



Credit Ratings & Research

Equifax Credit Ratings & Research Code of Conduct

Code of Conduct

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1. Overview

This document defines Equifax Australasia Credit Ratings Pty Limited's Code of Conduct by firstly defining the company values (section 2) and supporting principles (section 3). These values and supporting principles drive the behaviours required to effectively follow the operational practices embodied in this code of conduct. These practices are then defined in section 4.

2. Values

Equifax Australasia Credit Ratings Pty Limited (EACR) holds the following values central to its conduct and behaviour:

1. Quality
2. Integrity
3. Independence
4. Confidentiality
5. Professionalism

3. Principles

The following principles outline behaviours that support EACR's values:

1. **Quality**
 - 1.1. Hold yourself to high standards of performance
 - 1.2. Ask for and act on feedback from others
 - 1.3. Regularly review completed tasks and projects to identify opportunities to improve
2. **Integrity**
 - 2.1. Speak the truth
 - 2.2. Be straightforward and open in all professional and business relationships
 - 2.3. Strive to deliver on all commitments and to manage all expectations ahead of schedule
3. **Independence**
 - 3.1. Challenge conventional thinking
 - 3.2. Identify and mitigate potential bias, conflict of interest or the undue influence of others
 - 3.3. Question, validate and verify information to ensure it is objective and accurate
4. **Confidentiality**
 - 4.1. Maintain confidentiality respecting the commercially sensitive nature of information
 - 4.2. Protect privacy and do not disclose any such information to third parties without proper authority
 - 4.3. Use only the information required for the purposes of the assessment.
5. **Professionalism**
 - 5.1. Ask what the client needs and stakeholders require
 - 5.2. Listen attentively to what others are communicating
 - 5.3. Escalate and address issues as soon as they arise
 - 5.4. Work out conflicts directly with the person involved
 - 5.5. Maintain knowledge levels to ensure the provision of competent professional services
 - 5.6. Comply with relevant laws and regulations and avoid any action that discredits the profession.

4. Practices

This section defines in detail the operational practices Equifax Credit Ratings & Research & Research section follows in accordance with our code of conduct, which is based on the IOSCO's requirements for Credit Rating Agencies¹.

4.1. Quality and Integrity of the Ratings Process

The first practice area is focused on the adoption and implementation of procedures to ensure that credit ratings are based on a thorough analysis of available and relevant information that is of sufficient quality from reliable sources.

4.1.1. Quality of the Rating Process

- a) The process of analysing publicly available and privately provided information is conducted in accordance with EACR's Rating Services Methodology.
- b) Equifax Credit Ratings & Research has developed and documented and applies credit rating methodologies for each class of entity or obligation for which it issues credit ratings
- c) Compliance oversees the consistent application of procedures in accordance with rating assignment policies.
- d) An audit trail of rating assignment and migration is stored in a secure electronic database and maintained for default analysis and in accordance with applicable law.
- e) Equifax Credit Ratings & Research will maintain internal records that are accurate and sufficiently detailed and comprehensive to reconstruct the credit rating process for a given credit rating action. These records will be maintained to promote the integrity of our credit rating process, including to permit internal audit, compliance and quality control functions to review past credit rating actions
- f) Analysts are required to comply with Equifax Credit Ratings & Research' internal record maintenance, retention and disposition requirements and with applicable laws and regulations governing the maintenance, retention and disposition of our records.
- g) Equifax Credit Ratings & Research assigns analysts who, individually or collectively, have the appropriate knowledge and expertise for assessing the creditworthiness of the type of the entity or obligation being rated and they are rotated across sectors and classes to promote continuity and avoid bias in the rating process.
- h) The Head of Operations confirms adequately qualified resources that are free from potential conflicts-of-interest are available prior to accepting an engagement.
- i) Analysts undergo an annual appraisal to ensure they maintain an appropriate level of knowledge, qualifications and experience in conducting credit analysis and developing a rating opinion.
- j) Ratings are provided by the business and not by any individual analyst or other employee, and are assigned using methodologies established for the type of entity or obligation that is subject to the credit rating action; that are capable of being applied consistently; and, where possible, result in credit ratings that can be subjected to some form of objective validation based on historical experience.
- k) Credit ratings, analyses and reports are reviewed to ensure they contain adequate analysis and provide a fair and reasonable opinion and do not contain misrepresentations or are otherwise misleading as to the general creditworthiness of a rated entity or obligation.
- l) The rating opinion will be qualified where there is insufficient information to form a professional opinion, and the report will detail the limitations of the rating.
- m) The Head of Ratings reviews rating capabilities for assessing a type of structure that is materially different from those normally rated, and whether existing models are appropriate.
- n) Equifax Credit Ratings & Research will avoid issuing credit ratings for entities or obligations for which it does not have appropriate information, knowledge and expertise.

¹ International Organisation of Securities Commissions Principles Regarding the Activities of Credit Rating Agencies and the Code of Conduct for Credit Rating Agencies, Revised March 2015.

4.1.2. Monitoring and Updating

- a) Actively monitored ratings will be reviewed on a regular basis, using the entity's financial statements and other relevant and available information, with ratings adjusted on a timely basis.
- b) Equifax Credit Ratings & Research will advise clients on a timely basis of ratings updates and those ratings that are subsequently discontinued by email or the company's website.
- c) Equifax Credit Ratings & Research will initiate a review of the status of the credit rating upon becoming aware of any information that might reasonably be expected to result in a credit rating action (including withdrawal of a credit rating), consistent with the applicable credit rating methodology.
- d) Equifax Credit Ratings & Research will disclose on its website the class of ratings that are likely to be affected where a material change to its credit rating methodologies, models or key rating assumptions occurs.
- e) Previous rating assignments will be reviewed and reissued, where there is a material change in the credit rating methodologies, models or key rating assumptions, as soon as possible and within six months of the change.
- f) Equifax Credit Ratings & Research and all the analysts will be responsible to follow the guidelines for disseminating credit ratings that are the result or subject of credit rating actions and the related reports, and for when a credit rating will be withdrawn.

4.1.3. Integrity of the Ratings Process

- a) Compliance monitors, reviews, oversees and ensures that Equifax Credit Ratings & Research and employees comply with the Code of Conduct and all applicable laws and regulations governing credit rating services in the Australia.
- b) Compliance ensures that Equifax Credit Ratings & Research' policies, procedures and controls are adequate to ensure compliance with the Code of Conduct and with applicable laws and regulations.
- c) Company activity will be conducted in accordance with the Compliance Plan. A Compliance Audit is conducted by Compliance annually, with regular internal audits conducted throughout the year.
- d) The Compliance Officer's compensation and reporting line is direct to GM Commercial, and is independent to the Equifax Credit Ratings & Research and credit rating operations.
- e) A Compliance Officer (with the requisite skill set, and whose reporting line and compensation is independent of Equifax Credit Ratings & Research' credit rating operations) oversees all compliance activities.
- f) Equifax Credit Ratings & Research and employees deal fairly and honestly with rated entities, obligors, originators, underwriters, arrangers, and users of credit ratings.
- g) Analysts are held to the highest standards of integrity and ethical behaviour with recruitment practices requiring strong referees and testimonials and designed to ensure that individuals with demonstrably compromised integrity are not employed.
- h) All rating activity is conducted in accordance with each analyst's respective authority level. Each analyst is supervised by more senior and experienced rating professionals.
- i) Equifax Credit Ratings & Research and employees do not, either implicitly or explicitly, give any assurance or guarantee to an entity subject to a rating action, obligor, originator, underwriter, arranger or user of the credit ratings about the outcome of a particular credit rating action.
- j) Equifax Credit Ratings & Research and employees do not make promises or threats about potential credit rating actions to influence rated entities, obligors, originators, underwriters, arrangers, or users of the credit ratings to pay for credit ratings or other services.
- k) Equifax Credit Ratings & Research and employees do not make proposals or recommendations regarding the activities of rated entities or obligors that could impact a credit rating of the rated entity or obligation, including but not limited to proposals or recommendations about corporate or legal structure, assets and liabilities, business operations, investment plans, lines of financing, business combinations, and the design of structured finance products.
- l) Equifax Credit Ratings & Research fosters a culture of upward communication. An employee that becomes aware of any conduct that is illegal, unethical or contrary to the code of conduct or Australian laws and regulations is directed to immediately report the matter to the Quality Manager. The Quality Manager is charged with the responsibility for taking appropriate action to ensure compliance with the regulations on a continuous basis.

- m) Equifax Credit Ratings & Research and its employees do not retaliate in any way against any employee who reports any illegal, unethical or non-compliant behaviour.
- n) Equifax Credit Ratings & Research will ensure that an appropriate investigation is conducted on any such report of illegal, unethical or non-compliant behaviour and that an appropriate disciplinary or other action is taken.

4.2. Independence and Avoidance of Conflict of Interest

The second practice area is focused on the implementation of procedures designed to identify, manage, disclose and remove conflicts of interest relating to business activities.

4.2.1. General

- a) The credit assessment and rating assignment process is based on relevant and evidence based information in accordance with Equifax Credit Ratings & Research' rating methodologies.
- b) Equifax Credit Ratings & Research and employees will exhibit professionalism and use care and professional judgement to maintain independence and objectivity.
- c) Credit ratings will be attributed in accordance with the rating methodologies, and will only be influenced by factors relevant to assessing the creditworthiness of the rated entity or obligation.
- d) The ratings assigned by Equifax Credit Ratings & Research will not be affected by whether there is an existing or potential business relationship.
- e) Equifax Credit Ratings & Research is operationally, legally, and where practicable, physically separate from other business activities and analysts throughout the EACR.
- f) The primary activity of Equifax Credit Ratings & Research is the provision of independent financial viability assessments and credit ratings.
- g) Equifax Credit Ratings & Research will not delay or refrain from taking a credit rating action based on the potential effect (economic, political, or otherwise) of the action on itself, a rated entity, obligor, originator, underwriter, arranger, investor, or other market participant.

4.2.2. Procedures and Policies

- a) All analysts are trained in the company's conflict-of-interest policy and Equifax Credit Ratings & Research assigns analysts in a manner to identify and eliminate, or manage and disclose, as appropriate, any actual or potential conflicts of interest that may influence the credit rating methodologies, credit rating actions, or analyses of Equifax Credit Ratings & Research of the judgement and analyses of its employees.
- b) Equifax Credit Ratings & Research will monitor for conflicts-of-interest throughout all engagements, and will make timely disclosure of actual and potential conflicts on the company's website and in its reports.
- c) In case the actual or potential conflict of interest is unique or specific to a credit rating action with respect to a particular rated entity, obligor, originator, lead underwriter, arranger, or obligation, such conflict of interest will be disclosed in the same form and through the same means as the relevant credit rating action.
- d) Equifax Credit Ratings & Research will, as appropriate, disclose the general nature of its compensation arrangements with rated entities, obligors, lead underwriters, or arrangers, and other fee disclosures that may impact perceived independence. This includes the disclosure of any compensation unrelated to its credit rating activities (as a percentage of total annual compensation received), together with whether it has received 10 percent or more of its annual revenue from a single client in the relevant credit rating report or elsewhere, as appropriate.
- e) Analysts are not permitted to hold or transact in trading instruments where the relevant security is issued, guaranteed, or otherwise supported by any rated entity or entities to be rated within their area of primary analytical responsibility or that may otherwise present a conflict-of-interest. Employees involved in liaising with rated entities or obligors (e.g., sovereign nations or states) that have an oversight function over the Equifax Credit Ratings & Research will not be engaged in taking credit rating actions or developing or modifying credit rating methodologies that apply to such a rated entity or obligor.
- f) Equifax Credit Ratings & Research will disclose in its credit rating announcements whether the issuer of a structured finance product has informed Equifax Credit Ratings & Research that it is publicly disclosing all relevant information about the obligation being rated.

4.2.3. Analyst and Employee Independence

- a) Employees are remunerated in accordance with standard contractual terms, and those who participate in or who might otherwise have an effect on a credit rating action with respect to an entity or obligation will not be compensated or evaluated on the basis of the amount of revenue derived from that entity of obligor.
- b) Equifax Australasia Credit Ratings Pty Limited's Board conducts formal and periodic reviews of compensation policies, procedures and practices of rating analysts to ensure these have not compromised and do not compromise the objectivity of the credit rating process.
- c) Rating fees are charged in accordance with a standard pricing schedule, and employees who participate in or otherwise have an effect on a credit rating action will not be involved in the discussion or negotiation of fees or payments with rated entities, obligors, arrangers or subscribers.
- d) Employees will not participate in or otherwise influence a credit rating action with respect to an entity or obligation if the employee, an intermediate family member of the employee (e.g., spouse, domestic partner, or dependent), or an entity managed by the employee (e.g., a trust):
 - a. Holds or transacts in a trading instrument issued by the rated entity or obligor;
 - b. Holds or transacts in a trading instrument (other than a diversified collective investment scheme) that itself owns an interest in the rated entity or obligor, or is a derivative based on a trading instrument issued by the rated entity or obligor;
 - c. Holds or transacts in a trading instrument issued by an affiliate of the rated entity or obligor, the ownership of which may cause or may be perceived as causing a conflict of interest with respect to the employee or Equifax Credit Ratings & Research;
 - d. Holds or transacts in a trading instrument issued by a lead underwriter or arranger of the rated obligation, the ownership of which may cause or may be perceived as causing a conflict of interest with respect to the employee or Equifax Credit Ratings & Research;
 - e. Is currently employed by, or had a recent employment or other significant business relationship with the rated entity or obligor or a lead underwriter or arranger of the rated obligation that may cause or may be perceived as causing a conflict of interest;
 - f. Is a director of the rated entity or obligor, or lead underwriter or arranger of the rated obligation; or
 - g. Has, or had, another relationship with or interest in the rated entity, obligor, or the lead underwriter or arranger of the rated obligation (or any of their affiliates) that may cause or may be perceived as causing a conflict of interest.
- e) Employees are required to comply with Equifax Credit Ratings & Research' Conflict-of-Interest policy at all times, and are prohibited from soliciting money, gifts, or favours from anyone with whom Equifax Credit Ratings & Research does business and are also prohibited from accepting gifts offered in the form of cash or cash equivalents or any gifts exceeding a minimal monetary value.
- f) Employees having a personal relationship (including, for example, a personal relationship with an employee of a rated entity, obligor, or originator, or the lead underwriter or arranger of a rated obligation) that creates an actual or potential conflict of interest are required to disclose such relationships to the Head of Operations and the Quality Manager.
- g) Equifax Credit Ratings & Research will review without unnecessary delay the past work of analysts that leave Equifax Credit Ratings & Research and join an entity that the employee participated in rating, an obligor whose obligation the employee participated in rating, an originator, underwriter, or arranger with which the employee had significant dealings as part of his or her duties at Equifax Credit Ratings & Research, or any of their affiliates.

4.3. Responsibilities to the Investing Public and Issuers

The third practice area is focused on policies to disclose relevant information to the market about the methodologies used to derive credit ratings, the interpretation of those ratings, and the performance of those ratings.

4.3.1. Transparency and Timeliness of Ratings Disclosure

- a) Equifax Credit Ratings & Research will distribute its credit rating decisions in a timely manner through rating reports and/or the company's website.

- b) Equifax Credit Ratings & Research will disclose on its website information about its credit rating process and its credit rating methodologies, so that investors and other users of credit ratings can understand how a credit rating was determined by Equifax Credit Ratings & Research.
- c) Equifax Credit Ratings & Research will disclose on its website any material modification to its credit rating methodologies prior to the modification taking effect unless doing so would negatively impact the integrity of a credit rating by unduly delaying the taking of a credit rating action.
- d) Equifax Credit Ratings & Research will disclose on its website the policies and procedures for distributing credit ratings and reports and for when a credit rating will be withdrawn and together with the definitions of the meaning of each category in our rating scales, including the definition of default. The credit ratings of structured finance products will be differentiated from credit ratings of other types of entities or obligations through a supplementary credit rating identifier.
- e) The context and date of each credit rating will be disclosed in the rating report and/or the company's website, and will detail the attributes and limitations of each credit rating and together with the extent to which Equifax Credit Ratings & Research has verified the information provided to it by the rated entity, obligor, or originator, or the underwriter or arranger of the rated obligation.
- f) Rating reports will provide sufficient information on how a credit rating was derived, the principal credit rating methodology or methodology version that was used in determining the credit rating, where a description of that credit rating methodology can be found, the basis for the assignment of a specific credit rating, and the justification of the reason for any credit rating change, including discontinuation of credit ratings.
- g) Rating reports will include an explanation of the key assumptions and data underlying the credit rating, including financial statement adjustments that deviate materially from those contained in the published financial statements of the relevant rated entity or obligor.
- h) Credit rating opinions for structured finance products will include sufficient information about Equifax Credit Ratings & Research' loss and cash-flow analysis, so that investors in the product and/or other users of credit ratings can understand the basis for the credit rating. Such information will also include the degree to which Equifax Credit Ratings & Research analyses how sensitive a credit rating of a structured finance product is to changes in the assumptions underlying the applicable credit rating methodology.
- i) In case Equifax Credit Ratings & Research discontinues monitoring a credit rating for a rated entity or obligation it will disclose such discontinuation on its website as soon as practicable, together with the date the credit rating was last updated or reviewed, the reason the credit rating is no longer monitored, and the fact that the credit rating is no longer being updated.
- j) Equifax Credit Ratings & Research will disclose the performance of its credit ratings and historical transition and default rates of its credit rating categories with respect to the classes of entities and obligations it rates after such time as to have developed a reasonable credit ratings history.
- k) Rating reports will disclose with the credit rating that is the result or subject of a credit rating action whether the rated entity, obligor, or originator, or the underwriter or arranger of the rated obligation participated in the credit rating process. Each credit rating that has not been initiated at the request of the rated entity, obligor, or originator, or the underwriter or arranger of the rated obligation will be identified as such.
- l) Prior to issuing a credit rating, Equifax Credit Ratings & Research will inform the rated entity, or the obligor or arranger of the rated obligation about the critical information and principal considerations upon which a credit rating will be based and affords such rated entity, obligor, or arranger an adequate opportunity to clarify any factual errors, factual omissions, or factual misperceptions that would have a material effect on the credit rating.

4.3.2. The Treatment of Confidential Information

- a) Equifax Credit Ratings & Research protects the confidentiality of information provided under a confidentiality agreement or under a mutual understanding that the information is shared confidentially, in accordance with applicable legislation.
- b) Equifax Credit Ratings & Research and employees will not use or disclose confidential and/or material non-public information in press releases, research conferences, future employers, or in conversations with other persons.

- c) Confidential and/or material non-public information is only used for the purposes related to Equifax Credit Ratings & Research' rating activities or as otherwise determined in accordance with any confidentiality agreements.
- d) Equifax Credit Ratings & Research and employees take all reasonable measures to protect confidential and/or material non-public information from fraud, theft, misuse or inadvertent disclosure.
- e) Employees that possess confidential and/or material non-public information concerning a trading instrument are prohibited from engaging in transactions in the trading instrument or using the information to advise or otherwise advantage another person in transacting in the trading instrument.
- f) Rating analysts certify their annual compliance with Equifax Credit Ratings & Research' code of conduct, conflict-of-interest, privacy and confidentiality policies, as monitored by the Quality Manager.
- g) Equifax Credit Ratings & Research and its employees do not selectively disclose information about the pending credit rating action, except to the rated entity, obligor, arranger, or their designated agents, or as required by applicable law or regulation.
- h) Rating analysts do not share confidential and/or material non-public information with employees of affiliated entities, and do not share such information within the company where the disclosure is not necessary in connection with the credit rating activities, unless disclosure is required by applicable law or regulation.

4.4. Governance, Risk Management and Employee Training

- a) Equifax Australasia Credit Ratings Pty Limited's Board, through the Legal & Compliance Business Unit, has oversight in the establishment of Equifax Credit Ratings & Research's policies and procedures and the enforcement of this Code of Conduct, which are based on IOSCO Code of Conduct for CRAs².
- b) Equifax Credit Ratings & Research's Management Team has adopted a risk management framework, based on legal, reputational, operational and strategic risks. Annual Compliance Reports are prepared by the Compliance Officer, which are submitted to the Management Team and Legal & Compliance for Board approval.
- c) Equifax Credit Ratings & Research provides formal, ongoing training to its employees covering all aspects of its operations, its policies and procedures.

4.5 Disclosure of the Code of Conduct

- a) The Code of Conduct is available via the company's website, along with details of operational policies and practices, and our historic performance data, in full accordance with IOSCO's requirements for Credit Rating Agencies³.
- b) Equifax Credit Ratings & Research welcomes feedback, and the Quality Manager is responsible for coordinating and communicating on questions, concerns or complaints the business may receive.

² International Organisation of Securities Commissions (IOSCO) Principles Regarding the Activities of credit Rating Agencies and the Code of Conduct for Credit Rating Agencies, Revised May 2015

³ International Organisation of Securities Commissions (IOSCO) Principles Regarding the Activities of Credit Rating Agencies and the Code of Conduct for Credit Rating Agencies, Revised May 2015.

