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# MARC

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**MARC RATINGS BERHAD**

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**CHINESE WALL POLICY**

Version 5.0

## DOCUMENT REVIEW HISTORY

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Version	Effective Date	Author	Reason for Update
1.0	26.7.2012 (Board Approval Date)	Junaidah Ladi	New policy created
2.0	2 June 2015	CRM	Periodic review
3.0	22 April 2021	Compliance, Governance and Risk Management	Periodic review
4.0	7 December 2021	Compliance, Governance, Legal and Risk Management	Periodic review
5.0	1 August 2024	Compliance, Governance, Legal and Risk Management	Periodic review -Title change "Chinese Wall Policy"

**1.0 OVERVIEW**

- 1.1 The aim of the Chinese Wall Policy is to ensure that Ratings Analysts have the necessary independence to express their respective opinions free from the improper influence of other MARC's employees and third parties and from financial and commercial considerations. This Policy also aims to protect the confidentiality of information given to Ratings Analysts in connection with the rating process.
- 1.2 This Chinese Wall Policy serves to safeguard and regulate the flow of Confidential Information among the concerned representatives and to prevent unauthorized access to such information. It also provides a control framework to ensure that:
- Confidential Information is restricted to the businesses where it belongs.
  - Management tools to manage the prevention of conflicts of interest,
  - Ensure the segregation of duties or functions and prevention of inside information situations.
  - Monitoring procedures to enable us to judge the effectiveness of the controls; and
  - Safeguarding procedures to be followed if and when such information necessarily has to be distributed internally.

**2.0 SCOPE**

- 2.1 This policy is intended to be read together with the Policy on Conflict of Interest for Analysts and all other applicable policies and procedures adopted by Malaysian Rating Corporation Berhad (MARC).

**3.0 DETAILED REQUIREMENTS**

- 3.1 The Analysts after consulting with their respective Portfolio Heads must reach their rating opinions independently of each other<sup>1</sup>. The Ratings employees must hold any information they received pursuant to the rating process in strictest confidence and may not share any confidential information with any other employees except if such information is necessary for the other employee to perform their task.
- 3.2 Ratings Analysts shall arrive at their opinions by strictly following the Rating Process and shall not be influenced by any financial and commercial considerations between MARC and the client or any third party.
- 3.3 No employee of MARC shall attempt to exert improper influence on the opinions of a Ratings Analyst and in no circumstance shall an employee of MARC try to influence the opinion of a Ratings Analyst by referring to the financial and commercial relationship between MARC and any third party.

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- 3.4 Ratings Analysts must not participate in consulting or advisory services for client they are rating. In any case the Rating Analyst must declare all consulting or advisory roles they undertake in writing to the Chief Rating Officer and the Chief Executive Officer.
- 3.5 Rating Analysts must not have any business or financial dealings with their rated Clients or Issuer (which includes issuer's parent company, subsidiaries, employees and agents).
- 3.6 If a Rating Analyst or any of his or her family member<sup>2</sup>, has any interest in the bond issue, the Rating Analyst shall not be involved in the rating and monitoring process nor be involved in recommending on ratings.
- 3.7 Ratings employees shall not discuss the deliberations relating to, or confidential information used in determining, individual credit rating opinions with any other employee or third parties.
- 3.8 The credit ratings and ancillary ratings products and services may not be cross-sold with advisory or consulting services.
- 3.9 If the Rating Analyst accompanies other employees on a marketing call, the Rating Analyst must not give any indication of any possible rating the Issuer may received. However, the Rating Analyst can discuss the general Rating Methodology and any possible rating approach the Rating Analyst may adopt.
- 3.10 The Rating Analyst is prohibited from participating in any discussion or negotiation in rating fee negotiations for an issue or issuer. If such discussion or negotiation arises in the meeting between the Issuer and the other employees of MARC, the Rating Analyst must leave the room.
- 3.11 The foregoing does not preclude MARC's personnel from participating in internal general business discussions related to operational or strategic matters including new product development initiatives.

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<sup>1</sup> The rating is decided by the Rating Committee.

<sup>2</sup> The term "family member" has the meaning ascribed to it in the SC's Guidelines on the Registration of Credit Rating Agencies and includes (i) a spouse, (ii) parent, (iii) child (including adopted or stepchild) or sibling of the individual or his/her spouse. MARC's definition of family member also extends to a domestic partner, consistent with the rating agency's definition of immediate family.

**4.0 Protection of Confidential Information Held by Ratings Services**

- 4.1 The confidentiality of all non-public information provided pursuant to any ratings exercise must be safeguarded. Information about a ratings action or potential ratings action is confidential, and may not be shared with anyone other than:
- (i) employees who have a legitimate business need to know, and
  - (ii) the issuer and persons acting on behalf of the issuer, until such time as such rating action or potential rating action is made public.

**5.0 Application of Chinese Wall Policy with Other Policies and Procedures**

- 5.1 Any employee who has questions on interpretation or application of this policy should contact the Compliance Officer who will provide an appropriate response.
- 5.2 Any exceptions to this policy must be approved by the Board of Directors and must be formally documented

**6.0 Review of the Policy**

- 6.1 The Policy will be reviewed and updated once every 3 years or as and when necessary.
- 6.2 The Policy is made available for reference in the Company's website.