



CODE OF CONDUCT

1 INTRODUCTION

This document sets out the general standards related to the conduct of business at NCR, by defining requirements and procedures that shall be complied with by anyone involved in the provision of Credit Rating services or Ancillary Services on behalf of NCR (the "Policy").

In order to enhance market understanding and confidence in NCR's Credit Ratings, NCR has adopted this Policy to promote the objectivity and integrity of its business and the transparency of its operations. The Policy's requirements emphasize NCR's commitment to conducting its business in an ethical manner in line with the rules and regulations applicable to its business.

The Policy provides a general framework for conduct at NCR and must be read in conjunction with more specific policies relating to conduct – including, but not limited to, *policy on Conflict of Interest* and *policy on the Issuance and review of Credit Ratings*.

The Policy complies with the Code of Conduct Fundamentals for Credit Rating agencies issued by the International Organisation of Securities Commissions (IOSCO)¹.

For defined terms used in this Policy, please see NCR Defined Terms Glossary. This Policy is made available on NCR's website and intranet.

As to compliance with this Policy and reporting of material breaches to ESMA, please confer the procedures regarding the Compliance Function set out in *policy on Organisation of material functions*.

This policy is approved by the Board of Directors.

2 APPLICABILITY

The Policy and its requirements apply to all Employees of NCR and the Board Members of NCR.

The contents of the Policy and any future updates or changes are published and made available on NCR's intranet and website. External consultants and any Service Providers responsible for Important Operational Functions shall be made aware of the Policy and any updates and changes to it.

3 QUALITY AND INTEGRITY OF THE CREDIT RATING PROCESS

3.1 Quality of the Credit Rating Process

NCR adheres to the following general principles to fulfil requirements related to the quality of the Credit Rating Process:

- (i) NCR shall establish, maintain, document and enforce a Credit Rating methodology for each class of entity for which NCR issues Credit Ratings. Any Credit Rating and Rating Action shall be thoroughly documented by NCR. Each Credit Rating methodology shall be rigorous, capable of being applied consistently, and, result

¹ <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD482.pdf>

- in Credit Ratings that can be subjected to objective validation based on historical experience.
- (ii) Credit Ratings shall reflect all information known and believed to be relevant to NCR, consistent with the applicable Credit Rating methodology that is in effect. Therefore, NCR shall 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.
 - (iii) NCR shall 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 high quality Credit Ratings.
 - (iv) NCR determines Credit Ratings through a committee structure. This structure ensures that rating decisions reflect a collective assessment of NCR's opinion, rather than the view of individual Analysts.
 - (v) NCR shall assign Analysts who collectively have appropriate knowledge and experience for assessing the creditworthiness of the type of entity being rated.
 - (vi) NCR shall ensure that it has and devotes sufficient resources to carry out and maintain high quality Credit Ratings.
 - (vii) When deciding whether to issue a Credit Rating for an entity, NCR shall 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.
 - (viii) NCR shall 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, NCR shall monitor the Credit Rating on an ongoing basis.

3.2 Integrity of the Credit Rating Process

NCR adheres to the following general principles to fulfil requirements related to the integrity of the Credit Rating Process:

- (i) NCR and its Employees shall deal fairly and honestly with Rated Entities, the agents of Rated Entities, and users of Credit Ratings.
- (ii) NCR and its Employees shall be held to the highest standards of integrity and ethical behaviour, and individuals with demonstrably compromised integrity are not employed.
- (iii) NCR and its Employees shall not, either implicitly or explicitly, give any assurance or guarantee to an entity subject to a Credit Rating or Rating Action, originator, underwriter, arranger, or user of NCR's Credit Ratings about the outcome of a particular Credit Rating or Rating Action.
- (iv) NCR and its Employees shall not make promises or threats about potential Credit Ratings or Credit Rating Actions to influence Rated Entities, the agents of Rated Entities, or users of NCR's Credit Ratings to pay for Credit Ratings or Ancillary Services.
- (v) NCR and its Employees shall not make proposals or recommendations regarding the activities of Rated Entities that could impact a Credit Rating of the Rated Entity.
- (vi) Upon becoming aware that another Employee or an affiliate of NCR is or has engaged in conduct that is illegal, unethical, or contrary to NCR's code of conduct,

NCR Employee shall report such information immediately to the Compliance Officer or INEDs, as appropriate, so proper action may be taken.

4 INDEPENDENCE AND AVOIDANCE OF CONFLICT OF INTEREST

NCR adheres to the following general principles to fulfil requirements related to independence and avoidance of conflicts of interest when conducting its business:

- (i) NCR shall not delay or refrain from taking a Credit Rating or Credit Rating Action based on the potential effect (economic, political, or otherwise) of the action on NCR, NCR's shareholders, a Rated Entity, originator, underwriter, arranger, investor, or other market participant.
- (ii) NCR and its Employees shall use care and professional judgment to maintain both the substance and appearance of NCR's and its Employees' independence and objectivity
- (iii) NCR's determination of a Credit Rating shall be influenced only by factors relevant to assessing the creditworthiness of the Rated Entity.
- (iv) The Credit Rating NCR assigns to an entity shall not be affected by whether there is an existing or potential business relationship between NCR and the Rated Entity, NCR's shareholders, originator, underwriter, or arranger (or any of their affiliates), or any other party.
- (v) NCR shall operationally and physically separate its Credit Rating business and its Analysts from any other businesses of NCR that may present a conflict of interest. For other businesses that do not necessarily present a conflict of interest, NCR shall establish, maintain, document, and enforce policies, procedures, and controls designed to minimize the likelihood that conflicts of interest will arise.

Further details are laid down in the applicable procedures and policies of NCR made available on NCR's intranet, including NCR's *Policy on Issuance and review of credit ratings* and *Policy on Conflicts of interest*.

5 RESPONSIBILITIES TO THE INVESTING PUBLIC AND RATED ENTITIES

NCR adheres to the following general principles towards the Investing Public and other users of Credit Ratings and Rated Entities when conducting its business:

- (i) NCR shall assist investors and other users of Credit Ratings in developing a greater understanding of Credit Ratings by disclosing in plain language the nature and limitations of Credit Ratings and the risks of unduly relying on them to make investment or other financial decisions.
- (ii) NCR shall not state or imply that the regulatory authorities endorses its Credit Ratings or in any way use its status as a registered CRA to advertise the quality of its Credit Ratings.
- (iii) NCR discloses 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 NCR.

- (iv) NCR discloses any 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 process of a Credit Rating or Credit Rating Action. In either case, NCR shall disclose the material modification in a non-selective manner.
- (v) NCR discloses its policies and procedures for distributing Credit Ratings and reports, and for when a Credit Rating will be withdrawn.
- (vi) NCR discloses clear definitions of the meaning of each category in its rating scales, including the definition of default.
- (vii) NCR shall be transparent with investors, Rated Entities, originators, underwriters, and arrangers about how the relevant entity is rated.
- (viii) Where feasible and appropriate, NCR shall 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 or Credit Rating Action. NCR shall offer 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. NCR will duly evaluate any response from such Rated Entity. Where in particular circumstances NCR has not informed such Rated Entity, NCR will immediately inform such Rated Entity and, generally, shall explain why NCR did not inform such Rated Entity prior to disseminating the Credit Rating or Credit Rating Action.
- (ix) When NCR publicly discloses a Credit Rating that is the result or subject of the Credit Rating or Credit Rating Action, it will do so as soon as practicable after taking such action and on a non-selective basis.
- (x) NCR will clearly indicate the attributes and limitations of each Credit Rating, and the extent to which NCR verifies information provided to it by the Rated Entity.
- (xi) NCR will indicate in the announcement of a Credit Rating which is the result or the subject of a Credit Rating or Credit Rating Action when the Credit Rating was last updated or reviewed. The Credit Rating announcement will also indicate the principal Credit Rating methodology and methodology version that was used in determining the Credit Rating and where a description of that Credit Rating methodology can be found.
- (xii) When issuing or revising a Credit Rating, NCR 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.
- (xiii) If NCR discontinues monitoring a Credit Rating for a Rated Entity it will withdraw the Credit Rating and disclose such discontinuation to the public as soon as practicable. A publication by NCR of a Credit Rating that is no longer being monitored shall 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.
- (xiv) NCR shall every six months disclose sufficient information and data about the historical transition and default rates of its Credit Rating categories with respect to the classes of entities it rates, distinguishing between the main geographical areas of the Issuers and whether the default rates of these classes have changed over time. 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 obligation 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, NCR will disclose why this is the case.

Further details are laid down in the applicable procedures and policies of NCR made available on NCR's intranet, including NCR's *policy on Issuance and review of Credit Ratings*.

6 TREATMENT OF CONFIDENTIAL INFORMATION

NCR adheres to the following general principles relating to treatment of Confidential Information when conducting its business:

- (i) NCR shall 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 or Credit Rating Action (e.g. information about a Credit Rating Action before the Credit Rating is publicly disclosed or disseminated to subscribers).
- (ii) The policies, procedures, and controls shall prohibit NCR and its Employees from using or disclosing confidential and/or Material Non-Public Information for any purpose unrelated to NCR's Credit Rating Activities or Ancillary Services.

Further details are laid down in the applicable procedures and policies of NCR made available on NCR's intranet, including *policy on Conflicts of interest*.

7 TRAINING

NCR adheres to the following general principles to fulfil requirements on training of its Employees:

- (i) NCR shall maintain, document, and enforce policies, procedures, and controls requiring Employees to undergo formal ongoing training at reasonably regular time intervals.
- (ii) The subject matter covered by the training shall be relevant to the Employee's responsibilities and shall cover, as applicable, NCR's code of conduct, NCR's policies, procedures, and controls for managing conflicts of interest including its internal regulations on holding and transacting in trading instruments, and NCR's policies and procedures for handling confidential and/or Material Non-Public information.
- (iii) The policies, procedures, and controls shall include measures designed to verify that Employees undergo required training.

Further details are laid down in the applicable procedures and policies of NCR made available on NCR's intranet, including NCR's *policy on Staffing and Compensation*.

8 COMPLIANCE WITH THE POLICY

The CEO is responsible for the implementation of this Policy in NCR's operations.

The Compliance Function shall perform regular controls to monitor compliance with the requirements and procedures set out in this Policy.

Employees are required to report any violation of the requirements and procedures set out in this Policy to the Compliance Function.

The Compliance Function shall prepare a written report of any breaches of the procedures and requirements of this Policy. Such reports shall include proposed measures to prevent future breaches, and shall be included in the Compliance Functions quarterly report to the Board of Directors

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