



# **Conflict of Interest Policy**

December 2022



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<b>Applies to:</b> <input checked="" type="checkbox"/> <b>Covered Employees</b>	<b>Entities affected by:</b> <input checked="" type="checkbox"/> Scope SE & Co. KGaA <input checked="" type="checkbox"/> Scope Ratings GmbH <input checked="" type="checkbox"/> Scope Ratings UK Ltd. <input type="checkbox"/> Scope Hamburg GmbH  <input checked="" type="checkbox"/> All existing and future subsidiaries and affiliates of the above	
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## 1. Preamble

The purpose of this Policy is to ensure that the assignment and maintenance of Credit Ratings is not influenced by any corporate, business, or individual considerations, unrelated to the creditworthiness of the Issuers or securities being rated.

Scope CRAs and Scope Group shall identify, eliminate, or manage and disclose, clearly and prominently, any actual or potential Conflicts of Interest that may arise.

The following texts constitute the legal basis of this Policy: Article 6 point 1 of CRA Regulation, Article 6a of CRA Regulation, Annex 1 Section B points 1, 3, 3a, 3b, 4, 5 and 6 of CRA Regulation.

## 2. Defined Terms

**Business Introducer:** means any party which is actively introducing any new business to Scope Group including business partnerships.

**Conflict of Interest:** means any situation where the assignment or maintenance of Credit Ratings is influenced by a corporate, business, or individual consideration unrelated to the creditworthiness of the Issuers or securities being rated.

**General Management:** means the executive management and members of the executive boards of an entity or a Controlling Shareholder

**Significant Influence:** means the ability of a natural or legal person to possibly influence the business activities of an entity. Significant Influence is stemming from or compared to the influence of a Shareholder and is measured as being equal or above 5% or 10% of capital or voting rights in a CRA.

**Shareholder:** means a physical or legal person that directly or indirectly holds a percentage of capital or voting rights or other ownership interest in Scope CRAs, Issuers or Related Third Parties, including potential capital or voting rights provided by convertible securities.

## 3. Determination of influence

### 3.1 Significant Influence on Issuers or Related Third Parties

The following situations are considered to be a Significant Influence equal or above 5% of capital or voting rights in Issuers or Related Third Parties:

- Being a member of a supervisory board or equivalent board
- Having other means of influence equivalent to being a supervisory board member

The following situations are considered to be a Significant Influence equal or above 10% of capital or voting rights in Issuers or Related Third Parties:

- Being a member of the General Management
- Being a member of a supervisory board with additional elements of influence, such as ownership, voting rights or other means of influence
- Having other means of influence equivalent to being a member of the General Management

### 3.2 Significant Influence in Scope CRAs or Scope Group

The following situations are considered to be a Significant Influence equal or above 5% of capital or voting rights in Scope CRAs or Scope Group:

- Being a member of a supervisory board or equivalent board
- Being a member of a board or equivalent body without executive or supervisory power or nomination power on people with Significant Influence, combined with an ownership of less than 5% or voting rights

The following situations are considered to be a Significant Influence equal or above 10% of capital or voting rights in Scope CRAs or Scope Group:

- Being a member of the General Management
- Being a member of a supervisory board or equivalent board, with additional elements of influence, such as ownership or voting rights
- Being a member of a board or equivalent body without executive or supervisory power, nor nomination power on people with Significant Influence, or being a Business Introducer for Scope Group, combined with more 5% ownership or voting rights or more

## **4. Prohibition, management or disclosure of Conflicts of interest**

### **4.1 Prohibited Corporate Conflicts of Interest**

The following Corporate Conflicts of Interest are prohibited and, if happening, must be eliminated and disclosed

- A Shareholder holding 5% or more of capital or voting rights of Scope or a person with a Significant Influence equal or above 5% either
  - holds 5% or more of the shares or voting rights in a non-Scope Group CRA
  - is a member of the administrative, supervisory or equivalent board of a non-Scope Group CRA
  - has Significant Influence over a non-Scope Group CRA
  - has the right to appoint or dismiss administrative or supervisory board members in a non-Scope Group CRA
- A Scope CRA issues or maintains a Credit Rating when
  - A Shareholder holding 10% or more of capital or voting rights of Scope or a person with a Significant Influence equal or above 10% also directly or indirectly holds 10% or more of the capital or voting rights or any other ownership rights in the Issuer or Related Third Party
  - A Shareholder holding 10% or more of capital or voting rights of Scope or a person with a Significant Influence equal or above 10% also has a Significant Influence equal or above 10% in the Issuer or Related Third Party
  - Any Scope Group entity holds financial instruments or any ownership rights in the Issuer or Related Third Party or in a Controlling Shareholder of the Issuer or Related Third Party
  - The rated entity is a Shareholder holding 10% or more of capital or voting rights of Scope
  - A Shareholder directly or indirectly holding 5% or more of a Scope CRA, or a person with a Significant Influence equal or above 5%, provides consultancy or advisory services to the Issuer or a related entity or Related Third Party regarding the corporate or legal structure, assets, liabilities or activities of that Issuer or Related Third Party

Exception to this rule are cases where ownership or voting rights result from diversified collective investment schemes, which do not allow to exercise significant influence on the business activities of the scheme.

### **4.2 Corporate Conflicts of Interest to manage and disclose**

The following Corporate Conflicts of Interest must be managed and disclosed

- A Scope CRA issues or maintains a Credit Rating when
  - A Shareholder holding 5% or more of capital or voting rights of Scope, or a person with a Significant Influence equal or above 5%, also holds 5% or more of the capital or voting rights or any other ownership rights in the Issuer or a Related Third Party or in the Controlling Shareholder of the Issuer or Related Third Party
  - A Shareholder holding 5% or more of capital or voting rights of Scope or a person with a Significant Influence equal or above 5%, exercises a Significant Influence equal to 5% of capital or voting rights in the Issuer or the Related Third Party or in a Controlling Shareholder of the Issuer or Related Third Party

### **4.3 Prohibited Business Conflicts of Interest**

The following Business Conflicts of Interest are prohibited and, if happening, must be eliminated and disclosed

- Conflicts of Interest caused by an Issuer or a Related Third Party or its Controlling Shareholder generating 10% or more of the revenue of Scope CRAs.
- Conflicts of Interest arising from the provision of Ancillary Services and Credit Rating Services.

#### 4.4 Business Conflicts of Interest to manage and disclose

The following Business Conflicts of Interest must be managed and disclosed

- Conflicts of Interest between the role of an Issuer or Related Third Party and the role as Business Introducer for Scope CRAs or Scope Group

The following general situations must be publicly disclosed on Scope's Website:

- Potential Conflicts of Interest related to the Issuance of Credit Ratings, including but not limited to:
  - Scope CRAs being paid by an Issuer or an RTP for the provision of Credit Ratings and Ancillary Services
  - Conflicts of Interest between the issuer-paid business model and the investor-paid business model, in case the same entity buys services from Scope CRAs as issuer and investor
  - The names of the rated entities or RTP generating 5% or more of the revenues of a Scope CRA

#### 4.5 Prohibited Individual Conflicts of Interest

The following Individual Conflicts of Interest are prohibited.

- A Scope CRA issues or maintains a Credit Rating when
  - An Employee of Scope Group provides consultancy or advisory services to the Issuer or a related entity or Related Third Party regarding the corporate or legal structure, assets, liabilities or activities of that Issuer or Related Third Party
  - Analytical personnel owns securities or derivatives of securities issued, guaranteed, or otherwise supported by the rated entity, its affiliates or a Related Third Party, or has a Family Member who owns such securities in breach of the Personal Account Dealings Policy
  - Analytical personnel participated in fee discussions or marketing activities with the rated entity, its affiliates or a Related Third Party, in breach of the Commercial Separation Policy
  - Analytical Personnel had a recent employment or other significant business relationship with the rated entity, its affiliates or related third parties, that either constitutes a conflict of interest or creates the impression of a conflict of interest
  - Analytical Personnel has a Family Member who works for the rated entity, its affiliates or related third parties, in circumstances where this employment relationship either constitutes a conflict of interest or creates the impression of a conflict of interest
  - Analytical Personnel has received (or has a Family Member who received) gifts, benefits or entertainment from the rated entity, its affiliates or a Related Third Party, that either constitutes a Conflict of Interest or creates the impression of a Conflict of Interest, in breach of the Gifts, Entertainment and Anti-Bribery Policy.

### 5. Identification and follow-up of Conflicts of Interest

The Operational Col management Standard operating procedure lays out the processes in place identify, eliminate or manage and disclose Corporate and Business Conflicts of Interest. Individual Conflict of interest are governed by other policies including: Ancillary Service Policy, Personal Account Dealing Policy, Commercial Separation Policy, Outside Business Interests Policy, and Gifts and Entertainment Policy. Any Conflict of Interest identified outside of the standard business processes must be immediately notified to Compliance.

When a situation has been identified which may classify as a Conflict of Interest, an assessment in accordance with the policies and standard processed referenced above must be performed in order to determine:

- Whether the situation is an actual Conflict of Interest
- Which measures shall be taken to eliminate or manage and where necessary to disclose such Conflict of Interest.



## **Policy**

Scope CRAs

### **Compliance with this Policy and requirements regarding breaches**

This Policy reflects the way Scope CRAs implements regulatory requirements.

If case of questions about this Policy or any doubt as to employees' obligations under this Policy, guidance should be sought from Compliance.

Breach of this Policy may lead to breach of regulatory obligations applying to Scope CRAs. As a result, any action by employees to whom this Policy applies which breaches or might reasonably be expected to lead to or result in a breach, of the provisions set forth in this Policy, is strictly prohibited and can result in disciplinary action, up and including, termination of employment. Any potential infringements of these requirements will be investigated and reported to Senior Management to determine appropriate intervention.

Employees must immediately report breaches or suspected breaches of this Policy to Compliance.