

# **Code of Conduct**

**December 2018<sup>1</sup>**

**This Manual is the exclusive property of  
HR Ratings de México, S.A. de C.V.**

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<sup>1</sup> The modifications and/or additions to this Code of Conduct, in terms of the March 2017 version, will take effect on January 24, 2019.

## CONTENTS

I.	Purpose.....	4
II.	General principles.....	5
III.	Quality in the provision of rating services.....	6
IV.	Complaints .....	11
V.	Prevention of the misuse of material non-public or confidential information .....	13
	V.1 Material non-public or confidential information .....	13
	V.2 Measures to protect material non-public or confidential information .....	14
	V.2.1 Receiving information .....	14
	V.2.2 Protection of files and material non-public or confidential information .....	14
	V.2.3 Access to offices .....	15
VI.	Transparency and revelation of information .....	15
	VI.1 Transparency.....	15
	VI.2 Dissemination of information.....	19
	VI.3 Communication with the media .....	20
	VI.4 Rumors .....	20
VII.	Conflicts of interest.....	21
	VII.1 Identifying conflicts of interest.....	21
	VII.2 Measures to eliminate conflicts of interest.....	22
	VII.2.1 Objectivity, Independence and integrity .....	22
	VII.2.2 Division of functions and duties .....	24
	VII.2.3 Securities Transactions .....	25
	VII.2.4 Use of privileged information .....	28
	VII.2.5 Loans, credits, acquisition of goods, services and yields .....	29
	VII.2.6 Gifts, entertainment and preferential treatment.....	30
	VII.2.7 Post-employment activities of management and technical personnel .....	31
	VII.3 Disclosing conflicts of interest.....	33
	VII.4 Handling conflicts of interest .....	34
VIII.	Technical quality and upstanding character .....	36
IX.	Outside activities .....	37
X.	Conduct.....	38
	X.1 Professional conduct.....	38
	X.2 Respect .....	39

X.3 Use of illegal substances .....	40
X.4 Use of email, the internet, telephone and other electronic means of communication.....	41
XI. Material violations of the law .....	42
XII. Sanctions .....	43
XIII. APPENDICES .....	46
APPENDIX 1 .....	46
APPENDIX 2 .....	48
APPENDIX 3 .....	49
APPENDIX 4 .....	50
APPENDIX 5 .....	51
APPENDIX 6 .....	52
APPENDIX 7 .....	53
APPENDIX 8 .....	54
APPENDIX 9 .....	56
APPENDIX 10 .....	57
APPENDIX 11 .....	58
APPENDIX 12 .....	59
APPENDIX 13 .....	60

## **I. Purpose**

This manual sets the minimum standards of conduct and professional practice for all employees, management, shareholders and board members of HR Ratings de México, S.A. de C.V. and its affiliates, subsidiaries, representation offices, or branches established in any country (“HR Ratings” or the “Agency”), to ensure that all such persons comply with the highest standards of ethics, justice, honesty, integrity and objectivity in both their relationships within and outside the Agency (the “Code”).

This Code of Conduct is based on the Fundamental Principles of Conduct for Ratings Agencies, published by the International Organization of Securities Commissions (“IOSCO”), containing international principles to ensure the transparency and reliability of the rating process, and is also based on the guidelines set by the Mexican Banking and Securities Commission (“CNBV”) in the Provisions Applicable to Securities Rating Agencies” (the “Provisions”) and other provisions applicable in the countries where HR Ratings operates.

It is the responsibility of Agency employees, management, board members and shareholders to read this Code of Conduct carefully so as to fully understand and apply its content. To ensure this, the Agency will hold a signed copy of this Code of Conduct for each of the persons previously mentioned, who will electronically sign same every six months or when any change is made to this document.

Any violation of the guidelines contained in this Code will be evaluated to determine the gravity and corresponding sanctions, which range from verbal or written warnings to dismissal.

HR Ratings will not, under any circumstance, waive the application of any of the provisions and policies contained in this Code.



## **II. General principles**

- HR Ratings maintains as a fundamental principle that its activities will be conducted in strict adherence of the law and other applicable regulations, according to healthy market practices and is held to the highest standards of justice, honesty, integrity, transparency and objectivity.

The operation of HR Ratings is governed by this Code , the Internal Control Manual, the General Operations Plan, the Human Resources and Material Resources Manual, the Administrative Protocol and the Technological Infrastructure Protocol (jointly, the “Company Rules”), and also by the Agency’s rating methodologies and the regulations applicable to securities rating agencies.

The Agency’s Company Rules are prepared by the Agency’s Regulations Committee and approved by the Board of Directors.

- HR Ratings posts this Code for the public on its website free of charge, updating this Code as approved by the Agency’s Board of Directors. HR Ratings will publish any changes to this Code by this same means.
- The Compliance Department will be responsible for overseeing compliance with the Company Rules and other regulations applicable to HR Ratings, in its capacity as a securities rating agency, by the Agency, its shareholders, board members, management and other employees.
- The Compliance Department will conduct, at least once a year, reviews of HR Ratings operative employees to verify their knowledge of the Company Rules and the regulations applicable to HR Ratings as a rating agency.
- Logistics staff, cleaning and maintenance personnel are not required to participate in this review.

### **III. Quality in the provision of rating services**

HR Ratings will take the following actions to ensure the quality of the service provided to the issuer or entity that requests or is subject to rating, before and during the rating process is in accordance with healthy market practices and uses.

The company policies outlined in General Operations Plan will be followed when the rating has been requested by a third party other than the entity or issuer to be rated. All HR Ratings de México ratings will be under contract or agreement as directed by the Provisions.

HR Ratings may issue unsolicited ratings, for which the Agency will receive no payment. HR Ratings may sign a Non-Disclosure agreement or “NDA” with the entity rated, as may be required by applicable law. Unsolicited ratings will be prepared according to the same methodologies as requested ratings and will follow the same rating process, accordingly. HR Ratings will monitor unsolicited ratings and may withdraw these ratings at any time.

- Prior to the provision of the service, HR Ratings will provide, through the Business Development Department, this Code to the entity with the indication that both this document and the Agency’s methodologies and rating scales are available for consultation on the HR Ratings website.

In addition, the same Department will provide the client or the person that requested the rating with the rates or fees the Agency charges for its services.

- HR Ratings will provide the entity with a detailed explanation of the methodologies that will be applied during the rating process in question and will receive any questions or comments the entity may have in this regard, at any time during the rating process, through the Chief Credit Officer or the head of the department corresponding.
- HR Ratings, through the Chief Compliance Officer, will respond in detail, on request from the entity or issuer, to any concern the entity or issuer may have regarding the application or interpretation of this Code.



- HR Ratings will inform the entity, through the service contract, the manner and frequency the entity will be expected to deliver the information necessary for the Agency to perform the corresponding analysis and assign a rating.
- HR Ratings will perform the analysis for the assignment of a rating based on the information provided by the entity, and also on available public information, in strict adherence of the methodologies and models reviewed and approved by the Agency's Methodology Committee, approved by the Board of Directors, and the rating procedure provided in the Agency's General Operations Plan.

In the event the corresponding analysis should deviate in any manner from the rating methodologies, such a situation will be expressed in a technical note explaining the reasons for said deviation, which will be presented to the Agency's Credit Analysis Committee. This note will be added to the Agency's file for the entity.

When the business involves entities, issuers or operations that are significantly different from those usually rated by HR Ratings, or in the case of atypical or special entities, offerings, or instruments, the Chief Credit Officer will analyze, together with the Chief Risk Officer, the feasibility of the Agency being able to perform the corresponding analysis. To this effect, it must be determined the Agency has sufficient capacity, access to the information necessary and sufficient resources to carry out this type of rating. If this is not feasible, the rating process will be suspended and the entity or issuer informed of the situation.

HR Ratings will not consider ratings given by other ratings agencies for the underlying assets, when said rating fails to meet the minimum requirements to be used according to the Agency's methodology applicable.

HR Ratings will ensure the structure and voting process of the Credit Analysis Committee adhere to the policies and guidelines approved by the Board of Directors to this effect, as contained in the Agency's General Operations Plan.

HR Ratings will perform, through its independent board members or the person designated by same, statistical analyses so as to evaluate the effectiveness of the methodologies and processes used for the

study, analysis, opinion, evaluation and report on the credit quality, and also to determine whether the work of the technical personnel that applied the rating methodologies needs to be reviewed.

These analyses will be performed at least annually according to the following:

- Information will be gathered from the Agency's electronic system for the control and monitoring of the Agency's affairs regarding the provision of the ratings services.
- Transition matrices are prepared based on the information gathered from this system; these being tools to evaluate the accuracy and stability of the ratings the Agency assigns. HR Ratings expects its ratings to be stable over time and, therefore, have a low probability of experiencing significant change in the short term. Therefore, the transition matrices constitute effective tools for verifying the quality and effectiveness of the rating methodologies the Agency uses to assign ratings and also to determine whether the work of the technical personnel that applied the rating methodologies needs to be reviewed. In addition, the transition matrices constitute a tool to verify that the relative degree of risk assigned to the Agency's ratings is unified for the different types of assets.
- The transition matrices are prepared according to the General Operations Plan and in accordance with the special requirements outlined in the regulations for the country where HR Ratings is authorized, recognized, or certified to operate as a rating agency.

The transition matrices are published annually through the Agency's website for consultation by the market and are made available to any person that presents written request to HR Ratings to this effect.

HR Ratings will review its rating methodologies and models at least once a year or when the occurrence of any of the following circumstances necessitates these methodologies and models be adjusted:

- As a result of the statistical analyses prepared by the independent board members, or the person to whom this task is delegated, with regards to the rating methodologies.



- When there is any amendment of the regulations applicable to securities rating agencies, or to the regulations to which the issuers, entities, or operations rated by the Agency are subject, so as to affect the Agency's rating methodologies or models.
- On the occurrence of any significant change to the economy of a country or sovereign entity that could affect the future performance of any issuer, entity, or operation in that country.
- When in practice, the aptness of the processes and terms established in any rating methodology or model needs to be clarified.
- When as a result of relevant comments received from market participants regarding the Agency's current methodologies, through the HR Ratings website or by any other means of communication.

The rating methodologies and models will be reviewed at a meeting of the HR Ratings Methodology Committee. The Committee will evaluate the factors that could result in a modification and, accordingly, will propose the relevant modifications, which will be documented in the corresponding minutes.

The methodologies and models for rating asset-backed securities will be reviewed at least once a year to ensure these remain pertinent given any relevant changes in the risks associated with these assets.

Once the Methodology Committee has issued its opinion on any modification or addition to the rating methodologies and models, said Committee will proceed to analyze whether the ratings assigned under the previous methodology and model should be reviewed, when the methodology is modified, documenting said analysis in the minutes corresponding.

The modifications or additions agreed to by the Methodology Committee will be submitted for the consideration and approval of the Board of Directors, taking into account the procedure contained in the section "*Methodology Committee*" of the HR Ratings General Operations Plan. The documents and information used to approve the methodologies and models will be readily identifiable with indications of the date, the name of the model or methodology, document substituted, when such is the case, and any other information considered relevant to note.

Once the modifications or additions to a methodology have been published, the Agency will use the new methodology for subsequent rating actions and, accordingly, will inform the public of the potential effects on the ratings that could be impacted by the new methodology, once the review process has been completed. Accordingly, HR Ratings will issue a new rating for the instruments in question, within six months from when the new methodology model takes effect. HR Ratings may not conduct the review or, as such may be the case, rerate a rating when it is determined that the change in the methodology or model would not affect the prior rating.

- HR Ratings will refrain from engaging in the following practices:
  - Conditioning a rating or its modification on the entity or issuer, or persons that are members of the same business group, purchasing or contracting any other product or service offered by HR Ratings including pre-credit rating assessment products.
  - Assuring or guaranteeing, implicitly or explicitly, a rating determined prior to the completion of the analysis by the Credit Analysis Committee and the release of the official rating.

HR Ratings will:

- HR Ratings will clearly indicate on all documents made public, such as analysis reports, press releases and rating letters, that the ratings are opinions issued on the behalf of the Agency and not those of the Agency's management or technical personnel; that they are not recommendations to buy, sell, or hold any instrument, or to invest or conduct any type of business; that they may be subject to adjustment at any time, and they are based solely on the characteristics of the entity, offering and/or operation, independent of any business activity between the ratings agency and the entity or company.
- HR Ratings will monitor the ratings it gives monthly, quarterly, or semiannually, depending on the type of entity, issuer, operation, or instrument and will also perform an annual review, as provided for in the Agency's General Operations Plan and per the terms agreed to in the service contract entered into with the entity or issuer, with the exception of those cases where, on releasing the rating, it is clearly indicated that the Agency will not make any subsequent adjustments.



- Ratings will be reviewed in strict adherence of the rating methodologies and models, and also the procedure established in the Agency's General Operations Plan and other Company Rules.
- HR Ratings will maintain open communication with market participants, through the person or persons designated by the Board of Directors to this effect, to receive and respond to questions, suggestions, or complaints that may be raised by the Board of Directors to improve the design and aptness of HR Ratings' policies. HR Ratings will suspend the rating action in the following cases:
  - a) When the complexity of an asset-backed security or a lack of historic information for the underlying assets would affect the credibility of the resulting rating.
  - b) When the entity fails to provide the information requested by the Agency as instructed.
  - c) When there is pressure from any entity that would prevent the analysis team from conducting its work objectively and independently.
- HR Ratings will structure its analysis team so as to ensure the continuity of each team member in their respective functions, avoiding inconsistencies in the rating process.
- HR Ratings will maintain guidelines and policies for the rotation of the committee members or the analysts responsible for the rating procedures, and also for the gradual introduction of successors to these committees or technical personnel for the same entity or issuer, and will establish maximum periods of service in each area of responsibility. These guidelines will be approved by the Agency's Board of Directors.

#### **IV. Complaints**

The HR Ratings complaints procedure will be as follows:

1. Persons who have signed a service contract with HR Ratings, users of the ratings the Agency assigns, HR Ratings personnel and the general public may file claims or complaints regarding:
  - a) The ratings assigned by the Agency and the performance of the technical personnel responsible for preparing and monitoring the credit quality reports, including adherence to the

rating methodologies, during the rating process, which includes the start, determination, maintenance, surveillance, adjustment, or withdrawal of the rating.

- b) The Agency's rating methodologies and models.
- c) Failure by HR Ratings or any HR Ratings employee, to comply with the regulations applicable to rating agencies in Mexico, the United States, or in any other country or zone where HR Ratings is registered, authorized or certified to operate as a rating agency.

Failure by HR Ratings or any HR Ratings employee to comply with the Agency's policies and procedures.

- 2. Claims or complaints may be presented through the section "Contact Us" /Subject: Complaints" on the HR Ratings website, [www.hrratings.com](http://www.hrratings.com), indicating the name of the complainant, their email address, the company they represent and the subject of the complaint. In addition, complaints may be presented anonymously, through the section "Contact Us", choosing the option "Anonymous Complaints" on the website, providing only the details of the complaint.
- 3. Complaints may also be presented in writing to the HR Ratings Chief Compliance Officer, with copy to the Chief Credit Officer and the Chief Risk Officer, at the following address: Av. Prolongación Paseo de la Reforma # 1015 Torre A Piso 3, Col. Santa Fe, C.P. 01210, Ciudad de México, or by phone with the Chief Compliance Officer at (+52) 55 15 00 31 30.
- 4. HR Ratings employees who by any means, verbal or written, receive any complaint from a third party, will remit said complaint to the Compliance Department by email to: [compliance@hrratings.com](mailto:compliance@hrratings.com), with copy to the Chief Credit Officer and the Chief Risk Officer.
- 5. HR Ratings employees will notify the Chief Compliance Officer by email, with copy to the Chief Credit Officer and the Chief Risk Officer, when they learn of any complaint against the Agency or its employees received by a third party or mentioned in any newspaper, newscast, or any other mass media.
- 6. HR Ratings employees will seek the clarification of the Compliance Department in the event they have any question as to whether a communication received from an entity or issuer or media



constitutes a complaint, as discussed in this section. The Compliance Department will take into account the opinion of the Credit Analysis and Risk Departments as appropriate.

7. The Agency will have a system for the control and follow-up of complaints, which will be analyzed and resolved by the Chief Compliance Officer, the Chief Credit Officer and the Chief Risk Officer.
8. HR Ratings will respond to complaints within 30 business days of being received, provided the person has provided their contact details. This without prejudice of the measures implemented internally to prevent similar complaints in the future.
9. HR Ratings will analyze anonymous complaints, where contact details have not been provided, and will, where applicable, take the internal measures considered necessary.
10. All complaints will be documented in a follow-up log on the Agency's internal electronic system, together with the attention given, both externally and internally, to each.

## **V. Prevention of the misuse of material non-public or confidential information**

### **V.1 Material non-public or confidential information**

Material non-public or confidential information will be understood as all information received by HR Ratings from an entity or issuer or member of the same business group, or from their accountants, attorneys, or other agents, that is visibly classified by the sender as material non-public or confidential, or regarding which the entity or issuer has requested HR Ratings, in writing, hold confidential.

Material non-public or confidential information does not include that which has been made public through any action not imputable to HR Ratings prior to or at the time of its disclosure to HR Ratings. In addition, material non-public or confidential information will also not include information for which the entity or issuer has given authorization for its revelation, or that which may be required by any authority.

The handling of and treatment given to material non-public or confidential information will be subject to that provided in this Code of Conduct, the Internal Control Manual and the non-disclosure agreements entered into between HR Ratings and the entities or issuers rated, between HR Ratings and its employees, and between HR Ratings and its vendors who may have access to this type of information.

The Chief Compliance Officer will be responsible for overseeing compliance with HR Ratings' policies on the prevention of the misuse of material non-public or confidential information by the Agency's employees, management and board members, for which compliance audits may be performed per the terms laid out in the Internal Control Manual.

## V.2 Measures to protect material non-public or confidential information

HR Ratings has established the following policies and mechanisms to ensure material non-public or confidential information is used solely and exclusively for the tasks of the Agency as a rating agency and to prevent the misuse of material non-public or confidential material.

### V.2.1 *Receiving information*

The Agency may receive confidential information by email marked confidential and sent to any Agency employee authorized to intervene in the matter or who has been designated to this effect, according to that established in the Internal Control Manual and the General Operations Plan.

### V.2.2 *Protection of files and material non-public or confidential information*

- All Agency employees and management who handle information provided by entities or issuers are obliged to adhere to the policies and guidelines for the handling, protection, access and safeguarding of information and files, as contained in the HR Ratings Internal Control Manual.

- All HR Ratings employees and management will clear their desks of information at the end of the workday and whenever they are away from their desk. They will also shred any documents no longer in use.
- Agency employees are strictly prohibited from removing papers or physical files or electronic files, containing material non-public or confidential information, from the Agency's offices.
- HR Ratings employees are strictly prohibited from transmitting, distributing, or sending information classified for internal use outside the Agency. Information for internal use is information provided by the entities or issuers or working documents containing material non-public or confidential information.

#### *V.2.3 Access to offices*

As an additional measure of protection for files and material non-public or confidential information, access to HR Ratings' offices will be restricted by fingerprint recognition, therefore visitors will be received in meeting rooms located in spaces that are physically separated from the Agency's operation.

## **VI. Transparency and revelation of information**

### **VI.1 Transparency**

1. HR Ratings will take the following measures to guarantee the transparency of its activities:
  - Inform the entities and issuers, prior to the signing of the service contract, through the Business Development Department, of the current rates or fees for the provision of the rating service. In addition, HR Ratings will inform the entities and issuers, through this same department, of adjustments made to the annual maintenance fees, prior to the payment date for the annual renewal.



- Prior to releasing a rating or modification, whenever feasible, HR Ratings will provide all critical information to the entity or issuer, and also the principle factors that were taken into account to assign a certain rating. Also, HR Ratings will consider any clarification made by the entity or issuer that would result in a more accurate rating, in accordance with the procedure established in the Agency's General Operations Plan. HR Ratings will not offer additional services or renegotiate any clause in the service contract as a result of the clarification procedure outlined here.

HR Ratings may release a rating, or an amended rating, without informing the entity rated in advance in the event of any circumstance that would directly affect the rating and of which market investors should be informed immediately, given the material impact the event could have on their decision-making.

In the event HR Ratings fails to deliver to the entity rated the analysis report, press release, or rating letter prior to the release of a rating, HR Ratings will do so immediately following the release giving the reasons for the delay.

- Incorporate into the press release, through which the rating is published, the items indicated in the Agency's General Operations Plan, and those mentioned in the Provisions and in local legislation applicable to HR Ratings, making an effort to use clear and easily understood language.
  - On releasing a rating, HR Ratings will not disclose any entity or issuer non-public or confidential information, when the entity or issuer has so requested.
  - Ratings that are not required for securities offerings may be kept private until such time as the entity or issuer requests their release. The Credit Analysis Committee is may not be required to be involved in this action, unless additional information has been provided.
2. The obligation to release initial ratings for possible securities offerings applies only in the countries where this is required by law.



3. The inappropriate dissemination within and outside HR Ratings of a pending rating action before issuing the credit rating on the Internet or through another readily accessible means is strictly prohibited.
4. HR Ratings will publish the following information on its website free of charge and non-selectively:
  - Press releases for the ratings assigned, modifications, or the withdrawal of a rating, and also the decision to suspend the surveillance of a rating, giving the reasons for such action. The foregoing with the exception of private ratings, which will be provided only to the requesting entity or issuer.

In addition, HR Ratings will issue a press release on the decision of an entity to rescind their service contract, when it is known that such rescission has resulted from a modification to downgrade their rating, the business day following the rescission.

Press releases will be available on the Agency's website for at least 12 months following their publication.

- The historic information on the annual rates for default for each of the rating categories, and also the transition matrices across the ratings given.
- The methodologies used for the rating of the entities, issuers and/or offerings, and any material change to these documents, and also the rating process.
- The reason or justification for any modification of the rating methodologies and processes and the probability the modifications could result in changes to any current rating.

- Notice of the existence of any significant error identified in any procedure or methodology that could result in any change to any current rating.
- Comments received from the market, in general, through the HR Ratings website, regarding new methodologies or modifications of methodologies, and also those received related to a current methodology, as well as the corrective action taken.

The Agency will maintain public the comments received regarding the draft for a new methodology or modification of a methodology for a minimum of 10 calendar days, from the date the corresponding draft is published.

The comments received regarding a current methodology will be maintained on the Agency's website until such time as the methodology in question is modified and the draft is published to receive new comments from the market.

- The surveillance procedures for a rating, the frequency of the reviews, and also the criteria for the withdrawal or suspension of a rating.
- The structure and voting process for the committees that determine the ratings and the surveillance of the same, accordingly.
- The scales, nomenclatures and their definitions, and also the definition of default as agreed to by the Methodology Committee.
- A list of the ratings given to each entity or issuer from the date of the initial rating action. The foregoing provided the rating has been modified.
- In the event HR Ratings has received income from issuers or entities for services other than the provision of credit ratings, HR Ratings will indicate the portion such revenues represent in terms of the total income received from each entity or issuer.
- This Code of Conduct and modifications thereof.

- Contact information for:
  - Any question any market participant may have regarding the rating methodologies.
  - Any question any market participant may have regarding the Agency's company rules.
  - Business development.
- The annual report, approved by the Board of Directors, containing relevant information on the activities of HR Ratings, its structure, the number of ratings given, changes to the Agency's policies, procedures, and other items during the year. The report will be released the same day it is submitted to the Mexican Banking and Securities Commission.
- The powers of the Board of Directors and the independent board members, and also the number of independent board members serving the Agency and a statement that such board members do not meet any of the conditions mentioned in sections I to V of article 26 of the Securities Market Law.
- Initial ratings, and also changes, modifications, or cancellations of ratings, the same day as issued.
- A list of public ratings, and also the deletions, additions and modifications made the previous month, within the first five business days of each month.

## VI.2 Dissemination of information

Ratings, its changes, modifications or cancellations of ratings, will be released the same day through the different stock exchanges, via the electronic sending and dissemination of information systems, to the Mexican Banking and Securities Commission, via the Securities Information Transfer System ("STIV-2"), and to the general public via the HR Ratings website and electronic communications networks.



### VI.3 Communication with the media

- Only persons so authorized by the Agency are permitted to communicate with the media.
- The Chief Credit Officer, and the director and lead analysts participating in the analysis process for an entity, issuer and/or operation, may make comments to the media regarding the entities, issuers and/or operations they have rated, provided HR Ratings has already released the rating via the corresponding means.
- No Agency employee will publicly contradict the official opinion of the Credit Analysis Committee regarding any rating or opinion.
- Any member of management that participates in an interview or has any type of communication with the media will maintain a professional attitude, watching their language and tone, paying particular attention to the adjectives they use. Words like “horrible”, “incredible” and “fantastic”, or phrases like “the worst” and “the best” must not be used during any contact with the media. The member of management is responsible for setting the bases, topics and conversation rules prior to any radio, television or press interview.
- Employees not authorized by the Agency to exchange communications with the media will refrain from making any comment and if asked by the media, will not respond to questions.

### VI.4 Rumors

HR Ratings employees, management, shareholders and board members are prohibited from starting, circulating, or spreading sensationalistic rumors that could affect the reputation of the Agency or any entity or issuer rated by HR Ratings.

The sanctions imposed for starting, circulating, or spreading rumors will depend on the impact on the continuity of the Agency’s operations, which will be evaluated by the HR Ratings Chief



Compliance Officer together with the Chief Risk Officer, according to **Appendix 12 “Criteria for determining the severity of violations of the Company Rules”**.

## **VII. Conflicts of interest**

Given the complexity of their work environment and the types of duties they perform, Agency employees and management are exposed to potential conflicts of interest; the term conflict of interest being understood as any situation, usually of a financial or personal nature, that could influence the judgment of an individual and could affect them from making objective, fair and independent decisions.

### **VII.1 Identifying conflicts of interest**

There is a conflict of interest, and therefore the director or analyst involved will not be permitted to participate in or influence the determination of a rating when:

- In the 12 months prior to the start of the rating process, they have served as a board member, management, or employee of the entity or issuer to be rated, or at any entity member of the same business group as the entity or issuer to be rated, or has had any business dealings that could create a conflict of interest with said entities or issuers.
- Their spouse, partner, or any blood relative to the second degree holds any management or senior management position in the entity or issuer to be rated. The familial relationship to the second degree includes the parents, children, grandparents, siblings and grandchildren of the employee.
- They engage, or have engaged in, during the 12 months prior to the start of the rating process, any other relationship that could cause a conflict of interest with the issuer and/or offering to be rated or with any entity member of the same business group as the entity or issuer in question.
- They have or are in the process of receiving a loan, credit, good, yield, or the provision of any service from the entity or issuer on better-than-market conditions, or have engaged in a business relationship with the entity or issuer beyond an arm's length ordinary course of business.

- They maintain an operation involving the securities of an entity or issuer rated or being rated, according to section VII.2.3 “Securities Transactions” of this Code.
- They participate in the sale or promotion of a product or service offered by HR Ratings, or they are influenced by sales or commercial considerations.

The Compliance Department will maintain a record on the Agency’s internal electronic system of any person that presents a potential conflict of interest with any entity or issuer rated by HR Ratings. Only the Agency’s Chief Executive Officer, Chief Risk Officer, Chief Credit Officer, and Operations and Compliance Department personnel, and the Agency’s Analysis Director and lead analysts will have access to these records.

## VII.2 Measures to eliminate conflicts of interest

The Agency has established the following measures to prevent employees, management and board members from being exposed to potential conflicts of interest:

### *VII.2.1 Objectivity, Independence and integrity*

- The process for a credit rating action must be performed in strict adherence of the procedures provided in the General Operations Plan and in the rating methodologies and models approved by the Agency’s Board of Directors.

The Chief Credit Officer will oversee that the individuals participating in the rating process perform the evaluations or corresponding analyses in adherence of the procedures provided in the Agency’s General Operations Plan and based on the rating methodologies and models applicable.

The foregoing is without prejudice of the ability of the independent members of the Board of Directors to conduct compliance audits on the rating methodologies and models, directly or through the person to whom this task is designated.

The Chief Compliance and Risk Officers may verify, at any time, that compliance is being met with the rating procedure contained in the Agency's General Operations Plan.

- The remunerations received by the board members, management and technical personnel involved in the rating process, and all employees in general, are wholly independent from the revenues received by HR Ratings for the ratings given to any particular entity or issuer and/or operation, in accordance with the remuneration policies approved by the HR Ratings Board of Directors, which will be reviewed periodically to ensure the objectivity of the rating process is not compromised.
- At no time will a rating process be stopped or eliminated when the rating may cause the entity or issuer, or any investor, the Agency itself, or any other market participant any economic, financial, political, or legal impact, including the rescission of the service contract between HR Ratings and the entity or issuer.
- The Agency's rating actions will not be affected by the existence or potential existence of a commercial relationship with the entity or issuer receiving the service, or with other entities members of the same business group, or with any third party.
- HR Ratings will refrain from providing its services when the revenues that would be received from an entity or issuer that intends to contract these services, or from members of the same business group or consortium, would represent ten percent or more of HR Ratings' total revenues received the previous year.

HR Ratings will refrain from providing its services to states or municipalities when:

- a) The revenues that would be received from each state or municipality would represent five percent or more of HR Ratings' total revenues received the previous year.



- b) The sum of the revenues received from a state and its municipalities would represent ten percent or more of HR Ratings' total revenues received the previous year. This condition will only apply when the state acts as guarantor on the operations of the municipalities.

The calculation of the revenues mentioned above will consider all the revenues that HR Ratings would receive from said states or municipalities, including those for services that would assess the credit quality of securities issued by trusts on which the state or municipality is the settlor.

- HR Ratings employees are prohibited from making recommendations or proposals concerning securities offerings.
- In addition, HR Ratings employees are strictly prohibited from making recommendations to entities, issuers, structuring agents, placement agents, or any other participant in the offering, in relation to the legal, corporate or financial structure and activities of any entity or issuer rated by HR Ratings.

#### *VII.2.2 Division of functions and duties*

- HR Ratings will maintain a policy of dividing functions and duties to ensure that personnel responsible for preparing the studies for the assignment of ratings are completely separated from any activity related to the promotion and sale of the services HR Ratings provides and the processing of the fees and charges the Agency collects for these services.
- In addition, HR Ratings will ensure the areas responsible for administrative matters and for the Agency's business relationships have no involvement in the rating process for client entities, issuers and/or operations, and do not have access to client information or files.

- This policy on the division of duties, reporting lines, oversight, and remuneration structure is described in the HR Ratings Internal Control Manual.
- Any analyst that receives information from a client, an Agency employee or any third party, in relation to the service contract signed between HR Ratings and the entity or issuer, containing the Agency's fees or any sales or commercial information, will inform the sender that information of this nature must be addressed exclusively with the Agency's Business Development or Administrative Departments. In addition, the employee will send a copy of their response to the Compliance Department at: [compliance@hrratings.com](mailto:compliance@hrratings.com), which will document the situation and, accordingly, the Chief Compliance Officer, with the Agency's CEO and Chief Risk Officer, will take any measures necessary.
- In such circumstance, it will be determined whether the sales or commercial information in question has actually or could have influenced the analyst. If this is found to be the case, the measures discussed in Section VII.4 "Handling Conflicts of Interest" will be applied.
- Additionally, if any Business Development Department personnel, or the Agency's CEO, receives information from any HR Ratings client that would be relevant to the analysis process, they will remind the client, in writing, that information of this nature must be sent exclusively to the analysis team assigned to them. In addition, the employee will send a copy of their response to the Compliance Department at [compliance@hrratings.com](mailto:compliance@hrratings.com), which will document this type of situation, and where warranted, take any measures necessary.

The Compliance Department will document occurrences of the situations described above in their records.

#### *VII.2.3 Securities Transactions*

1. "Securities Transactions" are those operated directly or indirectly on:

- a) Securities registered in the National Securities Register (the "Register"). Securities are shares, interests, obligations, notes, options, certificates, promissory notes, bills of exchange, and other negotiable instruments, registered or not, that can be traded on the securities markets, which are issued in series or in masse and represent the equity of an entity, a factoring party on an asset, or interest in a collective loan or any individual credit right, under the terms of the local and foreign laws applicable.
  - b) Certificates of deposit, commonly known as American Depositary Receipts ("ADRs") or similar instruments on foreign markets, representing the Securities mentioned in the previous point, or similar or analogous instruments.
  - c) Derivative financial instruments, provided their underlying assets are registered Securities.
  - d) Bank securities representing debt on a term equal to or less than one year serviced by a bank.
2. The following investments are not considered Securities Transactions:
- a) Shares in mutual funds.
  - b) Securities issued by any sovereign entity.
  - c) Indexed trust certificates (representing rights on securities, assets, derivatives, or other assets that seek to replicate the behavior of one or more indexes, financial assets, or reference parameters).
  - d) Certificates referring to a group or basket of shares or price indexes.

The following persons are prohibited from operating or maintaining Securities Transactions involving any entity or issuer that is a client of HR Ratings:

- HR Ratings, as a legal entity;
- Analysts that participate in the rating process of the entity or issuer;
- Members of the Credit Analysis Committee that participate in the rating of the entity or issuer, and



- Persons who because of their duties may have access to privileged information, per the terms of section VII.2.4 of this Code.

All new Agency employees and board members will present, on their start or appointment date, using the form contained in **Appendix 1 “Securities Transactions Report”** to this Code of Conduct, a statement of the Securities Transactions they hold directly or indirectly in any entity or issuer rated by HR Ratings; and also those of their spouse, partner, or minor-aged children.

In addition, all Agency board members and employees who operate a Securities Transaction with any entity or issuer rated by HR Ratings will notify the Chief Compliance Officer using the form contained in **Appendix 1 “Securities Transactions Report”** hereto, within 10 business days following the operation of the Transaction in question.

The foregoing notwithstanding, all Agency employees and board members must complete and submit **Appendix 1 “Securities Transaction Report”** every six months. The semiannual endorsement will indicate all securities transactions operated by the employee or board member to date with any entity or issuer rated by HR Ratings, regardless whether these have been previously reported.

Term renewable certificates for bank securities representing debt on a term equal to or less than one year serviced by a bank rated by HR Ratings, must be reported once only indicating this characteristic in the report.

The corresponding bank or securities account statement will be appended to the securities transactions report. This statement will be dated no more than three months prior and will indicate the securities transactions operated. The employee or board member may delete the information not relevant to the operation reported.

HR Ratings will maintain on the Agency’s electronic system a list of the entities or issuers rated by HR Ratings and which are public (the “Public Ratings List”) for HR Ratings employees

and board members to consult in order to meet compliance with this section. All Agency employees and board members will have access to this list.

In addition, the Agency will maintain a list of entities or issuers who request privacy or whose initial rating process has been completed, but their rating has not yet been released (the “Private Ratings List”), to which only the Agency’s Chief Executive Officer, Compliance, Risk and Operations Department personnel, Business Development Department personnel, the analysis Director and the members of the Board of Directors will have access. Both client lists will be maintained current on the Agency’s internal electronic system.

HR Ratings, through the Compliance Department, will take the measures necessary to ensure that Securities Transactions by members of the Board of Directors, management, the technical personnel responsible for the preparation of reports on and the subsequent surveillance of, the credit quality of securities or clients of the Agency, and employees in general, do not generate any conflict of interest.

The limitations on Securities Transactions laid out in this section and the disclosure of these will apply equally to Transactions operated by the spouse, partner, or minor aged children of the credit analysis management or technical personnel involved in the rating process.

For the purposes of the previous paragraph, HR Ratings employees, management and board members will make every effort to inform themselves of securities transactions operated by their spouse, partner and/or minor aged children. No bank or securities account statement will be required for these transactions.

#### *VII.2.4 Use of privileged information*

For the purposes of this section, a relevant event is any fact, act, or occurrence, of any nature, that could or would influence the prices of registered securities.

HR Ratings board members, management and employees are strictly prohibited from:



- Obtaining any benefit from any Securities Transaction gained from the use of privileged information obtained from having participated in the rating process for these securities, or in the course of their duties.
- Providing or transmitting privileged information to other persons, being required to meet compliance with that established in the HR Ratings Internal Control Manual for the handling of non-public or confidential information.
- Issuing recommendations on any securities or negotiable instruments, the price or quote for which could be influenced by the use of privileged information.
- Privileged information is knowledge of relevant events that have not been disclosed to the public by an issuer through the market on which their securities are traded.

It is not necessary that the person know all the details of the relevant event to be considered to have privileged information, provided the part to which they have access could influence the price or quote of an issuer's securities.

The Compliance Department will be responsible for monitoring the policies on securities transactions and the use of privileged information.

Any improper use of privileged information will be considered a very serious fault that will be sanctioned according to the criteria established in **Appendix 12 “Criteria for determining the severity of violations of the Company Rules”** of this Code of Conduct.

#### *VII.2.5 Loans, credits, acquisition of goods, services and yields*

Management and technical personnel that have or are in the process of receiving a loan, credit, good, yield, or the provision of any service from an entity or issuer rated by HR Ratings, or who engage in a business relationship with such entity or issuer beyond an arm's length ordinary course of business will not participate in the rating process involving said entity or issuer.



The persons mentioned in the previous paragraph will be obliged to report the loans, credits, goods, yields, or services, or any business relationship, they have or are in the process of obtaining from a client prior to starting any participation in the rating process involving such client, when the loan, credit, good, yield, or service, or business relationship, was obtained or will be obtained on better-than-market conditions. Loans, credits, goods, yields, or services, or business relationships, will be reported to the Chief Compliance Officer using the form contained in **Appendix 13 “Report of Loans, Credits, Goods, Yields and/or Services”**.

#### *VII.2.6 Gifts, entertainment and preferential treatment*

- The Agency, its employees, management and board members are prohibited from:
  - Receiving from any employee of any financial authority, political party, or any government or state-involved institution, any gift, compensation, gratification, or entertainment.

The use of Agency or personal resources to make illicit payments to persons or organizations for the purpose of doing business or influencing their policies or decisions is strictly prohibited.

- Soliciting or receiving directly or through another person, remunerations, goods and/or services, including entertainment, and also donations from persons with which HR Ratings holds business relationships or who hold an interest in the transaction in question.

The Agency, its employees, management and board members are only permitted to accept or receive from any person with which HR Ratings holds a business relationship, or from any of their employees, goods, other than cash, whose value does not exceed US\$25 (twenty-five US dollars).

- Receiving remunerations, goods, donations, gifts, or gratifications from any employee of any third party, when said gifts are given with the intention of

influencing the decision on any rating, opinion, analysis, study or report the Agency is preparing.

- In the event any entity or issuer with which HR Ratings holds a business or services relationship, or any employee of same or of any financial authority, political party, or government or state-involved institution solicits or offers Agency technical or management personnel, or any other employee, explicitly or implicitly, any type of remuneration, goods, donation, gift, gratification, or entertainment, the person in question will report this to the Chief Compliance Officer immediately, in writing, regardless whether they have accepted the item or not.

The respective report will indicate the characteristics of the goods, donation, gift, gratification, or entertainment offered, the date of delivery, and also the type of relationship with the entity or issuer, authority, or political party involved. Gifts offered will be reported using the form contained in **Appendix 2 “Report of gifts”** of this Code of Conduct.

- In the case of any offering that would lead to a conflict of interest for the Agency, the entity, issuer, or person in question will be asked, in writing, by the Business Development Department, to terminate the business relationship informing them of the reasons for this action.

#### *VII.2.7 Post-employment activities of management and technical personnel*

##### *VII.2.7.1 Post-employment follow-up*

- HR Ratings will make every effort to inform itself of the future employment of its employees so as to inform the Securities and Exchange Commission to this effect, in the event that the former employee enters the employ of an entity, issuer, underwriter or structuring agent for a security or financial instrument rated by HR Ratings, provided the former employee (i) held a management position in the Agency, (ii) held an analyst position and participated, in any manner, in the rating process for the entity, issuer, or



the rating for the instruments or operations of the structuring agent, or (iii) was a supervisor of an analyst that participated, in any manner, in the rating process for the entity, issuer, or the rating for the instruments or operations of the structuring agent. The flowchart contained in the **Appendix 3 “Post-Employment follow-up”** to this document shall apply in this situation.

- The policies for following up on the future employment of former HR Ratings employees are contained in the Agency’s Human Resources and Material Resources Manual.

#### VII.2.7.2 Back review of the former employee

- In any case in which an employee of a person subject to a credit rating of HR Ratings or the issuer, underwriter, or sponsor of a security or money market instrument subject to a credit rating of HR Ratings was employed by HR Ratings and participated in any capacity in determining credit ratings for the person or the securities or money market instruments during the one-year period preceding the date an action was taken with respect to the credit rating (including the one-year period preceding the date of the most recent rating action prior to the employee’s departure), HR Ratings will conduct a review to determine whether any conflicts of interest of the employee influenced the credit rating and take action to revise the rating if appropriate according with the following:
  - On learning of the former employee entering the employ of the entity, issuer, or structuring agent, HR Ratings will review the ratings given to said entity over the 12 months prior to the most recent rating action by HR Ratings on the entity, issuer, underwriter or structuring agent before the employee left the Agency.

The Chief Risk Officer will perform this review, with the support of the previous immediate supervisor of the analyst in question, according to **Appendix 4 “HR Ratings back review detailed flowchart”**.



- If any elements are detected that would presume the rating or ratings had been influenced by a conflict of interest or that these had not been assigned correctly, the Chief Risk Officer will report such situation immediately to the Agency's Chief Compliance Officer and the Chief Credit Officer, and the latter will be asked to open a rating review process according to the procedure contained in the HR Ratings General Operations Plan for the assignment of the ratings.

In this case, HR Ratings will publish the change of rating or the confirmation of the rating, according, within fifteen calendar days following the date on which it was found that the rating could have been influenced by a conflict of interest.

If the change of rating or the confirmation of the rating is not published within the time indicated in the previous paragraph, HR Ratings will publish a press release indicating that the rating is under review or observation, as evidence was found that the rating could have been influenced by a conflict of interest.

- The flow chart provided in **Appendix 3 “Post-Employment follow-up”** hereto will be taken into account in reference to section VII.2.7 of this Code of Conduct.

### VII.3 Disclosing conflicts of interest

- All HR Ratings employees, management and board members are obliged to disclose to the Chief Compliance Officer, in writing, any personal or financial relationship, either their own or that of any other employee of which they have knowledge, that could generate a conflict of interest regarding any entity, issuer and/or operation.
- The disclosure of conflicts of interest must be clear, transparent and complete in all cases. To this effect, all HR Ratings employees, management and board members will

follow the procedures for identifying, handling and disclosing any potential conflict of interest as laid out in this Code of Conduct.

- In the event any employee, management, or board member fails to disclose any situation that could generate a conflict of interest in a timely manner, or attempts to hide any such situation, the Chief Compliance Officer, together with the Agency's CEO and Chief Risk Officer, will analyze the case and determine the measures and/or sanctions to be levied, as per the terms of Section XII "Sanctions" in this Code, considering the impact on the continuity of the operations of HR Ratings.

Conflicts of interest must be disclosed using the form contained in **Appendix 5 "Conflict of interest disclosure"** to this Code of Conduct.

- In addition, Agency employees and management will use the form contained in **Appendix 6 "Report of the employment and/or positions of family members"** to this Code in the event their spouse, partner, or any blood relative to the second degree holds any management or senior management position in any entity or issuer rated by HR Ratings. The familial relationship to the second degree includes the parents, children, grandparents, siblings and grandchildren of the employee.

All Agency employees and management will sign this form every six months, indicating the positions held by their spouse, partner, or any blood relative to the second degree in any entity or issuer rated by HR Ratings.

For the purposes of the above, HR Ratings employees and management will make every effort to inform themselves of the employment status of their spouse, partner or blood relatives to the second degree.

#### VII.4 Handling conflicts of interest

- The Chief Compliance Officer, together with the Agency's CEO and Chief Risk Officer, and where necessary, a legal advisor, will discuss and analyze real and potential conflicts

of interest to determine the appropriate measures to be taken to handle such conflicts, which may include:

- Prohibiting the individual involved in the conflict or potential conflict from participating in any manner in the analysis process for the entity, issuer and/or operation with which they have the conflict of interest, until such time as the conflict is resolved or confirmed; designating a different person to take their place in the analysis process.
- Suspending the person's access to all non-public or confidential information for the entity or issuer with which they have the conflict of interest.

The above is without prejudice of any sanctions that may be applicable.

- The opinion of the independent members of the Board of Directors will be heard on potential or real conflicts of interest of greater importance.
- When the Chief Operating Officer presents a conflict of interest in terms of their participation in the analysis process for the entity, issuer and/or operation, they will be substituted by the Chief Credit Officer. Similarly, when the Chief Credit Officer presents the conflict of interest, they will be substituted by the Chief Operating Officer.
- In addition, when a Department head presents a conflict of interest in terms of their participation in the analysis process for the entity, issuer and/or operation, they will be substituted by the Chief Credit Officer.
- In the event any employee involved in the analysis process already holds an investment or loan prior to HR Ratings signing any service contract, which could cause a conflict of interest, such personnel will refrain from participating in said analysis process or they will disinvest from the securities involved.
- When any of the people authorized to resolve potential conflicts of interest - the Compliance Officer, Risk Officer and the Agency's CEO - present any potential conflict



of interest themselves, such situation will be assessed by the other two persons and they will take the necessary measures.

- The Agency will refrain from entering into the service contract for rating services with any entity, issuer and/or operation when any Agency board member, or management involved in the rating process holds a conflict of interest with the entity, issuer and/or operation. This situation may be reverted if the proper measures are taken to eliminate the conflict of interest.

In addition, the Agency will refrain from entering into service contracts for rating services with entities or issuers that directly or indirectly hold interest in the equity of HR Ratings, unless such interest represents less than five percent of the ratings agency's equity.

- The Chief Compliance Officer, with the support of the Chief Risk Officer, will ensure all HR Ratings employees and board members adhere to the policies laid out in this Code regarding the identification, handling and disclosure of conflicts of interest.

Potential conflicts of interest will be handled according to the flow chart contained in **Appendix 7 “Handling potential conflicts of interest”** to this Code of Conduct.

Any relevant modification of the policies on the identification and handling of conflicts of interest, contained in this section, must be reported to the U.S. Securities and Exchange Commission via the NRSRO form, upon taking effect.

#### **VIII. Technical quality and upstanding character**

- The employees and management personnel involved in the rating process for entities, issuers and/or operations will have experience and expertise in financial matters and credit analysis. The Analysis Director on the rating process for an entity, issuer, or transaction must have at least three years' experience in credit analysis.

HR Ratings will conduct, through the Chief Risk Officer, at least once a year, assessments to determine the knowledge of the analysts and analysis management in terms of the procedures and

rating methodologies of the Agency they use to determine ratings, in the classes or sub-classes of credit ratings in which each analyst participates.

- Employees and management participating in rating processes will also accredit their upstanding character to be able to perform their duties with honesty and integrity, as per the terms of the sworn statement contained in **Appendix 8 “Sworn Statement”** hereto, which must be delivered to the Compliance Officer and confirmed every six months.

Persons who have been convicted of a felony or any property offense punishable by prison will not be permitted to participate in the rating process.

The Chief Compliance Officer will determine the sanctions to be levied on those employees, management, shareholders, or board members found to be in violation of the Company Rules and other regulations applicable to HR Ratings.

The Chief Compliance Officer, together with the Chief Risk Officer, on hearing the opinion of the independent board members, will determine the sanctions to be levied in the case of serious violations of the company rules, as defined in **Appendix 12 “Criteria for determining the severity of violations of the company rules”** of this Code of Conduct,

## **IX. Outside activities**

- All new Agency personnel will present, on their start date and using the form contained in **Appendix 9 “Report of other employment”** to this Code of Conduct, a statement of all positions they hold with any company or entity.

The above notwithstanding, all Agency employees and management must sign **Appendix 9 “Report of other employment”** every six months or when there has been a change in their situation.

- Agency employees and management will obtain the approval of the Compliance Officer, using the form contained in **Appendix 10 “Request for permission to work outside HR Ratings”** to this Code of Conduct, to:

- Work as management, employee, board member, or business consultant outside the Agency.
- Commit to outside activities that could have an impact on the Agency, including:
  - Receiving compensation to serve as administrator, custodian, guarantor, or executor for any person that is not a direct relative of the employee.
  - Acting as representative for any social, political, religious, or business organization.

Independent board members will be disqualified from participating in any discussion that could represent a conflict of interest with the ratings the Agency issues.

## **X. Conduct**

- All HR Ratings employees, management and shareholders and board members are responsible for being familiar and complying with the Agency's Company Rules, and also with the laws, bulletins and other provisions that govern securities rating agencies, receiving different types of sanctions in the event of their violation.
- The persons mentioned in the previous paragraph will refrain from any action, either in or outside the Agency, that could damage the Agency's reputation.

### **X.1 Professional conduct**

- The Agency will not tolerate any illegal, indecent, or violent act or conduct by any HR Ratings employee, management, shareholder, or board member, or any such act or conduct that would go against the Agency's ethical and professional standards, so as to negatively impact the work environment or damage the Agency's reputation or image.
- Expressed opinions that could damage the reputation of third parties are also not permitted.

That stated in the two previous paragraphs includes any act or statement, verbal or written, made in public, in the media, on social networks, or at public or private events.



## X.2 Respect

- The Agency will not tolerate any of the following conduct between colleagues:
  - Any act of discrimination based on race, color, religion, gender, age, nationality, social status, disability, marital status, or sexual preference.
  - Offensive verbal, physical, or visual behavior so as to create an intimidating, offensive, or hostile environment in the workplace.
  - The harassment of one employee by another, regardless of their gender or hierarchy, which includes, but is not limited to: unsolicited sexual advances, solicitations of sexual favors or any activity, physical, verbal, or visual, of a sexual nature that would interfere with the individual performing their duties or would alter the environment within the Agency. Employees affected by any of the conduct mentioned previously may report these to the Human Resources and Material Resources Director, who, together with the Agency's CEO, will evaluate the situation and levy the sanctions deemed applicable, depending on the seriousness of the conduct.

Complaints involving harassment will be investigated as soon as possible with the utmost discretion. In the event the employee affected doesn't feel comfortable discussing the situation with the Human Resources and Material Resources Director, they may present their complaint directly to the Agency CEO or Chief Compliance Officer.

- The Agency will respect the intellectual property rights and image of its clients, competitors, or any public figure or third party, strictly prohibiting HR Ratings employees, management and board members from:
  - Making defamatory, degrading, or slanderous statements about others.
  - The intellectual plagiarism of information, ideas and documents.

Agency management personnel will oversee compliance with that stated in this point and in the event any activity is detected in violation of these guidelines, such activity will be reported immediately to the Compliance Officer, who will determine the sanctions to be levied on the person found to be responsible, taking into consideration the impact on the continuity of the operations of HR Ratings. To this effect, the Compliance Officer will hear the opinion of the Risk Officer before imposing the sanction.

### X.3 Use of illegal substances

The Agency is committed to providing a healthy work environment, free of anything that would put the quality of the products and services the Agency offers at risk. To this effect, HR Ratings employees and management are prohibited from:

- Using, selling, buying, distributing or possessing illegal substances at the Agency's offices.

Any deterioration in an employee's performance or incident caused due to the use of alcohol or illegal substances must be reported immediately to the Human Resources and Material Resources Director, with copy to the Agency CEO, who jointly will determine the disciplinary measures to be taken.

Performance problems caused by the use of alcohol or illegal substances will be treated like any other problem related to employee performance in the workplace and may give cause for dismissal.

Employees that show indications of having problems with drug addiction or alcoholism will be encouraged to seek professional help, ensuring this does not interfere with their work performance.

- Smoking in the workplace, which includes cigars, pipes, e-cigarettes and other tobacco products. Board members, outside advisors, consultants and visitors are also prohibited from smoking at the Agency's offices.

#### X.4 Use of email, the internet, telephone and other electronic means of communication

- The telephone networks, computers, Internet and email are considered Agency assets and must be used by HR Ratings personnel for their assigned tasks. All telephone communications, and also any information transmitted, received or stored on communication media is and will, at all times, be the property of the Agency. The personal use of the communication systems must be occasional and not interfere with the responsibilities of the employee or compromise the security of the Agency.
- The Human Resources and Material Resources Department and/or the Compliance Department may randomly monitor the use of communication media by any employee to ensure these systems are being used solely for business purposes.
- HR Ratings employees are strictly prohibited from:
  - Sending or saving any message that is abusive, insulting, obscene, inappropriate, or unprofessional, such as:
    - ❑ Messages that may be considered discriminatory based on gender, color, religion, age, nationality, disability, marital status, or sexual preference.
    - ❑ Messages that may be considered defamatory against any particular person.
    - ❑ Messages that offend any person or would or could cause moral damages.
    - ❑ Messages that focus on political or religious proselytizing, self-promotion or third party promotion.
    - ❑ Messages that could damage the image or reputation of HR Ratings or any HR Ratings client.
  - Posting any type of communication on social media mentioning HR Ratings activities is also strictly prohibited. Only authorized Operations Department personnel may use any social media the Agency authorizes, to announce rating actions by HR Ratings and other information of interest to the market.



- Revealing any information related to the rating process for an entity, issuer or operation is prohibited until the rating has been released to the public, through the media indicated in the HR Ratings General Operations Plan.
- Compliance Department personnel may have access to the social media on which the Agency posts news, to verify there has been no violation of the social media policy.
- Listening to music or watching videos online.

The Agency will maintain the technological controls necessary to ensure the correct employee usage of the internet and other means of communication. This includes blocking personal email and/or internet sites that could present a risk to the Agency's technological infrastructure or which could lead to an information leak, and also music sites.

These controls do not affect the sanctions that may be applied on the violation of the policies contained in this section.

#### X.5 Use of Social Networks

All HR Ratings personnel are required to comply with the company decalogue on using Social Networks, which is based on the ethical use of these networks.

### **XI. Material violations of the law**

In the event any employee of HR Ratings, or any of its affiliates, subsidiaries, or branch offices established in any country, receives notice from a third party regarding an alleged material violation of the law by any entity or issuer rated by HR Ratings, such situation will be reported to the Compliance Officer at the following address:

HR Ratings de México, S.A. de C.V.  
Av. Prolongación Paseo de la Reforma # 1015 Torre A Piso 3,  
Col. Santa Fe, Del. Álvaro Obregón, C.P. 01210, Ciudad de México.

Phone: (55) 15 00 31 30  
[compliance@hrratings.com](mailto:compliance@hrratings.com)

These types of notices may be presented confidentially or anonymously and, accordingly, will be investigated according to the regulations applicable to securities rating agencies in the country in question. HR Ratings will not be obliged to verify the certainty of the information provided by the third party regarding the alleged violation of the law. Notices that, at the discretion of HR Ratings, may constitute a material violation of the law by an issuer rated by the rating agency will be reported to the authority, as required by local legislation applicable to HR Ratings.

To continue, in the event the Chief Compliance Officer, in the course of their duties, detects any fault or serious violation of the HR Ratings guidelines, policies and/or control mechanisms that in their opinion could constitute a violation of the Securities Market Law, the Chief Compliance Officer will report such situation to the Mexican Banking and Securities Commission within two business days.

## **XII. Sanctions**

- Any violation of this Code of Conduct, the Internal Control Manual, General Operations Plan, Human Resources and Material Resources Manual, the Administrative Protocol and/or the Technological Infrastructure Protocol may lead to administrative, civil, labor and/or criminal action being taken.
- All HR Ratings employees, management, or board members will report any illicit or unethical conduct, situation or activity to the Compliance Officer, verbally or in writing, using the form contained in **Appendix 11 “Report of unethical conduct”** to this Code of Conduct, or any such conduct or activity that would violate the principles expressed in the Agency’s company rules, on learning of such conduct or activity. In the event the person considers it appropriate, they may report the conduct or activity to the Agency’s Chief Executive Officer.

In addition, the report mentioned in the previous paragraph may be presented anonymously through the "Anonymous Complaints" section under the "Contact Us" section on the HR Ratings website.

- The Chief Compliance Officer may set the sanctions or measures to be taken on any violation or breach of the Agency’s company rules committed by employees, management, board members, or shareholders, following the procedure below:



1. When as a result of their duties of oversight or on receiving notice from any Agency employee or management, the Chief Compliance Officer learns of any violation of the regulations applicable by any HR Ratings employee, management, shareholder, or board member, or any situation that could create a conflict of interest, the Chief Compliance Officer will record the conduct or situation in a follow-up log, noting the date on which they learned of the act or situation.
2. The Chief Compliance Officer will give the person involved in the conduct or situation the opportunity to make a verbal statement in their defense, which will be recorded in the follow-up log.
3. The Chief Compliance Officer will inform the employee, management, or board member in question of the sanction or measure determined, which may consist of:
  - a) Verbal reprimand.
  - b) Written reprimand.
  - c) Suspension of 3 to 10 days without pay.
  - d) Dismissal.
  - e) Any measure to resolve a potential conflict of interest.

In the case of the sanctions mentioned in points c) and d), the Chief Compliance Officer will request the Human Resources and Material Resources Department, in writing, apply these sanctions.

The Chief Compliance Officer, together with the Agency's CEO and the Chief Risk Officer, will determine the measures to resolve possible conflicts of interest.

4. The sanctions will be applied taking into consideration **Appendix 12 “Criteria for determining the severity of violations of the company rules”** approved by the HR Ratings Board of Directors, appended to this Code of Conduct.

However, the sanction may be reduced if the offender recognizes the commission of the violation and makes amends.



5. The sanctions or measures imposed will be recorded in the follow-up log, along with any information that may have been taken into account for the determination of the sanction; for example the recurrence of a certain conduct by the employee, management, or board member, or any situation that could be considered aggravating.
  6. The Chief Compliance Officer will ensure the offender fully understands the rule violated and the seriousness their conduct represents for the Agency, in order to avoid future recurrences.
- The Chief Compliance Officer, together with the Chief Risk Officer, will impose the sanctions for serious violations of the Agency's company rules, on hearing the opinion of the independent members of the Board of Directors.

In this case, the alleged offender may challenge the sanction imposed before the independent members of the Board of Directors within 10 business days of receiving notice of the sanction.

- To prevent employees who report violations of the Agency's company rules from being pressured or receiving reprisals of any nature, HR Ratings will hold the name of the person that filed the report in the strictest confidence, until such time as the solution or sanction corresponding has been decided and the offender notified.

The Chief Compliance Officer will conduct ongoing reviews, without prior notice, to verify that HR Ratings management and employees are in compliance with the Code of Conduct, Internal Control Manual and the General Operations Plan.

### XIII. APPENDICES

#### APPENDIX 1

##### Report of Securities Transactions

**HR Ratings Chief Compliance Officer**

Present

In order to comply with the obligation set forth in Section VII.2.3 of the Code of Conduct “Securities Transactions”, I report below the Securities Transactions the undersigned operates as of this date and also those my spouse, partner and/or minor aged children operate, involving issuers, or entities rated by HR Ratings:

- ☐ I have no securities transactions to report
- ☐ I have the following securities transactions to report:

##### Securities transactions held by the undersigned

Full name of the issuer or company	Transaction Date	Volume, type, series, or class of Securities or debt instruments with a term of one year or less	Total transaction amount and, accordingly, term and rate	Holder of the investment (detail in the case of indirect investments)	Business name of the agent that operated the transaction

##### Securities Transactions held by my spouse, partner and/or minor-aged children

Full name of the issuer or company	Transaction Date	Volume, type, series, or class of	Total transaction amount and,	Holder of the investment (detail in the case of indirect investments)	Business name of the agent that operated the transaction

		Securities or debt instruments with a term of one year or less	accordingly, term and rate		

I declare to be familiar with the guidelines, policies and control mechanisms on Securities Transactions and the use of Privileged Information contained in the HR Ratings Code of Conduct and I authorize HR Ratings to investigate, at its discretion, any potential conflict of interest.

I also authorize HR Ratings to disclose the information contained in this report to the Agency's regulatory authorities, both local and foreign, who may request this type of information within the sphere of their authority.

Sincerely,

\_\_\_\_\_  
(Employee or board member name, position and signature)

**Instructions:**

- (i) This form must be presented by all HR Ratings new hires.
- (ii) This form must be presented by all employees, management, or analysts who operate Securities Transactions with any entity or company rated by HR Ratings within 10 business days of operating the transaction.
- (iii) This form must be presented by the analysis personnel whose spouse, partner or minor aged children have operated a Securities Transaction with any entity or company rated by HR Ratings.
- (iv) This form must be presented by all HR Ratings employees, board members, and management every 6 months, indicating the securities transactions operated.
- (v) Securities Transactions are those operated directly or indirectly involving:
  - a) Securities registered in the National Securities Registry.
  - b) Certificates of deposit, commonly known as American Depositary Receipts (ADRs) or similar instruments on foreign markets, representing the Securities mentioned in the previous point, or similar or analogous instruments.
  - c) Derivative financial instruments, provided their underlying assets are registered Securities.
  - d) Bank securities representing debt on a term equal to or less than one year serviced by a bank.
- (vi) The following investments are not considered Securities Transactions:
  - a) Shares in mutual funds.
  - b) Securities issued by the federal government.
  - c) Indexed trust certificates (representing rights on securities, assets, derivatives, or other assets that seek to replicate the behavior of one or more indexes, financial assets, or reference parameters)
  - d) Certificates referring to a group or basket of shares or price indexes.
- (vii) Term renewable certificates for bank securities representing debt on a term equal to or less than one year serviced by a bank rated by HR Ratings, must be reported once only indicating this characteristic in the report.
- (viii) An indirect transaction is one operated by an HR Ratings employee or board member through a company in which the employee or board member holds control, per the terms of article 2 of the Securities Market Law.
- (ix) Attach a monthly account statement, dated not more than three months prior, issued by the financial broker indicating the securities transaction.
- (x) If neither you nor your spouse, partner, or minor aged children hold Securities Transactions in entities or issuers rated by HR Ratings, please indicate "I do not have" or "not applicable".



## APPENDIX 2

### Report of Gifts

#### HR Ratings Chief Compliance Officer

Present

In compliance with the HR Ratings Code of Conduct, that all HR Ratings employees are required to report offers of gifts, goods, donations, bonuses, or entertainment received from financial agents or clients of HR Ratings, or from any financial authority, political party, or government or government-involved institution, I hereby inform you that I was offered the following goods or entertainment:

Characteristics of the good or entertainment offered, indicating the estimated value	Entity / issuer / authority / political party	What is HR Ratings' relationship with the entity, issuer, authority, or political party?	Date offered	Was the gift accepted?

I authorize HR Ratings to disclose the information contained in this report to the institution's regulatory authorities, both local and foreign, who may request this type of information within the sphere of their authority.

Sincerely,

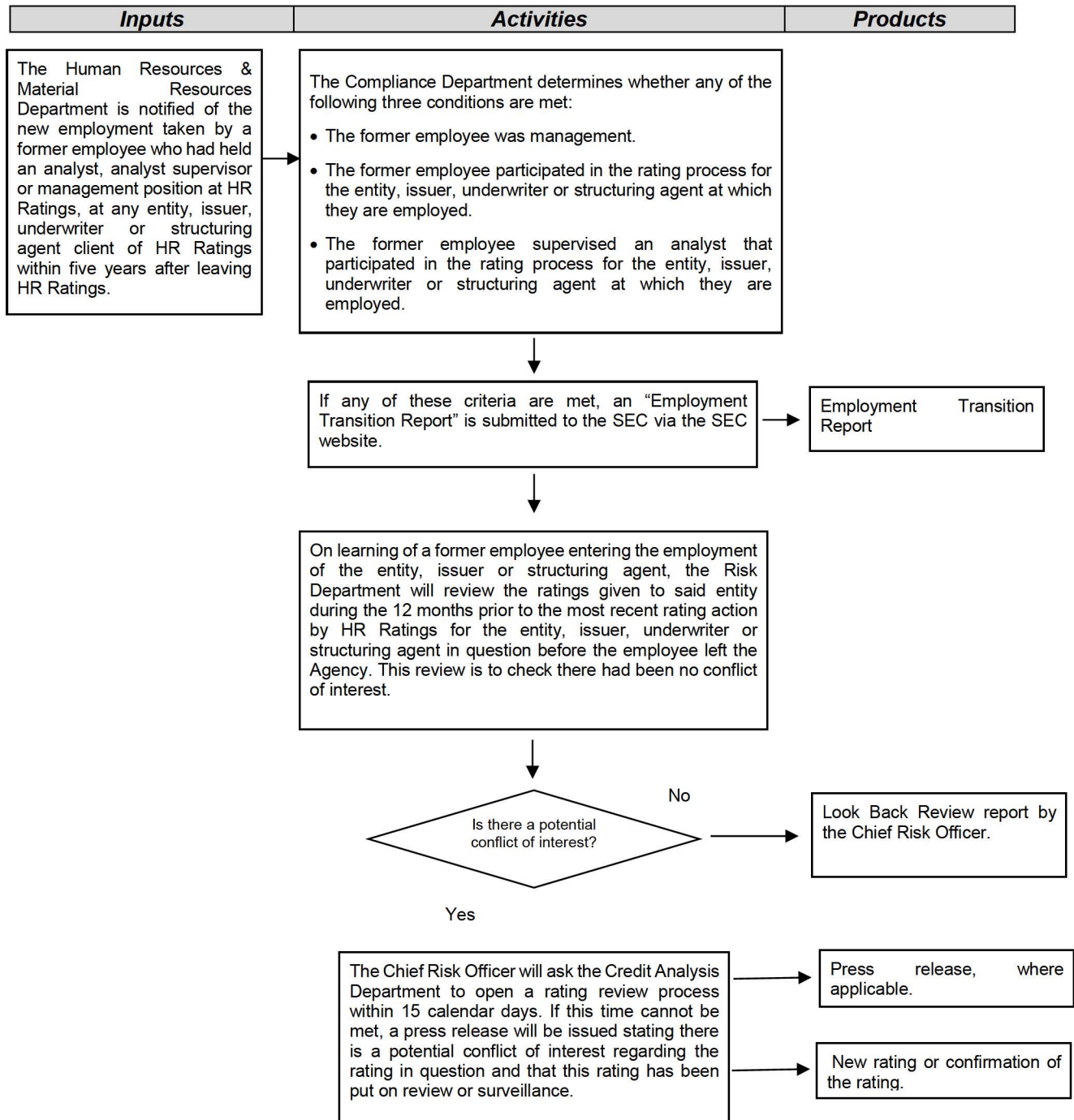
\_\_\_\_\_  
(Employee name, position and signature)

#### Instructions:

- This report must be submitted to the Compliance Officer immediately.
- The Agency, its employees and board members may only accept or receive from any person with whom HR Ratings has business dealings or any of their employees, goods other than cash and whose value does not exceed US\$25 (twenty-five US dollars).
- No one is permitted to receive remunerations, goods, donations, gifts, or gratifications, when these are given with the intention of influencing the decision on any rating, opinion, analysis, study, or assessment in which the Agency is involved.

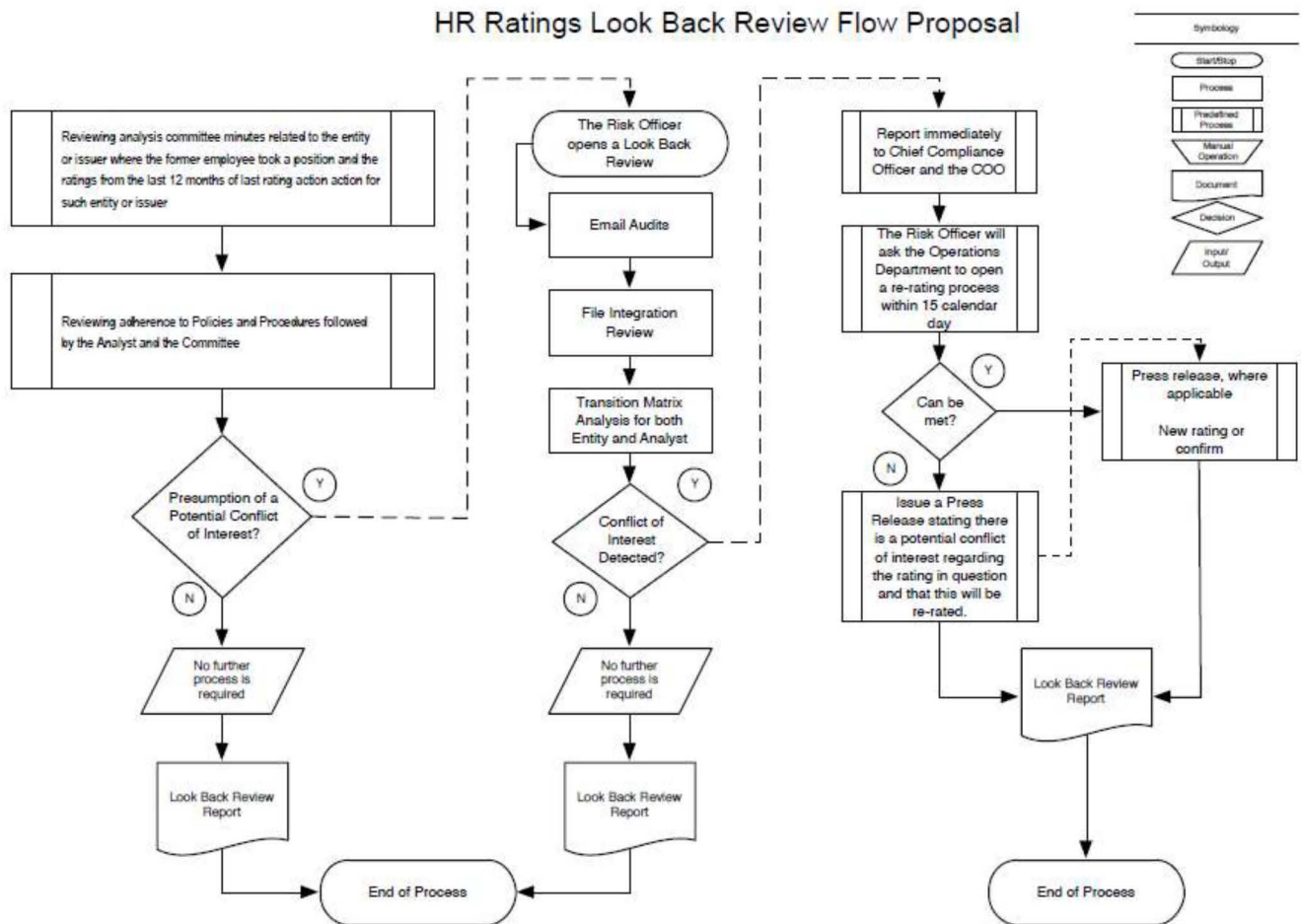
## APPENDIX 3

### Post-employment follow-up



## APPENDIX 4

### HR Ratings back review detailed flowchart





## APPENDIX 5

### Disclosure of conflicts of interest

\_\_\_\_\_

#### HR Ratings Chief Compliance Officer

Present

In compliance with that established in Chapter VII "Conflicts of Interest", Section VII.3 "Disclosure of conflicts of interest" in the HR Ratings Code of Conduct, I hereby inform you of the following situation that could generate a conflict of interest:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

I authorize HR Ratings to disclose the information contained in this report to the institution's regulatory authorities, both local and foreign, who may request this type of information within the sphere of their authority.

Sincerely,

\_\_\_\_\_  
Name of the employee, shareholder, or board member reporting the potential conflict of interest

c.c. HR Ratings CEO  
HR Ratings Chief Risk Officer

Instructions:

- (i) This form must be presented by any employee with knowledge of any situation, their own or another, that could generate a potential conflict of interest under the terms of Section VII "Conflicts of Interest" in the HR Ratings Code of Conduct.
- (ii) In general terms, any situation must be reported, usually economic or personal, that would presume an intention to influence the judgment of an individual, and which could unduly influence objective, fair and independent decision making.

## APPENDIX 6

Report of the employment and/or positions held by family members

\_\_\_\_\_ , \_\_\_\_\_

### HR Ratings Chief Compliance Officer

Present

In compliance with the HR Ratings Code of Conduct, in relation to the obligation of employees of this rating agency to disclose whether their spouse, partner, or any blood relative to the second degree holds any management or senior management position in any entity or issuer rated by HR Rating, I hereby state as follows:

- ☐ Neither my spouse, nor my partner, nor any blood relative of mine to the second degree holds any management or senior management position in any entity or issuer rated by HR Ratings.
- ☐ My (indicate relationship), name, has held the position of \_\_\_\_\_, since \_\_\_\_\_ at the following entity or company rated or in the process of being rated by HR Ratings: \_\_\_\_\_, and performs the following activities: \_\_\_\_\_.

I authorize HR Ratings to disclose the information contained in this report to the institution's regulatory authorities, both local and foreign, who may request this type of information within the sphere of their authority.

Sincerely,

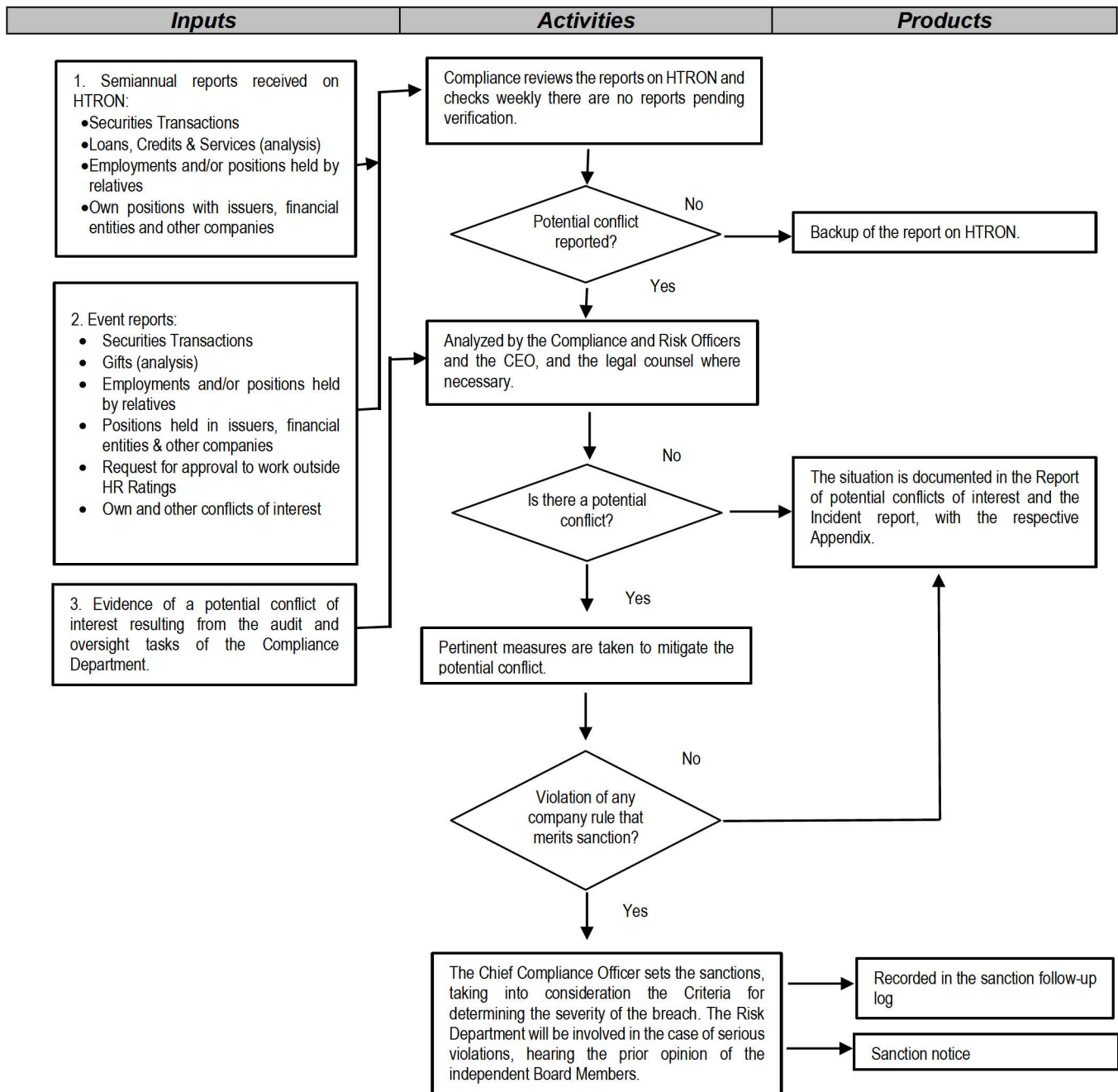
\_\_\_\_\_  
(Employee name, position and signature)

#### Instructions:

- (i) This form must be presented by new hires and by any employee with a family member that meets the condition indicated in the first paragraph of this form.
- (ii) In addition, all analysts must complete this form every 6 months, indicating the positions held by their blood relatives to the second degree in any entity or issuer rated by HR Ratings.
- (iii) The familial relationship to the second degree includes the parents, children, grandparents, siblings and grandchildren of the employee.

## APPENDIX 7

### Handling of potential conflicts of interest





## APPENDIX 8

### Sworn Statement (Upstanding character)

\_\_\_\_\_

#### HR Ratings Chief Compliance Officer

Present

I, (name of the undersigned), of my own free will and to accredit that I am of sufficient upstanding character to be able to participate in HR Ratings' rating processes, as per the terms of the Fourth of the General Provisions applicable to credit rating agencies, and that I will perform my duties with integrity and honesty, hereby declare on solemn oath as follows:

- I. That I am not nor have I been subject to criminal prosecution for a felony or property offense punishable by prison, and that if this were the case, that the matter in question was concluded with my acquittal.
- II. That I am not nor have I been subject to administrative investigation proceedings or hearings before the Mexican Banking and Securities Commission for serious violations of Mexican or foreign financial laws, or before any other Mexican supervisory or regulatory financial authority, or that of any other country, and that if this were the case, that the matter in question was concluded by final decision or agreement expressly exonerating me.
- III. That I have not been declared into civil or commercial bankruptcy, and that if this were the case, that the matter in question was closed on the causes given in Article 262 of the Bankruptcy Law, or in the case of civil bankruptcy, on having paid all creditors in full or entering into agreement with these, as provided for by local law.

The undersigned authorizes HR Ratings to verify, at its discretion, the statements made herein with the corresponding authorities.



I also authorize HR Ratings to disclose the information contained in this report to the institution's regulatory authorities, both local and foreign, who may request this type of information within the sphere of their authority.

Sincerely,

\_\_\_\_\_  
(Analyst signature)

Instructions:

This form must be presented by all analysts and endorsed every 6 months.

## APPENDIX 9

### Report of other employment

\_\_\_\_\_

#### HR Ratings Chief Compliance Officer

Present

In order to comply with the obligation to disclose any employment or position I hold or have held through this date, as outlined in the HR Ratings Code of Conduct, I, \_\_\_\_\_, holding the position of \_\_\_\_\_ at HR Ratings, state as follows:

☐ I do not hold or serve in any employment or position with any issuer, entity, or company.

☐ I hold the following employment(s) or position(s) in the following company/companies:

Issuer, entity or company	Employment or position (indicate your duties)	Start date	Duration of the position

I also authorize HR Ratings to disclose the information contained in this report to the institution's regulatory authorities, both local and foreign, who may request this type of information within the sphere of their authority.

Sincerely,

\_\_\_\_\_  
(Employee or board member name, position and signature)

#### Instructions:

- (i) New employees must present this form. The foregoing is without prejudice to HR Ratings employees who must request the authorization of the Agency's Compliance Officer, to conduct any of the activities mentioned in section IX of the HR Ratings Code of Conduct, in accordance with the form contained in Appendix 13 to the Code of Conduct.
- (ii) In addition, all employees and board members will complete this form every 6 months, indicating their activities or positions outside of HR Ratings.



## APPENDIX 10

### Request for permission to work outside of HR Ratings

\_\_\_\_\_

#### HR Ratings Chief Compliance Officer

Present

In order to comply with the obligation outlined in section IX "Outside Activities" of the Code of Conduct of HR Ratings de México, S.A. de C.V. (HR Ratings), I hereby inform you that it is my intention to enter the employ and/or to engage in the following activity outside of HR Ratings:

Company, entity, or institution: \_\_\_\_\_

Position: \_\_\_\_\_

Activity: \_\_\_\_\_

\_\_\_\_\_

Given the above, I hereby request your approval to engage in the activity and/or take the position mentioned above.

I also authorize HR Ratings to disclose the information contained in this report to the institution's regulatory authorities, both local and foreign, who may request this type of information within the sphere of their authority.

Sincerely,

\_\_\_\_\_  
(Employee, shareholder, board member, management or analyst name, position and signature)

**Instructions:**

This form must be presented by employees that intend to take any position, or provide any service, paid or unpaid, outside of HR Ratings.

## APPENDIX 11

### Report of unethical conduct

\_\_\_\_\_

#### HR Ratings Chief Compliance Officer

Present

I hereby inform you of the following conduct, situation, or activity that is illicit, unethical, or violates the principles outlined in the company rules, accordingly, in order to comply with the terms of the HR Ratings Code of Conduct:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

I authorize HR Ratings to disclose the information contained in this report to the institution's regulatory authorities, both local and foreign, who may request this type of information within the sphere of their authority.

Sincerely,

(signature)

\_\_\_\_\_  
(Employee, management or board member name, position and signature)

**Instructions:**

- (i) This form must be presented by HR Ratings employees, management and/or board members upon learning of the illicit or unethical conduct, situation, or activity.
- (ii) This type of report may also be submitted verbally or anonymously, through the anonymous complaints section in the "Contact Us" section on the HR Ratings website.

## APPENDIX 12

Criteria for determining the severity of violations of the company rules

### Types of faults or violations

- Of policies on Independence and Conflicts of Interest
- Of policies to prevent the misuse of Non-Public, Confidential, or Privileged Information
- Of policies, in general, contained in the Manuals

### Sanction according to the severity of the fault or violation

Severity	Sanction
Minor	Verbal reprimand
Moderate	Written reprimand
Serious	Suspension
Very serious	Dismissal

The following criteria will be taken into account to determine the severity of the fault or violation:

Criteria	Severity
There was intent (the person knowingly acted with the intention of committing a violation)	Very serious
There was a personal gain or for a third party	Very serious
The Agency's image was damaged	Serious or Very serious
An impact was caused on a rating	Serious
Sexual harassment	Case-by-case to determine the severity
The violation was hidden	Moderate or Serious
Recommendations were not followed	Moderate or Serious
Recurrence	Moderate or Serious
First offense	Minor
Error without consequence	Minor

Note: The sanction may be reduced if the offender recognizes the commission of the violation and makes amends.



## APPENDIX 13

### Report of Loans, Credits, Goods, Yields and/or Services

\_\_\_\_\_

#### HR Ratings Chief Compliance Officer

In order to comply with the obligation to disclose the loans, credits, goods, yields, services, or any other business relationship or dealings I have obtained or am in the process of obtaining from any financial entity or person to whom HR Ratings provides rating services, which could represent a conflict of interest for me, as outlined in the HR Ratings Code of Conduct, I report the following:

#### **Loans or credits obtained, or in the process of being obtained, on better-than-market conditions**

Financial entity or person	Type of loan	Loan amount	Use of the loan	Term & rate	Date obtained

#### **Goods obtained, or in the process of being obtained, on better-than-market conditions**

Entity or person	Description of the good	Market price for the good	Price at which the good was obtained	Date of purchase

#### **Yields obtained, or in the process of being obtained, on better-than-market conditions**

Financial entity	Savings account number	Savings amount	Savings account rate	Date savings account opened

**Services obtained, or in the process of being obtained, on better-than-market conditions**

Entity or person	Type of service	Fees charged by the Client & discount obtained	Term of the service	Date of the service

**Other business relations or dealings obtained, or in the process of being obtained, on better-than-market conditions**

Entity or person	Business conducted with the client	Benefit that would be gained on better-than-market conditions	Duration of the business	Date on which the business was finalized

I authorize HR Ratings to investigate, at its discretion, any potential conflict of interest related to this report.

I also authorize HR Ratings to disclose the information contained in this report to the institution's regulatory authorities, both local and foreign, who may request this type of information within the sphere of their authority.

Sincerely,

\_\_\_\_\_  
(Analyst name, position and signature)

**Instructions:**

- (i) This report must be presented by newly hired analysts.
- (ii) This report must also be presented by senior analysts or analysts that have received or are in the process of obtaining a loan, credit, or service from any HR Ratings Client, provided the loan, credit, or service has been or will be obtained on better-than-market conditions.
- (iii) If none of the conditions contained in this Appendix apply to you, indicate "Not applicable".



\_\_\_\_\_, \_\_\_\_\_,  
Mexico City

I, \_\_\_\_\_, state that I have read, understood and initialed the whole of the HR Ratings “Code of Conduct” in effect and that I agree to be bound to its content. In addition, I am obliged to endorse this Code semiannually along with any updates, via the Agency’s electronic system.

\_\_\_\_\_  
(signature)