigned a credit rating by MFR CR.
Rating Action	Any initial rating, any change, withdrawal of an existing rating, any Rating Watch action or the assignment of a new Outlook or any other action as may be permitted by regulations.

Introduction

Purpose and scope of the document

MFR CR's Code of Conduct (the "Code") has fully adopted the Code of Conduct Fundamentals for Credit Rating Agencies of the International Organization of Securities Commissions (the "IOSCO Code"). The IOSCO Code offers a set of robust, practical measures as a framework for CRAs. This framework ensures the integrity of the rating process, guarantees that investors and issuers are treated fairly, and recommends how to safeguard confidential information provided by issuers. As required under the IOSCO Code, exceptions to the IOSCO Code are also set forth in this Code.

Compliance with IOSCO Code and Exemptions

MFR CR adheres to the guidelines of the IOSCO contained in the Code of Conduct Fundamentals for Credit Rating Agencies. MFR CR understands, however, that the laws and regulations of the jurisdictions in which it operates will take precedence over the IOSCO Code.

MFR CR gives full effect to the IOSCO Code, with the exception to:

- a. any reference made to credit rating classes which are not provided by MFR CR, such as the sovereign ratings and the structured finance credit ratings (more in details with reference to points 2.6(d), 2.9, 2.11, 2.14(d), 3.7, 3.15);
- b. For the time being, given the size of MFR CR, it will not establish a specific function (including policies, procedures, and controls) charged with receiving, retaining, and handling complaints from market participants and the public (more details in point 5.3).

Code of Conduct

1. Quality and Integrity of the Credit Rating Process

Quality of the Credit Rating Process

1.1 MFR CR will establish, maintain, document, and enforce a credit rating methodology for each class of entity or obligation for which it issues credit ratings. Each credit rating methodology will be rigorous, capable of being applied consistently, and, where possible, result in credit ratings that can be subjected to some form of objective validation based on historical experience.

1.2 Credit ratings will reflect all information known and believed to be relevant to MFR CR, consistent with the applicable credit rating methodology that is in effect. Therefore, MFR CR will establish, maintain, document, and enforce policies, procedures, and controls to ensure that the credit ratings and related reports it disseminates are based on a thorough analysis of all such information.

1.3 MFR CR will adopt reasonable measures designed to ensure that it has the appropriate knowledge and expertise, and that the information it uses in determining credit ratings is of sufficient quality and obtained from reliable sources to support a high-quality credit rating.

1.4 MFR CR will avoid issuing credit ratings for entities or obligations for which it does not have appropriate information, knowledge, and expertise. For example, where the complexity of a security or the structure of a type of security, or the lack of robust data about the assets underlying the security raise serious questions as to whether MFR CR can determine a high-quality credit rating for the security, MFR CR will refrain from issuing a credit rating.

1.5 In assessing creditworthiness, analysts involved in the credit rating action will use the credit rating methodology established by MFR CR for the type of entity or obligation that is subject to the credit rating action. The credit rating methodology will be applied in a manner that is consistent across all entities or obligations for which that methodology is used.

1.6 MFR CR will define the meaning of each category in its rating scales and apply those categories consistently across all classes of rated entities and obligations to which a given rating scale applies.

1.7 Credit ratings will be assigned by MFR CR as an entity (not by an analyst or other employee of MFR CR).

1.8 MFR CR will assign analysts who, individually or collectively (particularly where credit rating committees are used), have appropriate knowledge and experience for assessing the creditworthiness of the type of entity or obligation being rated.

1.9 MFR CR will maintain internal records that are accurate and sufficiently detailed and comprehensive to reconstruct the credit rating process for a given credit rating action. The records will be retained for as long as necessary to promote the integrity of MFR CR's credit rating process, including to permit internal audit, compliance, and quality control functions to review past credit rating actions in order to carry out the responsibilities of those functions. Further, MFR CR will establish, maintain, document, and enforce policies, procedures, and controls designed to ensure that its employees comply with MFR CR's internal record maintenance, retention, and disposition requirements and with applicable laws and regulations governing the maintenance, retention, and disposition of MFR CR records.

1.10 MFR CR will establish, maintain, document, and enforce policies, procedures, and controls designed to avoid issuing credit ratings, analyses, or reports that contain misrepresentations or are otherwise misleading as to the general creditworthiness of a rated entity or obligation.

1.11 MFR CR will ensure that it has and devotes sufficient resources to carry out and maintain high quality credit ratings. When deciding whether to issue a credit rating for an entity or obligation, MFR CR will assess whether it is able to devote a sufficient number of analysts with the skill sets to determine high quality credit ratings, and whether the analysts will have access to sufficient information in order to determine a high-quality credit rating.

1.12 MFR CR will establish and maintain a review function made up of one or more senior managers with appropriate experience to review the feasibility of providing a credit rating for a type of entity or obligation that is materially different from the entities or obligations MFR CR currently rates.

1.13 MFR CR will establish and maintain a review function made up of one or more senior managers responsible for conducting a rigorous, formal, and periodic review, on a regular basis pursuant to an established timeframe, of all aspects of MFR CR's credit rating methodologies (including models and key assumptions) and significant changes to the credit rating methodologies. Where feasible and appropriate for the size and scope of its credit rating business, this function will be independent of the employees who are principally responsible for determining credit ratings.

1.14 MFR CR, in selecting the analyst or analysts who will participate in determining a credit rating, will seek to promote continuity but also to avoid bias in the credit rating process. For example, in seeking to balance the objectives of continuity and bias avoidance, MFR CR could assign a team of analysts to participate in determining the credit rating – some for whom the rated entity or obligation is within their area of primary analytical responsibility and some of whom have other areas of primary analytical responsibility.

1.15 MFR CR will ensure that sufficient employees and financial resources are allocated to monitoring and updating all its credit ratings. Except for a credit rating that clearly indicates it does not entail ongoing surveillance, once a credit rating is published, MFR CR will monitor the credit rating on an ongoing basis by:

- a. reviewing the creditworthiness of the rated entity or obligation regularly;
- b. initiating a review of the status of the credit rating upon becoming aware of any information that might reasonably be expected to result in a credit rating action (including withdrawal of a credit rating), consistent with the applicable credit rating methodology;
- c. reviewing the impact of and applying a change in the credit rating methodologies, models or key rating assumptions on the relevant credit ratings within a reasonable period of time;
- d. updating on a timely basis the credit rating, as appropriate, based on the results of such review; and
- e. incorporating all cumulative experience obtained.

1.16 If MFR CR uses separate analytical teams for determining initial credit ratings and for subsequent monitoring of existing credit ratings, each team will have the requisite level of expertise and resources to perform their respective functions in a timely manner.

1.17 MFR CR will establish, maintain, document, and enforce policies and procedures that clearly set forth guidelines for disseminating credit ratings that are the result or subject of credit rating actions and the related reports, and for when a credit rating will be withdrawn.

Integrity of the Credit Rating Process

1.18 MFR CR and its employees will deal fairly and honestly with rated entities and users of credit ratings.

1.19 MFR CR's employees will be held to the highest standards of integrity and ethical behavior, and MFR CR will have policies and procedures in place that are designed to ensure that individuals with compromised integrity are not employed.

1.20 MFR CR and its employees will not, either implicitly or explicitly, give any assurance or guarantee to an entity subject to a rating action or to a user of the MFR CR's credit ratings about the outcome of a particular credit rating action. This does not preclude MFR CR from developing preliminary indications in a manner that is consistent with Provision 1.22 of the present Code.

1.21 MFR CR and its employees will not make promises or threats about potential credit rating actions to influence rated entities or users of MFR CR's credit ratings (e.g., subscribers) to pay for credit ratings or other services.

1.22 MFR CR and its employees will not make proposals or recommendations regarding the activities of rated entities that could impact a credit rating of the rated entity, including but not limited to proposals or recommendations about corporate or legal structure, assets and liabilities, business operations, investment plans, lines of financing, business combinations.

1.23 In each jurisdiction in which MFR CR operates, MFR CR will establish, maintain, document, and enforce policies, procedures, and controls designed to ensure that MFR CR and its employees comply with MFR CR's code of conduct and applicable laws and regulations.

- a. MFR CR will establish a compliance function responsible for monitoring and reviewing the compliance of MFR CR and its employees with the provisions of MFR CR's code of conduct and with applicable laws and regulations.
- b. The compliance function will also be responsible for reviewing the adequacy of MFR CR's policies, procedures, and controls designed to ensure compliance with MFR CR's code of conduct and applicable laws and regulations.
- c. MFR CR will assign a senior level employee with the requisite skill set to serve as MFR CR's compliance officer in charge of the compliance function. The compliance officer's reporting lines and compensation will be independent of MFR CR's credit rating operations.

1.24 Upon becoming aware that another employee or an affiliate of MFR CR is or has engaged in conduct that is illegal, unethical, or contrary to MFR CR's code of conduct, the MFR CR employee shall report such information immediately to the compliance officer or another officer of MFR CR, as appropriate, so proper action may be taken. MFR CR's employees are not necessarily expected to be experts in the law. Nonetheless, MFR CR employees are expected to report activities that a reasonable person would question. Upon receiving such a report from an employee, MFR CR is obligated to take appropriate action, as determined by the laws and regulations of the jurisdiction and the policies, procedures, and controls established, maintained, documented, and enforced by MFR CR. MFR CR will prohibit retaliation by MFR CR or an employee against any employees who, in good faith, make such reports.

2. MFR CR Independence and Avoidance of Conflict of Interests

General

2.1 MFR CR will not delay or refrain from taking a credit rating action based on the potential effect (economic, political, or otherwise) of the action on MFR CR, a rated entity, investor, or other market participant.

2.2 MFR CR and its employees will use care and professional judgment to maintain both the substance and appearance of MFR CR's and its employees' independence and objectivity.

2.3 MFR CR's determination of a credit rating will be influenced only by factors relevant to assessing the creditworthiness of the rated entity or obligation.

2.4 The credit rating MFR CR assigns to an entity or obligation will not be affected by whether there is an existing or potential business relationship between MFR CR (or its affiliates) and the rated entity (or any of their affiliates), or any other party.

2.5 MFR CR will operationally, legally, and, if practicable, physically separate its credit rating business and its analysts from any other businesses of MFR CR that may present a conflict of interest. For other businesses that do not necessarily present a conflict of interest, MFR CR will establish, maintain, document, and enforce policies, procedures, and controls designed to minimize the likelihood that conflicts of interest will arise. MFR CR will disclose why it believes those other businesses do not present a conflict of interest with its credit rating business.

MFR CR's Policies, Procedures, Controls and Disclosures

2.6 MFR CR will establish, maintain, document, and enforce policies, procedures, and controls to identify and eliminate, or manage and disclose, as appropriate, any actual or potential conflicts of interest that may influence the credit rating methodologies, credit rating actions, or analyses of MFR CR or the judgment and analyses of MFR CR's employees. Among other things, the policies, procedures, and controls will address (as applicable to MFR CR's business model) how the following conflicts can potentially influence MFR CR's credit rating methodologies or credit rating actions:

- a. being paid to issue a credit rating by the rated entity;
- b. being paid by subscribers with a financial interest that could be affected by a credit rating action of MFR CR;
- c. being paid by rated entities or subscribers for services other than issuing credit ratings or providing access to MFR CR's credit ratings;
- d. not applicable because MFR CR does not issue structured finance credit ratings¹;
- e. having a direct or indirect ownership interest in a rated entity or obligor, or having a rated entity or obligor have a direct or indirect ownership interest in MFR CR.

2.7 MFR CR will disclose actual and potential conflicts of interest (including, but not limited to, those conflicts of interest identified in *Principle 2.6* above) in a complete, timely, clear, concise, specific, and prominent manner. When the actual or potential conflict of interest is unique or specific to a credit rating action with respect to a particular rated entity, such conflict of interest will be disclosed in the same form and through the same means as the relevant credit rating action.

2.8 MFR CR will disclose the general nature of its compensation arrangements with rated entities.

- a. When MFR CR receives from a rated entity compensation unrelated to its credit rating services, MFR CR will disclose such unrelated compensation as a percentage of total annual compensation received from such rated entity, in the relevant credit rating report or elsewhere, as appropriate.
- b. MFR CR will disclose in the relevant credit rating report or elsewhere, as appropriate, if it receives 10% or more of its annual revenue from a single client (e.g., a rated entity, or any of their affiliates).

¹ The original clause includes in the potential conflicts: *providing a preliminary indication or similar indication of credit quality to an entity, obligor, originator, underwriter, or arranger prior to being hired to determine the final credit rating for the entity, obligor, originator, underwriter, or arranger.*

2.9 Not applicable as MFR CR does not rate structured finance².

2.10 MFR CR will not hold or transact in trading instruments presenting a conflict of interest with MFR CR's credit rating activities.

2.11 Not applicable as MFR CR does not issue sovereign ratings³.

MFR CR's Employee Independence

2.12 Reporting lines for MFR CR's employees and their compensation arrangements will be structured to eliminate or effectively manage actual and potential conflicts of interest.

- a. An MFR CR employee who participates in or who might otherwise have an effect on a credit rating action with respect to an entity will not be compensated or evaluated on the basis of the amount of revenue that MFR CR derives from that entity.
- b. MFR CR will conduct formal and periodic reviews of its compensation policies, procedures, and practices for MFR CR employees who participate in or who might otherwise have an effect on a credit rating action to ensure that these policies, procedures, and practices have not compromised and do not compromise the objectivity of MFR CR's credit rating process.

2.13 MFR CR's employees who participate in or who might otherwise have an effect on a credit rating action will not initiate or participate in discussions with rated entities or subscribers regarding fees or payments charged to such rated entity or subscriber.

2.14 An MFR CR employee will not participate in or otherwise influence MFR CR's credit rating action with respect to an entity if the employee, an immediate family member of the employee (e.g., spouse, domestic partner, or dependent), or an entity managed by the employee (e.g., a trust):

- a. Holds or transacts in a trading instrument issued by the rated entity;
- b. Holds or transacts in a trading instrument (other than a diversified collective investment scheme) that itself owns an interest in the rated entity or obligor, or is a derivative based on a trading instrument issued by the rated entity or obligor;
- c. Holds or transacts in a trading instrument issued by an affiliate of the rated entity, the ownership of which may cause or may be perceived as causing a conflict of interest with respect to the employee or MFR CR;
- d. Not applicable because MFR CR does not issue structured finance ratings⁴;
- e. Is currently employed by, or had a recent employment or other significant business relationship with the rated entity that may cause or may be perceived as causing a conflict of interest;
- f. Is a director of the rated entity; or
- g. Has, or had, another relationship with or interest in the rated entity (or any of their affiliates) that may cause or may be perceived as causing a conflict of interest.

² The original clause states that: *A CRA should disclose in its credit rating announcement whether the issuer of a structured finance product has informed the CRA that it is publicly disclosing all relevant information about the obligation being rated or if the information remains non-public.*

³ The original clause states that: *In instances where rated entities or obligors (e.g., sovereign nations or states) have, or are simultaneously pursuing, oversight functions related to the CRA, the employees responsible for interacting with the officials of the rated entity or the obligor (e.g., government regulators) regarding supervisory matters should be separate from the employees that participate in taking credit rating actions or developing or modifying credit rating methodologies that apply to such rated entity or obligor.*

⁴ The original clause states that: *A CRA's employee will not participate in/influence the CRA's credit rating action if the employee, an immediate family member of the employee, or an entity managed by the employee: "holds or transacts in a trading instrument issued by a lead underwriter or arranger of the rated obligation, the ownership of which may cause or may be perceived as causing a conflict of interest with respect to the employee or the CRA.*

2.15 An MFR CR analyst will not hold or transact in a trading instrument issued by a rated entity in the analyst's area of primary analytical responsibility. This would not preclude an analyst from holding or trading a diversified collective investment scheme that owns a trading instrument issued by a rated entity or obligor in the analyst's area of primary analytical responsibility.

2.16 An MFR CR employee will be prohibited from soliciting money, gifts, or favors from anyone with whom MFR CR does business and will be prohibited from accepting gifts offered in the form of cash or cash equivalents or any gifts exceeding a minimal monetary value.

2.17 A MFR CR employee who becomes involved in a personal relationship (including, for example, a personal relationship with an employee of a rated entity) that creates an actual or potential conflict of interest will be required under MFR CR's policies, procedures, and controls to disclose the relationship to the compliance officer or another officer of MFR CR, as appropriate.

2.18 MFR CR will establish, maintain, document, and enforce policies, procedures, and controls for reviewing without unnecessary delay the past work of an analyst who leaves the employ of MFR CR and joins an entity that the employee participated in rating, or any of their affiliates.

3. MFR CR Responsibilities to the Investing Public and Rated Entities

Transparency and Timeliness of Credit Ratings Disclosure

3.1 MFR CR will assist investors and other users of credit ratings in developing a greater understanding of credit ratings by disclosing in plain language, among other things, the nature and limitations of credit ratings and the risks of unduly relying on them to make investment or other financial decisions. Being subject to registration and oversight program administered by a regional or national authority will not state or imply that the authority endorses its credit ratings or use its registration status to advertise the quality of its credit ratings.

3.2 MFR CR will disclose sufficient information about its credit rating process and its credit rating methodologies, so that investors and other users of credit ratings can understand how a credit rating was determined by MFR CR.

3.3 MFR CR will disclose a material modification to a credit rating methodology prior to the modification taking effect unless doing so would negatively impact the integrity of a credit rating by unduly delaying the taking of a credit rating action. In either case, MFR CR will disclose the material modification in a non-selective manner.

3.4 MFR CR will disclose its policies and procedures that address the issuance of unsolicited credit ratings.

3.5 MFR CR will disclose its policies and procedures for distributing credit ratings and reports, and for when a credit rating will be withdrawn.

3.6 MFR CR will disclose clear definitions of the meaning of each category in its rating scales, including the definition of default.

3.7 Not applicable because MFR does not issue structured finance credit ratings⁵.

3.8 MFR CR will be transparent with investors, rated entities, obligors, originators, underwriters, and arrangers about how the relevant entity or obligation is rated.

⁵ The original clause states that: *The CRA will differentiate credit ratings of structured finance products from credit ratings of other types of entities or obligations, preferably through a different credit rating identifier. The CRA will also disclose how this differentiation functions.*

3.9 Where feasible and appropriate, MFR CR will inform the rated entity about the critical information and principal considerations upon which a credit rating will be based prior to disseminating a credit rating that is the result or subject of the credit rating action and afford such rated entity an adequate opportunity to clarify any factual errors, factual omissions, or factual misperceptions that would have a material effect on the credit rating. MFR CR will duly evaluate any response from such rated entity. Where in particular circumstances MFR CR has not informed such rated entity prior to disseminating a credit rating action, MFR CR will inform such rated entity as soon as practical thereafter and, generally, will explain why MFR CR did not inform such rated entity prior to disseminating the credit rating action.

3.10 When MFR CR publicly discloses or distributes to its subscribers a credit rating that is the result or subject of the credit rating action, it will do so as soon as practicable after taking such action.

3.11 When MFR CR publicly discloses or distributes to its subscribers a credit rating that is the result or subject of a credit rating action, it will do so on a non-selective basis.

3.12 MFR CR will disclose with a credit rating that is the result or subject of a credit rating action whether the rated entity participated in the credit rating process. Each credit rating not initiated at the request of the rated entity will be identified as such.

3.13 MFR CR will clearly indicate the attributes and limitations of each credit rating, and the extent to which MFR CR verifies information provided to it by the rated entity. For example, if the credit rating involves a type of entity for which there is limited historical data, MFR CR will disclose this fact and how it may limit the credit rating.

3.14 MFR CR will indicate in the announcement of a credit rating that is the result or the subject of a credit rating action when the credit rating was last updated or reviewed. The credit rating announcement will also indicate the principal credit rating methodology or methodology version that was used in determining the credit rating and where a description of that credit rating methodology can be found. Where the credit rating is based on more than one credit rating methodology, or where a review of only the principal credit rating methodology might cause investors and other users of credit ratings to overlook important aspects of the credit rating, MFR CR will explain this fact in the credit rating announcement and indicate where to find a discussion of how the different credit rating methodologies and other important aspects factored into the credit rating decision.

3.15 Not applicable because MFR CR does not issue structured finance credit ratings⁶.

3.16 When issuing or revising a credit rating, MFR CR will explain in its announcement and/or report the key assumptions and data underlying the credit rating, including financial statement adjustments that deviate materially from those contained in the published financial statements of the relevant rated entity.

3.17 If MFR CR discontinues monitoring a credit rating for a rated entity, it will either withdraw the credit rating or disclose such discontinuation to the public or to its subscribers as soon as practicable. A publication by MFR CR of a credit rating that is no longer being monitored will

⁶ The original clause states that: *When rating a structured finance product, MFR CR will publicly disclose or distribute to its subscribers sufficient information about its loss and cash-flow analysis with the credit rating, so that investors in the product, other users of credit ratings, and/or subscribers can understand the basis for the MFR CR's credit rating. The MFR CR will also publicly disclose or distribute information about the degree to which it analyzes how sensitive a credit rating of a structured finance product is to changes in the assumptions underlying the applicable credit rating methodology.*

indicate the date the credit rating was last updated or reviewed, the reason the credit rating is no longer monitored, and the fact that the credit rating is no longer being updated.

3.18 To promote transparency and to enable investors and other users of credit ratings to compare the performance of different CRAs, MFR CR will disclose sufficient information about the historical transition and default rates of its credit rating categories with respect to the classes of entities it rates. This information will include verifiable, quantifiable historical information, organized over a period of time, and, where possible, standardized in such a way to assist investors and other users of credit ratings in comparing different CRAs. If the nature of the rated entity or other circumstances make such historical transition or default rates inappropriate, statistically invalid, or otherwise likely to mislead investors or other users of credit ratings, MFR CR will disclose why this is the case.

The Treatment of Confidential Information

3.19 MFR CR will establish, maintain, document, and enforce policies, procedures, and controls to protect confidential and/or material non-public information, including confidential information received from a rated entity, and non-public information about a credit rating action (e.g., information about a credit rating action before the credit rating is publicly disclosed or disseminated to subscribers).

- a. The policies, procedures, and controls will prohibit MFR CR and its employees from using or disclosing confidential and/or material non-public information for any purpose unrelated to MFR CR's credit rating activities, including disclosing such information to other employees where the disclosure is not necessary in connection with MFR CR's credit rating activities, unless disclosure is required by applicable law or regulation.
- b. The policies, procedures, and controls will require the MFR CR and its employees to take reasonable steps to protect confidential and/or material non-public information from fraud, theft, misuse, or inadvertent disclosure.
- c. With respect to confidential information received from a rated entity, the policies, procedures, and controls will prohibit the MFR CR and its employees from using or disclosing such information in violation of the terms of any applicable agreement or mutual understanding that the MFR CR will keep the information confidential, unless disclosure is required by applicable law or regulation.
- d. With respect to a pending credit rating action, the policies, procedures, and controls will prohibit the MFR CR and its employees from selectively disclosing information about the pending credit rating action, except to the rated entity, or as required by applicable law or regulation.

3.20 MFR CR will establish, maintain, document, and enforce policies, procedures, and controls designed to prevent violations of applicable laws and regulations governing the treatment and use of confidential and/or material non-public information.

3.21 MFR CR will establish, maintain, document, and enforce policies, procedures, and controls that prohibit employees that possess confidential and/or material non-public information concerning a trading instrument from engaging in a transaction in the trading instrument or using the information to advise or otherwise advantage another person in transacting in the trading instrument.

4. Governance, Risk Management, and Employee Training

4.1 MFR CR's Board will have ultimate responsibility for ensuring that MFR CR establishes, maintains, documents, and enforces a code of conduct that gives full effect to the IOSCO Code of Conduct Fundamentals for Credit Rating Agencies.

4.2 MFR CR will establish a risk management function made up of one or more senior managers or employees with the appropriate level of experience responsible for identifying, assessing, monitoring, and reporting the risks arising from its activities, including, but not limited to legal risk, reputational risk, operational risk, and strategic risk. The function will be independent of the internal audit function and make periodic reports to the Board of Directors and senior management to assist them in assessing the adequacy of the policies, procedures, and controls MFR CR establishes, maintains, documents, and enforces to manage risk, including the policies, procedures, and controls specified in the IOSCO Code of Conduct Fundamentals for Credit Rating Agencies.

4.3 MFR CR will establish, maintain, document, and enforce policies, procedures, and controls requiring employees to undergo formal ongoing training at reasonably regular time intervals. The subject matter covered by the training will be relevant to the employee's responsibilities and will cover, as applicable, MFR CR's code of conduct, MFR CR's credit rating methodologies, the laws governing MFR CR's credit rating activities, MFR CR's policies, procedures, and controls for managing conflicts of interest and governing the holding and transacting in trading instruments, and MFR CR's policies and procedures for handling confidential and/or material non-public information. The policies, procedures, and controls will include measures designed to verify that employees undergo required training.

5. Disclosure and Communication with Market Participants

5.1 MFR CR's disclosures, including those specified in the provisions of the IOSCO Code, will be complete, fair, accurate, timely, and understandable to investors and other users of credit ratings.

5.2 MFR CR will disclose with its code of conduct a description of how the provisions of its code of conduct fully implement the provisions of the IOSCO Statement of Principles Regarding the Activities of Credit Rating Agencies and the IOSCO Code of Conduct Fundamentals for Credit Rating Agencies (collectively, the "IOSCO provisions"). If MFR CR's code of conduct deviates from an IOSCO provision, MFR CR will identify the relevant IOSCO provision, explain the reason for the deviation, and explain how the deviation nonetheless achieves the objectives contained in the IOSCO provisions. MFR CR will describe how it implements and enforces its code of conduct. MFR CR also will disclose as soon as practicable any changes to its code of conduct or changes to how it is being implemented or enforced.

5.3 Not applicable to MFR CR, given its size⁷.

5.4 MFR CR will publicly and prominently disclose free of charge on its primary website:

- e. MFR CR's code of conduct;
- f. a description of the MFR CR's credit rating methodologies;
- g. information about MFR CR's historic performance data; and

⁷ The original clause states that: *MFR CR will establish and maintain a function within its organization charged with receiving, retaining, and handling complaints from market participants and the public. The function will establish, maintain, document, and enforce policies, procedures, and controls for receiving, retaining, and handling complaints, including those that are provided on a confidential basis. The policies, procedures, and controls will specify the circumstances under which a complaint must be reported to senior management and/or the board (or similar body).*

- h. any other disclosures specified in the provisions of the IOSCO Code as applicable given MFR CR's business model.

Code of Ethics

a) Our Relationship with Each Other

- a.1** We respect each other, and we respect our colleagues' efforts and work.
- a.2** We listen to each other's opinion; we discuss openly and respectfully in order to reach a decision.
- a.3** Whenever possible, decisions are made by consensus of the involved parties. We commit to facilitate dialogue and implementation of decisions. Once a decision is made, we commit to respect it.
- a.4** We speak up, we ask questions openly. We promote and apply an open-door policy.
- a.5** We cooperate when working in teams and respect roles. We strive to clearly and fairly distribute workload and responsibilities within a team. We contribute to a common assignment at the best of our possibilities.
- a.6** We take responsibility. We do not blame the others. We discuss any problems directly with the person involved. Supervisors are responsible to mediate in case of conflicts.
- a.7** Senior staff devote time to train and coach more junior staff. We help each other.
- a.8** We celebrate all successes.
- a.9** We commit to treat each other with discretion and honor each other's privacy.
- a.10** We respect differences, and we adopt an inclusive communication, among other things using a language everybody understands.

b) Our Relationship with the Company

- b.1** We are committed to the mission and values of MFR CR, and we behave consistently with them.
- b.2** We are loyal to MFR CR and act in the interest of MFR CR, rather in our own or a third party's interest. No behavior that might be harmful to the image or interests of MFR CR can be tolerated (both inside and outside MFR CR).
- b.3** We commit to comply with the tasks and responsibilities attributed to our position within MFR CR. We commit to allocate adequate time to fulfill our tasks and meet our assigned objectives. We commit to work with diligence and deliver the highest performance. We value timely execution of work, and we commit to meet assigned deadlines.
- b.4** We commit to consistently comply with MFR CR's rules, policies, procedures and methodologies and related updates.
- b.5** We responsibly use MFR CR's budget when requesting/making purchases of whatsoever nature and during missions.
- b.10** MFR CR has non-discriminatory approach to recruitment and professional growth. MFR CR commits to create a conducive and healthy environment for staff and encourages personal and professional development. Both recruitment and promotions intend to be based on the assessment of individual capacities and regulated by internal documents.

b.11 MFR CR adopts and encourages transparent and regular communication with its staff and promotes it among staff.

b.12 MFR CR commits to the professional development and values personal realization of its staff.

b.13 MFR CR commits to provide its staff with adequate resources to comply with their functions, including training, tools, infrastructure, budget, etc.

c) Our Relationship with Clients and Other Stakeholders

c.1 We respect our clients and their work. We keep a positive approach oriented to problem solving under any circumstances.

c.2 We value transparency and fair communication with our clients in written and oral form. Our prices (and all other costs related to the service delivered) and contractual conditions are transparently disclosed to the clients. We value clients' feedback and use criticisms for internal improvement. MFR CR systematically collects clients' feedback through its Customer Care Service.

c.3 We adopt a tailored and responsible approach to attend clients along their development, proving to be a long-term reliable partner.

c.4 MFR CR values its reputation of trustworthy, accountable and independent and MFR CR's employees actively contribute to it.

c.5 Employees are not allowed to render public declarations regarding specific assignments unless explicitly authorized to do so by the CEO. On the contrary they need to refer the interested party to the CEO.

c.6 MFR CR fosters an open dialogue with other stakeholders of the industry.

c.7 MFR CR always shows fair behavior with investors, regulators/supervisors, clients, competitors and other stakeholders.