

Code of Conduct

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Inclusion
[Social Ratings]



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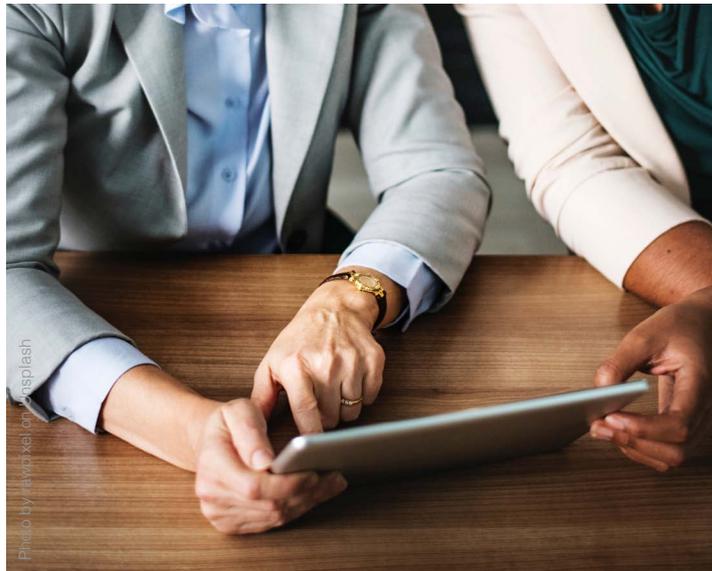




Applicability

This Code of Ethics establishes the standards and principles for ethical conduct that apply to Inclusion [Social Ratings] collectively and to all of its members, regardless of region, business, job function, or seniority. This includes, staff, advisory members, interns, volunteers, and others who have been entrusted to act on behalf of or in the name of Inclusion [Social Ratings].

In particular, all management personnel are expected to lead according to the standards in the Code, in both words and action.





A message from our CEO, Richard Wilson

Dear Colleagues,

The Inclusion [Social Ratings] Code of Conduct articulates our core values and ethical standards and provides a framework for the way we conduct our business and execute our day-to-day decision-making.

The core values embedded on this policy build the foundation of our relationships with partners, regulators, clients and among each other and set the standards by which internal and external stakeholders can judge us.

The Code ensures that we comply with procedures that reflect the highest standards of corporate governance and keep us accountable to our stakeholders for all our actions.

Therefore, it is essential that you familiarize yourself with the Code and ensure that you understand and comply with the guidelines and policies set forth therein. Please refer to it often, so that it becomes your guide on how to conduct business within, and on behalf of Inclusion [Social Ratings].



Richard O. Wilson, Jr.
Founder & Chief Executive Officer
Inclusion [Social Ratings]



I. Terms & Definitions

1.1 Preface

In spite of the fact that there are no current regulations that govern social rating agencies' activities internationally, nor in any of the jurisdictions we currently operate, nor is there any specific legal licensing requirement; Inclusion [Social Ratings] (I[SR]) has developed/implemented and self complies with a Code of Conduct that meets the general guidelines recommended by the Technical Committee of The International Organization of Securities Commissions (IOSCO) to ensure the integrity/objectivity of ratings issued by it. I[SR] is also committed to comply with any code of conduct that might be imposed by any regulatory body in those jurisdictions in which it operates.

1.2 Objectives

This Code of Conduct is designed to ensure the following:

- To ensure I[SR]'s independency and avoidance of situations where conflict of interest might arise.
- To increase transparency within both capital markets and the social sector.
- To ensure the quality, objetivity and integrity of the rating process.
- To introduce the highest ethical practices to the social sector and capital markets.
- To ensure I[SR]'s social and corporate responsibilities to the investing and donating community and social enterprises.

1.3 General Definitions

Within this document, the following terms will mean and be defined as mentioned below:

1. I[SR] - is Inclusion [Social Ratings] sl, and any of its related entities.
2. The Employee - is any individual who is currently working for I[SR] at any capacity part-time or full-time.
3. The Analyst - is an employee who is involved in a I[SR]'s analysis process through his/her designation.
4. Confidential Information - is any information received by I[SR] from a client or its authorized agents in connection with the rating process that is not publically known and was obtained from the client or from a third related party for the purpose of the Rating. However, the term "Confidential Information" shall not include:
 - a. Information that is publicly known or available.
 - b. Information available to I[SR] on a non-confidential basis prior to disclosure by the client or its agents or any third party, e.g. historical market data.
5. Ratings - It is understood that in this Code of Conduct when the term "ratings" is used it also refers to certifications and the certification process.

1.4 Publications

IOSCO: Code of Conduct Fundamentals for Credit Rating Agencies ("IOSCO") as published in December 2004 by The Technical Committee of the International Organization of Securities Commissions.



II. Introduction

1. Inclusion [Social Ratings]

Our vision

I[SR] exists because we believe that rating agencies have a social as well as corporate responsibility to provide honest unbiased assessments, without the conflict of commercial pressures on analytical activities and opinions. Rating agencies must be responsible for the consequences of their actions on not only the financial markets they serve, but also more importantly, on society and the planet in general.

We only rate organizations that claim or seek to contribute to a more sustainable society. This people-oriented, environmental and financial approach is key to all our rating methodologies.

Our mission

Our Mission is to promote financial and social inclusion by providing independent and socially conscious financial and social performance assessments and advisory services to organizations striving to make a positive contribution toward a more sustainable society.

Our Mission is founded on the premise that I[SR] should aim to:

- Help create a society that promotes people's quality of life and that has human dignity at its core.
- Enable individuals, institutions and businesses to use finance more consciously in ways that benefit people and the environment, and promote sustainable development.
- Offer customers sustainable financial products and high quality service.

Our corporate values

Our corporate values guide how we do business. Inclusion is a value-led organization that believes in corporate values that promote:

- Sustainability
- Transparency
- Excellence
- Entrepreneurship

We fundamentally believe that practicing these values in every aspect of our corporate activities is the only means to achieve a sustainable and socially responsible business.

Business Principles

We strive to work for positive social, environmental and cultural change by offering ratings and social assessment services to social enterprises, MFIs, Banks, investment funds, asset managers, insurance companies, other financial institutions and socially responsible corporates.



We believe we have a responsibility to help bridge the gap between economic development and the interests of people and the environment. We do this in three different ways:

1. By providing sustainable services,
2. By developing new and innovative products and
3. By engaging in public debate about the benefits and challenges of socially responsible business and sustainable banking.

Our Business Principles provide a framework for the way we conduct our business, and support for our day-to-day decision-making. They are the principles that govern our conduct and set the standard by which internal and external stakeholders can judge us. Inclusion Business Principles apply to all directors, executives, management and co-workers, and are aligned to our core values. I[SR], while subscribing to the IOSCO Governance Code and the Global Reporting Initiative Code, has developed its own fundamental business principles, which are our overriding guide.

We commit to the following key business principles:

- Promote sustainable development - We consider the social, environmental and financial impacts of all that we do.
- Respect and obey the law - We commit to comply with all legal requirements in all countries in which we operate.
- Respect human rights - We respect people, society and different cultures and support the aims of the United Nation's Universal Declaration of Human Rights.
- Respect the environment - We do all that we can to create and support positive environmental impacts.
- Be accountable - We are accountable, responsible and committed to our stakeholders for all our actions.
- Continuous improvement - We seek to continuously improve all facets of our business.

Our Business Principles extends to and applies to the type of business we will accept. As a social rating agency, we have a fiduciary responsibility to the market that relies on our opinions, analysis and commentary, to make sure our ratings are unbiased, independent and of the highest quality. As such, there are times when we refuse to take on certain rating assignments. The key business principles that guide the decision whether to accept an assignment are outlined as follows:

We shall accept a rating assignment only if:

- We are convinced we will have access to sufficient information to make a quality analysis
- We have the full cooperation of the rated entity
- We have sufficient expertise within the analytical team to adequately assess the entity
- We have a clear methodology and criteria identified to undertake the rating
- The entity being rated clearly has a social objective and business principles that are compatible with social enterprise and sustainability principles, or that the entity is earnestly trying to change or make a positive social impact.



I[SR] expects all its employees to maintain the highest levels of integrity and honesty and to act in accordance with the highest standards of personal and professional integrity in all their activities and dealings. I[SR] employees are expected to comply with all the applicable laws, regulations, policies and procedures adapted by I[SR]. The employees of I[SR] are personally responsible to comply with the company's internal policies, procedures and all applicable laws in in those jurisdictions in which it operates.

The I[SR] Code of Conduct outlines the company's policies and procedures and is designed to ensure that all I[SR] employees have a clear and deep understanding of the bylaws & laws that govern their employment at I[SR], and to know the standards of which they should measure up to.

2. What is a Social Rating?

For the purpose of this document, a social rating is an opinion provided by I[SR] that analyzes how effective a social enterprise, or any organisation, is at translating its social mission into practice.

A Social Rating

- Assesses an organisation's effectiveness at translating its mission into practice;
- Identifies areas where the organisation is performing well and areas where it can improve its social performance;
- Enhances an organization's reputation based on its dedication to achieving higher levels of positive social performance;
- Attracts interest from social impact investors, donors and clients;
- Earns trust with important stakeholders within the social and financial sectors; and
- Increases the opportunities to raise capital

A Social Rating Measures

- Social Mission
- Governance
- Beneficiary Focus
- Social Outcome or Impact
- Organization
- Environmental Concerns
- Financial Sustainability



III. Code of Conduct

I[SR] has voluntarily developed and activated a code of conduct. Furthermore, this code of conduct is developed as part of;

- I. Our commitment to gain the trust of investors, regulators, issuers and other market participants,
- II. Our commitment to transparency and disclosure.

The code of conduct will be updated and adjusted continuously in an attempt to comply with any changes, the IOSCO Technical Committee's CR Task Force might recommend or enforce.

1. Quality and Integrity of the Rating Process

A. Quality of the Rating Process

I[SR] will conduct its business in accordance with all the policies and procedures recommended by the IOSCO principals, taking into account the following:

- 1.1 I[SR] shall observe the highest standards of integrity, fairness, subjectivity when conducting its business.
- 1.2 I[SR] shall protect the interest of all investors through increasing the transparency in the market.
- 1.3 I[SR] will develop and use rigorous and systematic rating methodologies, and, where possible, the results can be subjected to some form of objective validation based on historical experience.
- 1.4 The ratings provided by I[SR] are opinions based on a thorough analysis of all information known to I[SR] that is relevant to its analyzes and are determined according to I[SR] rating methodology and established written policies and procedures.
- 1.5 I[SR] shall invest resources sufficient to carry out high-quality assessments of all issuers and/or obligations it rates. I[SR] shall adopt reasonable measures so that the information it uses in assigning a rating is adequate to support the ratings it issue.
- 1.6 I[SR] shall implement written procedure to ensure that the ratings disseminated are based on a thorough analysis and reflects all information known to the relevant rating committee.
- 1.7 I[SR] shall maintain internal records to support its opinions for a reasonable period of time in accordance to its internal file maintenance and recordkeeping policies and applicable law.
- 1.8 I[SR] shall have no obligation to verify or audit any information provided to it from any source, to conduct any investigation, or review to obtain any information that the issuer has not otherwise provided to I[SR].
- 1.9 When assessing an issuer's social performance or financial sustainability; any rating issued by I[SR] will be reached by applying I[SR] methodology which should be applied in a consistent manner, as determined by I[SR].



- 1.10 The ratings issued by I[SR] will be provided by I[SR] rating committee and not by any individual analyst employed by I[SR].
- 1.11 When formulating ratings, I[SR] will employ analysts who, individually or collectively, have the appropriate knowledge and experience in developing a rating opinion for the type of enterprise being considered.
- 1.12 When deciding whether to rate or continue to rate an entity or obligation, I[SR] will assess whether it is able to devote sufficient personnel with appropriate skills to make a proper rating assessment, and whether its personnel will have access to sufficient information needed in order to make such assessment.
- 1.13 I[SR] shall create, implement and supervise an appropriate continuing education/training program for its analysts to ensure the highest standards of education and knowledge
- 1.14 I[SR] shall take steps to avoid issuing any analyzes, ratings or reports that knowingly contain misrepresentations or are otherwise misleading as the general social performance or financial sustainability of a client or its financial obligations.
- 1.15 I[SR] shall adopt a structure for its rating team that promotes continuity and avoids bias in the rating process.
- 1.16 I[SR] shall implement proper policies that apply the best corporate governance practices.
- 1.17 I[SR] shall wherever necessary disclose to the clients any possible sources of conflict of interest that might affect its ability to make fair, unbiased ratings. Also, I[SR] shall ensure that no conflict of interest exists between any member of the rating committee and that of its clients. For further detail on I[SR]'s conflict of interest policies, see details of I[SR] Conflict of Interest Policy, described further within this Code of Conduct.
- 1.18 I[SR] personnel who have been involved in providing advisory services including training capacity building or management consultancy, including those acting in a managerial capacity, shall not participate in any audit or other certification activities with the same client in question within two years following the end of the advisory services.
- 1.19 There will be a formal review board appointed by I[SR], made up of one or more senior managers with appropriate experience, to review the feasibility of providing a rating for any type of enterprise.
- 1.20 I[SR] shall not disclose any information or rating decisions or any price sensitive information to any entity or person, other than to the client, or perform any conduct that is unethical to investors or donors.
- 1.21 I[SR] will appoint a formal review body responsible for reviewing and implementing periodic reviews of the rating methodologies and models. This body will be in charge of making any needed changes to the methodologies and models.

B. Monitoring and Updating

- 1.22 I[SR] shall keep track of all major changes relating to its clients, and shall develop responsive systems to deliver timely and accurate rating. It shall also monitor all relevant aspects that might affect the social performance capacity or financial sustainability of the client.



- 1.23 Unless the issuer requests a rating without surveillance, once I[SR] allocate a rating it should allocate adequate personnel and financial resources to monitoring and updating its ratings on an ongoing basis, in accordance with I[SR] established policies, guidelines, and procedures for surveillance as follows:
- a) Regularly reviewing the issuer's creditworthiness.
 - b) Initiating a review of the status of the rating upon becoming aware of any information that might reasonably be expected to result in a rating action (including withdrawal of a rating), consistent with the applicable rating criteria and methodology.
 - c) Updating on a timely basis the rating, as appropriate, based on the results of such review. When applicable, subsequent monitoring shall incorporate all cumulative experience obtained. I[SR] will apply; where appropriate, changes in ratings criteria and assumptions to both initial and subsequent ratings.
- 1.24 When applicable, I[SR] shall use separate analytical teams for determining initial ratings and for subsequent monitoring of those ratings, each team will have the requisite level of expertise and resources to perform its respective functions in a timely manner. I[SR] shall also evaluate internal processes and market trends in order to maintain operational flexibility to allocate resources needed to monitor existing ratings and conduct reviews on a timely basis.
- 1.25 In cases when I[SR] makes its ratings available to the public, it will publicly make an announcement when it discontinues rating an issuer or obligation. In cases when I[SR]'s ratings are provided only to its subscribers, I[SR] will announce to its subscribers if it discontinues rating an enterprise. In both cases, I[SR] will indicate the date the rating was last updated and the fact that the rating is no longer being updated or reviewed by I[SR].
- 1.26 I[SR] reserves the right to withdraw any rating for any enterprise at any time for any reason, including withdrawal, without notice, if a rating committee concludes that I[SR] lacks sufficient information to maintain the rating or that any information provided to I[SR] is unreliable. In the event a public rating is withdrawn, I[SR] will publish an appropriate commentary that includes the current rating and states that the rating is subject to withdrawal and state clearly that I[SR] will no longer provide the rating of the client.

C. Integrity of the Rating Process

- 1.27 I[SR] and its employees are obligated to, and will comply with all applicable laws and regulations governing its activities in each jurisdiction in which I[SR] operates.
- 1.28 I[SR] and its employees will deal fairly and honestly with all clients, investors, other market participants, and the public.
- 1.29 I[SR] analysts and employees are to be held to high standards of integrity, and, subject to applicable law, I[SR] will not knowingly employ individuals where there is evidence that they have compromised integrity in their previous or current conduct.
- 1.30 I[SR] and its employees should not, either implicitly or explicitly, give any assurance or guarantee of a particular rating prior to a rating assessment. This does not preclude I[SR] from developing prospective assessments used in social impact bonds (SIBs) and similar transactions.



- 1.31 I[SR] prohibits its analysts from making proposals or recommendations regarding the design of an issuance, such as Social Impact Bonds (SIBs) that I[SR] rates. Consistent with this prohibition, in assessing the social performance or impact of a SIB, I[SR] analysts may properly hold a series of discussions with an issuer or its agents in order to:
- a) Understand particular facts and features of the SIB, and any modification, as proposed by such issuer or its agents
 - b) Explain to such issuer or its agents the rating implications of I[SR] methodologies as applied to such issuer's proposed facts and features.
- 1.32 The Office of Compliance will be responsible for assessing adherence to the various procedural provisions of I[SR] code of conduct. The Office responsibilities will include the implementation and reinforcement of this code. The reporting line of the Office of Compliance will be independent of the Rating operations and the compensation of individuals in this function will be determined by individuals without Ratings responsibilities at I[SR].
- 1.33 If any employee at I[SR] becomes aware that another employee or entity under common control with I[SR], is or has engaged in conduct that is illegal, unethical or contrary to the I[SR] code of conduct, this employee should report such information immediately to the senior company officer tasked with compliance responsibilities, as appropriate, so that proper action may be taken. I[SR] employees are not necessarily expected to be experts in the law. Nonetheless, its employees are expected to report the activities that a reasonable person would question. Any officer who receives such a report from an employee is obligated to take appropriate action, as determined by the laws and regulations of the jurisdiction and the rules and guidelines set forth by I[SR].
- 1.34 I[SR] management prohibits any retaliation by I[SR] itself or by any other I[SR] staff against any employee who, in good faith, reports such violation of the law or any policy mentioned in I[SR] code of conduct.

D. Quality of the Rating Committee Processes

- 1.35 I[SR] will have in place written methodologies and procedures that are publicly available and known by all I[SR] analysts involved in the rating process, the aim being to ensure that ratings and certifications are assigned based on a thorough and consistent analysis of all information that is available to I[SR] and that is relevant to its analysis according to its rating methodologies, which are published in I[SR]' website (www.inclusionsocialratings.org).
- 1.36 The methodologies and procedures will be reviewed at least annually, and in particular when material changes occur with an impact on the rating process, so as to identify and shall make any adjustments required to maintain their suitability.
- 1.37 I[SR]' methodologies will constantly be challenged, discussed and improved whenever necessary. This process of constant improvement shall be promoted through:
- 1.37.1 a corporate culture that promotes the discussion and the reception of improvement suggestions;
 - 1.37.2 I[SR]' informal network of sector participants and specialists that participate in the promotion of the Social Performance Task Force's (SPTF) goals and objectives; and
 - 1.37.3 the existence of a formal review process, independent from any specific rating activities.



- 1.38 The rating and certifications methodologies used by I[SR] shall be rigorous, systematic, continuous and subject to validation, as referred in this Code of Conduct (see point 1.3.).
- 1.39 I[SR] shall have in place procedures aimed at guaranteeing that its rating analysts use the methodologies and procedures established in I[SR]' Manual of Operations in a consistent manner.
- 1.40 Ratings and Certifications will be assigned by a committee (the "Rating Committee") composed of a quorum of three members. The committee shall be composed of the following: I[SR]' Chief Executive Officer, Lead Analyst, and independent analysts (one or more analyst from within the jurisdiction or region of the rated entity). The Rating Committee will assign ratings and or certifications taking into account all the information believed to be relevant for the purpose, and the ratings and certifications assigned shall be consistent with the methodologies and procedures adopted by I[SR]. The majority of the members of the Rating Committee must have demonstrable experience in assigning social ratings.
- 1.41 The rating committee shall review the information presented by the Lead Analyst and discuss the merits of the recommended rating. All committee members are encouraged to seek clarifications and to question the Lead Analysts assumptions and determinations. Following that discussion, the Chair of the committee, shall ask for a vote of its members. The approval of the rating or certification shall be made upon a majority vote of the committee.
- 1.42 I[SR] shall maintain internal records of its rating and certification assignment activities. These records should include:
- 1.42.1 the proposals submitted for the assignment of each rating or certification;
 - 1.42.2 the account records documenting the established procedures and methodologies used by I[SR] to assign each social rating and certification;
 - 1.42.3 the internal records and files, including non-public information, work papers, and (confidential) draft reports for discussion, used to form the basis of any social rating decision taken and of any certification;
 - 1.42.4 copies of internal and external communications, including electronic communications, received and sent by I[SR] and its employees, that relate to rating activities and of any certification;
 - 1.42.5 for each rating or certification decision, the composition of the Rating Committee, and the date on which the rating decision was taken, committee objective and committee minutes.
- 1.43 I[SR] shall maintain the aforementioned records for at least five years after the assignment of the initial rating or certification or the date when the rating or certification ceased to be valid (was discontinued).
- 1.44 I[SR] and its rating analysts will take all measures deemed adequate in accordance with the methodologies and procedures set out in I[SR]' Manual of Operations in order to avoid errors and/or misrepresentations in their rating or certification analyzes, namely using a wide range of information sources permitting to cross-check the information obtained, and holding meetings with the officers of the entity being rated or certified.



- 1.45 I[SR] shall use all the resources it deems necessary to ensure the high quality of the rating or certification processes. When assessing whether to submit rating or certification proposals, I[SR] shall take into account its capacity in terms of human, technical and material resources to carry out such rating or certification assessments. If it considers that such capacity is insufficient to conduct the rating or certification process in accordance with the Code of Conduct and related methodologies and procedures, namely due to the complexity of the entity for which the assignment is proposed, I[SR] will not submit a proposal. If, in the course of a rating or certification process, it becomes apparent that the information used is insufficient or suffers from relevant imprecision, I[SR] shall not assign a rating or a certification. In the case of the assignment of a rating of an entity presenting limited historical data, I[SR] will make this fact clear in a prominent place in the public rating report.
- 1.46 Changes in the quality of information available to conduct a review on a rating assigned or certification by I[SR] shall be disclosed in the review report and the assignment of the rating or certification shall take into account the impact of such changes.
- 1.47 It shall be the responsibility of I[SR]' Senior Management team to ascertain the need to make changes and/or revisions to the procedures used, viewing, among others, their compliance with the legal framework applying to the rating activity, best management and organisation practices and procedures. The Senior Management team, will review at least on an annual basis for this purpose, and is also responsible for submitting for approval the mentioned changes.
- 1.48 It shall be the responsibility of I[SR]' Senior Management team to ascertain the need to make changes and/or revisions to methodologies, models and key rating assumptions (this review has to be performed at least annually), and submitting these changes for approval to the Rating Committee.
- 1.49 I[SR] shall undertake to immediately disclose, using the same means of communication as used for the initial disclosure, any changes to methodologies, models, key rating assumptions and procedures used in rating activities, disclose the likely scope of ratings to be affected, and review the affected ratings as soon as possible and no later than six months after the change, in the meantime it shall place those ratings under observation. When the overall combined effect of the changes affects those ratings, I[SR] shall undertake to review them on the basis of the methodologies, models, key rating assumptions and procedures that have been changed.
- 1.50 When assigning certifications, I[SR] shall undertake to implement procedures for determining whether the methodologies, models, key assessment assumptions and procedures used for the purpose are appropriate in case the social performance characteristics of the entity being certified change materially. In cases where the complexity or structure of the entity or the lack of robust data relied upon for assessing the key assessment factors raise serious questions as to whether I[SR] can determine if the entity meets the minimum requirement for certification, I[SR] shall undertake to refrain from issuing a certification.
- 1.51 The teams involved in a rating or certification analysis at I[SR] shall always be structured to promote continuity and avoid bias in the rating process.



2. Independence and avoidance of conflicts of interest

A. General

- 2.1 I[SR] will not forbear or refrain from taking a credit rating action based on the potential effect (economic, political, or otherwise) of the action on I[SR], an issuer, an investor, or other market participant.
- 2.2 I[SR] and its analysts shall use care and professional judgment to maintain both the substance and appearance of independence and objectivity. All employees shall comply with the provisions of the I[SR] Ratings Confidentiality, Conflicts of Interest Policies, which is available on I[SR] free public website, www.inclusionsocialratings.org. All employees must use special care to avoid even the appearance of a conflict.
- 2.3 The determination of a rating will be influenced only by factors relevant to the ratings assessment.
- 2.4 Any rating I[SR] assigns to an enterprise or SIB will not be affected by the existence of or potential for a business relationship between I[SR] (or its affiliates) and the issuer (or its affiliates) or any other party, or the non-existence of such a relationship.
- 2.5 I[SR] shall separate, operationally and legally, its rating business and rating analysts from any other businesses, including consulting businesses that may present a conflict of interest. I[SR] will ensure that any subsidiary business operations, which do not necessarily present conflicts of interest with I[SR] rating business, have in place procedures and mechanisms designed to minimize the likelihood that conflicts of interest will arise or to appropriately manage those conflicts that may arise.
- 2.6 I[SR] does not have any consulting business that may present a possible conflict of interest. I[SR] shall ensure that its present ancillary business operations namely Analytics, Research and Consulting Services which do not necessarily present conflict of interest with the rating business, shall have procedures and mechanisms, to minimize the likelihood of a rise of conflicts.

B. Procedures and Policies

- 2.7 I[SR] will adopt written internal procedures and mechanisms to: identify, eliminate, or manage and disclose, as appropriate, any actual or potential conflicts of interest that may influence the opinions and analyzes I[SR] makes or the judgment and analyzes of employees who have an influence on ratings decisions.
- 2.8 I[SR] disclosures of known actual and potential conflicts of interest will be complete, timely, clear, concise, specific, and prominent. Such disclosures will be made through the company's website: www.inclusionsocialratings.org



- 2.9 I[SR] will disclose the general nature of its compensation arrangements with rated entities and issuers. Where I[SR] receives from a client or any rated entity compensation unrelated to its ratings service, such as compensation for consulting services, I[SR] will disclose the proportion that such non-rating fees constitute against the fees I[SR] receives from the entity for ratings services.
- 2.10 [SR] and its employees should not engage in any securities or derivatives trading that present conflicts of interest with I[SR] and its employees' rating activities.

C. I[SR] Analyst and Employee Independence

- 2.11 Reporting lines for I[SR] employees and their compensation arrangements will be structured in a manner to eliminate or effectively manage actual and potential conflicts of interest.
- a) Analysts will not be compensated or evaluated on the basis of the amount or revenue that I[SR] derives from issuers that the analyst rates or with which the analyst regularly interacts.
 - b) I[SR] will conduct formal and periodic reviews of compensation policies and practices for employees who participate in, or who might otherwise have an effect on, the I[SR] process to ensure that these policies and practices do not compromise the objectivity of the rating process.
- 2.12 Analysts, other than Director level employees, who are directly involved in the rating process shall not initiate, or participate in, discussions regarding fees or payments with any entity they rate.
- 2.13 No analyst at I[SR] shall participate in or otherwise influence the determination of a rating in a rating committee for any particular issuer or issue if:
- a) The analyst or a member of the analyst's immediate family holds any ownership interests in the rated entity.
 - b) The analyst or a member of the analyst's immediate family holds any ownership interests in securities of any entity related to a rated entity, the ownership of which may cause or may be perceived as causing a conflict of interest.
 - c) Within the six months immediately preceding the date of the meeting of the rating committee, the analyst has 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.
 - d) Has an immediate relation (i.e., a spouse, partner, parent, child, or sibling) who currently works for the rated entity.
 - e) The analyst has, or had within the six months immediately preceding the date of the meeting of the rating committee, any other relationship with the rated entity or any related entity thereof that may cause or may be perceived as causing a conflict of interest.
- 2.14 I[SR] analysts and anyone involved in the rating process (or their spouse, domestic partner or minor children) shall not buy or sell or engage in any transaction in any security or derivative based on a security issued, guaranteed or otherwise supported by any entity within such analyst's area of primary analytical responsibility, other than holdings in diversified collective investment schemes.



- 2.15 I[SR] employees are prohibited from soliciting money, gifts or favors from anyone with whom I[SR] does business or will do business, as potential client, are prohibited from accepting gifts offered in the form of cash or any gifts exceeding a minimal monetary value equivalent to €10 once and not to exceed the value of €30 per year.
- 2.16 Any I[SR] analyst who becomes involved in any personal relationship that creates the potential for any real or apparent conflict of interest (including, for example, any personal relationship with an employee of a rated entity or agent of such entity within his or her area of analytic responsibility) should, subject to applicable law, disclose such relationship to the appropriate manager or officer of I[SR] or to the office of compliance.
- 2.17 If an analyst is leaving I[SR], he shall be required to inform whether he/she is joining a client or any of the allied entities which has been analyzed or rated by him/her in the last 6 months. In such an event a critical review of the work handled by the analyst would be taken up immediately and findings there of shall be presented to the rating committee.

3. Responsibilities to the public and clients

A. Transparency and Timeliness of Rating Disclosure

- 3.1 I[SR] shall convey in a timely basis, as short as reasonably possible, its rating decisions regarding the entities and issues its rates.
- 3.2 I[SR] shall publicly disclose its policies of distributing/conveying ratings, reviews, and related commentary.
- 3.3 I[SR] will indicate with each rating it issues, when the rating was last updated and will maintain its website accordingly.
- 3.4 Except for “private ratings” provided only to the client, I[SR] will disclose to the public, on non-selective basis and free of charge, any rating it issues on publicly issued securities, or public issuers, as well as any subsequent decisions to discontinue such rating, if the rating action is based in whole or in part on the material non-public information. Such rating actions will be posted on I[SR]’s public website and through simultaneous transmission to the news media, as well as via electronic or print subscription services. Rating actions and a brief explanation of the rationale for the rating action will remain on I[SR]’s public website as well.
- 3.5 I[SR] will publish sufficient information about its principal methodology or methodology version that it uses in determining the rating. Also, it will publish the procedures, and assumptions (including any financial statements adjustments that deviate materially from those contained in the issuer’s published financial statements) so that outside parties can know how a rating was arrived by I[SR]. I[SR] will provide the meaning of each rating category and the definition of each, and the time horizon it used when making a rating decision.
 - a) Where I[SR] assigns an initial rating to a SIB product, it shall provide investors with sufficient information about its analysis so that a financial and social impact market professional can understand the basis for I[SR]’s rating. To the extent practical, I[SR] shall also disclose the degree to which it analyzes how sensitive a rating of a SIB product is to changes in I[SR]’s underlying rating assumptions.



- b) In its rating action commentary, I[SR] will differentiate its ratings of SIB products from traditional corporate bond ratings through the inclusion of additional commentary. I[SR] will clearly define a given rating symbol and apply it in a consistent manner for all types of issuances to which that symbol is assigned.
 - c) I[SR] will clearly indicate the attributes and limitations of each rating and that I[SR] does not verify information provided to it by the entity or originator of a rated issuance.
- 3.6 When issuing or revising a rating, I[SR] will explain in its press releases and reports the key elements underlying the rating opinion.
- 3.7 Where the rating is based, to a significant extent, on more than one methodology or where a review of only the principal methodology might cause market professionals to overlook other important aspects of the rating, I[SR] shall indicate where the different methodologies and other important aspects, as the case may be, that were factored into the rating decision can be found.
- 3.8 I[SR] will base its rating analyzes and rating decisions, which are I[SR]'s opinions, upon I[SR] established methodologies and ratings definitions, applied in a consistent manner. All rating criteria and methodologies shall be available on I[SR]'s free public website, www.inclusionsocialratings.org. I[SR]'s criteria, methodologies and ratings definitions shall identify the specific factors that it considers during the rating and surveillance processes.
- 3.9 When I[SR] publishes a rating, or takes any other rating action with respect to a published rating, I[SR] will state in the related commentary and reports the elements the rating committee found key to such rating or rating action, subject to any applicable laws with respect to the disclosure of confidential information and any restrictions imposed by applicable confidentiality agreements. I[SR] shall always maintain complete editorial control over all rating actions, related commentaries and all of its other published materials, including all reports, criteria, methodologies, ratings definitions and other policies and procedures.
- 3.10 Where feasible and appropriate, prior to issuing or revising a rating, I[SR] will inform the client of the critical information and principal considerations upon which the rating decision will be based and provide the client the opportunity to check for factual accuracy and to clarify any likely factual misperceptions or other matters that I[SR] would wish to be made aware of in order to issue an accurate rating. I[SR] shall duly evaluate the response and any comments made by the client; however, the client may not propose any drafting or editorial changes to the commentary provided other than to correct factual errors. In certain circumstances, where I[SR] in its sole discretion may decide not to provide such advanced notification has not informed the client prior to issuing or revising a rating. In such cases, I[SR] shall inform the client as soon as practical thereafter and, generally, shall explain the reason for not notifying the client. Subject to the exceptions set forth below, I[SR] will review any rating action when requested by a client to do so if the issuer provides to I[SR], in a timely manner, new or additional information that I[SR] believes to be relevant to the rating. In certain event- or performance-driven situations, such as rating actions necessitated by an extraordinary action or event, or in the case of evidence of fraud, market manipulation, selective disclosure of the rating action or other inappropriate conduct, I[SR] reserves the right to issue and publish a rating action without giving the client an opportunity to request such a review.
- 3.11 In order to promote transparency and to enable the market to best judge the aggregate performance of the ratings, I[SR], where possible, will publish sufficient information about historical performance of I[SR] rating categories and whether the nature of these categories have changed over time, so that interested parties can understand the historical performance



of each category and if and how rating categories have changed, and be able to draw quality comparisons among ratings given by different rating agencies. If the nature of the rating or other circumstances make a historical performance evaluation inappropriate, statistically invalid, or otherwise likely to mislead the users of the rating, I[SR] shall explain this.

- 3.12 Upon request, I[SR] will provide ratings data feeds to regulatory authorities to allow those authorities to conduct their own evaluation of the ratings performance.
- 3.13 For each rating, I[SR] will make available on its free public website, www.inclusionsocialratings.org, whether the client has not participated in the rating process. Each rating that is not initiated by or on behalf of the client should be identified as such and should carry an explanation as to why such a rating has been assigned, given I[SR] policies and procedures regarding unsolicited ratings.
- 3.14 I[SR] will publicly disclose on its free public website, www.inclusionsocialratings.org any material modifications to its rating methodologies and related significant practices, procedures, and processes. Where feasible, disclosure of such material modifications will be made prior to their going into effect.

B. The Treatment of Confidential Information

- 3.15 I[SR] will adopt procedures and mechanisms to protect the confidential nature of information shared with it by the client under the terms of a confidentiality agreement or under a mutual understanding that the information is shared confidentially. Unless otherwise permitted by the confidentiality agreement and consistent with the applicable laws or regulations, all I[SR] employees shall maintain the confidentiality of all non-public information in accordance with the I[SR] code of conduct and the applicable company laws and regulations. I[SR] employees are not to disclose confidential information in press releases, through research conferences, to future employers, or in conversations with investors, other clients, other persons, or any otherwise party.
- 3.17 I[SR] will use confidential information only for purposes related to its rating activities or otherwise in accordance with any confidentiality agreements with the client.
- 3.18 I[SR] employees should take all reasonable measures to protect all property and records belonging to or in the possession of I[SR] from fraud, theft or misuse of any nature.
- 3.19 I[SR] employees are prohibited from engaging in transactions in securities when they possess confidential information concerning the issuer of such security.
- 3.20 I[SR] employees are obligated to familiarize themselves with I[SR] confidentiality regulations and the internal securities trading policies, and periodically certify their compliance as required by the I[SR] internal policies.
- 3.21 During the regular course of business, I[SR] expects that its analysts will have discussions with market participants about the ratings and rating actions. These conversations, however, shall not go beyond the scope of I[SR]'s published analysis, employees shall not express any opinion that is not consistent with I[SR]'s published view or disclose any non-public information or privileged information relating to I[SR]'s internal deliberations. Analysts are prohibited from disclosing any rating or rating action or anticipated rating action to any person, other than the client and its agents, prior to the publication of the rating or rating action and its related commentary.



- 3.22 I[SR] employees shall not share confidential information within I[SR] to other I[SR] employee or analyst except on a “need to know” basis. I[SR] employees shall not share confidential information with any third party or entity for any propose or goal.
- 3.23 I[SR] employees shall not use or share confidential information for the purpose of trading securities or for any other purpose except the conduct of I[SR]'s business. I[SR]'s internal deliberations and the identities of individuals who participated in any rating committee will be kept strictly confidential and will not be disclosed to persons outside of I[SR].

4. Disclosure of the Code of Conduct and Communication with Financial & Social Community

- 4.1 This Code is based on the provisions of the IOSCO Principles and the IOSCO Code of Conduct Fundamentals. I[SR] will disclose on a timely basis any changes to this Code or to how this Code is implemented and enforced.
- 4.2 All market participants and the public are welcome to communicate with I[SR] regarding policies, questions, concerns or complaints. Comments should be directed to the relevant department, according to the nature of the inquiry. I[SR] officers receiving these comments will directly report those comments to the senior management. Contact information for I[SR] officers is available on I[SR]'s free public website, www.inclusionsocialratings.org.
- 4.3 I[SR] will publish in a prominent position on the homepage of its free public website, www.inclusionsocialratings.org links to:
- a) This Code.
 - b) Its methodologies.
 - c) Its policies and procedures.
 - d) Its rating scales and definitions.