
S&P Global
Ratings

**Standard & Poor's Credit Market
Services Europe Limited**

**Kingdom of Saudi Arabia
Transparency Report 2017**

This Transparency Report is in respect of the financial year ended 31 December 2017G.

Standard & Poor's Credit Market Services Europe Limited – Kingdom of Saudi Arabia – Transparency Report

This Transparency Report is made available pursuant to Article 22 of the Capital Market Authority (the “Authority”, or the “CMA”) Credit Rating Agencies Regulations dated 10/11/2014G (the “CRA Regulations”). The Transparency report provides information on the operations of S&P Global Ratings in the Kingdom of Saudi Arabia (the “Kingdom”) for the financial year ending 31 December 2017G. Capitalized terms used but not parenthetically defined herein have the meanings ascribed thereto in **Annex 1** hereto.

S&P Global Ratings operates in the Kingdom through Standard & Poor's Credit Market Services Europe Limited (“SPCMSE”). SPCMSE is established in England and Wales and has branches in the following countries: the Kingdom of Saudi Arabia, United Arab Emirates - Dubai International Financial Centre (“DIFC”), Germany, Poland, the Republic of South Africa, Russia, Spain and Sweden. It also has a liaison office in Turkey. SPCMSE was authorized and licensed by the Authority to conduct credit rating activities in the Kingdom on 24 August 2017G and opened its branch in Riyadh on 23 October 2017G.

S&P Global Ratings refers to the global Credit Rating Agency (“CRA”) operating through a group of affiliated companies performing Credit Rating Activities (the “Affiliated Entities”), each of which is a direct or indirect wholly owned subsidiary of S&P Global Inc. (“SPGI”). The Affiliated Entities operate in accordance with policies, procedures and ratings criteria (“Criteria”) that generally are globally applicable. S&P Global Ratings shares an integrated operating structure. SPGI is a company incorporated in the State of New York, USA and publicly listed on the New York Stock Exchange.

Along with two Affiliated Entities, S&P Global Ratings France SAS (“SPGRF” – established in France) and S&P Global Ratings Italy SRL (“SPGRI” – established in Italy), SPCMSE is registered with the European Securities and Markets Authority (“ESMA”) under European Union Regulation (EC) 1060/2009 on Credit Rating Agencies, as amended. Within Europe, the Middle East and Africa (“EMEA”), SPCMSE, SPGRF and SPGRI operate on a regionally integrated basis. S&P Global Ratings is registered with the United States Securities and Exchange Commission (the “SEC”) as a Nationally Recognized Statistical Rating Organization (“NRSRO”). The NRSRO includes the Affiliated Entities, including SPCMSE. The NRSRO, S&P Global Ratings, is comprised of the credit ratings business (i) within Standard & Poor's Financial Services LLC, a Delaware limited liability company wholly-owned by SPGI, and (ii) operated by various other subsidiaries that are wholly-owned, directly or indirectly, by SPGI.

This Transparency Report contains information with respect to SPCMSE and in particular its activities in the Kingdom. This Transparency Report describes, to the extent relevant, certain functions established by S&P Global Ratings in EMEA or globally, but does not address S&P Global Ratings' global operations in any Affiliated Entities outside EMEA through which S&P Global Ratings may conduct Credit Rating Activities.

Unless indicated, information provided in this Transparency Report is current as at 31st December 2017G.

Further information disclosed in accordance with the CRA Regulations can be found at https://www.standardandpoors.com/en_EU/web/guest/regulatory/disclosures#disclosure_saudiArabia.

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1.	A DESCRIPTION OF COMPLIANCE WITH THE CRA REGULATIONS AND OTHER RELEVANT LAWS AND REGULATIONS
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S&P Global Ratings is committed to the highest standards of analytical excellence. To achieve these standards, it has established (i) a governance hierarchy and committee framework to implement the CRA Regulations and other relevant laws, rules and regulations as well as policies, procedures and Criteria for determining Credit Ratings and (ii) an independent governance and control structure aimed at adhering to its policies, procedures, and methodologies. S&P Global Ratings evaluates the effectiveness of its internal control structure and makes changes to its organisational structure and processes when appropriate.

S&P Global Ratings established the S&P Global Ratings Code of Conduct (the "Code") to reflect the high-level principles that govern the conduct of its Credit Rating Activities. The Code also reflects the high-level principles underlying regulatory requirements in the jurisdictions where S&P Global Ratings conducts Credit Rating Activities. S&P Global Ratings implements the principles set out in the Code through policies and procedures, as well as through its operational and control infrastructures. In December 2017, the Code was amended to address the revised definition of Criteria and the new concept of Guidance Documents.

The Compliance function is responsible for establishing a global, risk-based compliance programme to help ensure compliance with applicable laws and the rules and regulations thereunder. In addition, the Compliance function provides guidance and training to the Practice Areas concerning the applicable laws, the rules and regulations, policies and procedures and best practices. The Compliance function oversees policies and procedures designed to identify and manage conflicts of interests, protect material non-public information, and maintain records of external complaints and internal policies, procedures and/or regulatory breaches.

2. INFORMATION ON LEGAL STRUCTURE AND OWNERSHIP

SPCMSE was incorporated¹ under the laws of England and Wales on 31 December 2009G and conducts Credit Rating Activities in the United Kingdom, and, through its branches in those countries, in the DIFC, Germany, the Republic of South Africa, Russia, Spain and Sweden. SPCMSE also has branches (without locally-based Analysts), in Poland and the Kingdom of Saudi Arabia.

SPCMSE is one of several wholly-owned subsidiaries of S&P Global European Holdings (Luxembourg) S.a.r.l ("SPGEH", formerly known as McGraw Hill Financial European Holdings (Luxembourg) Sarl), which is, in turn, indirectly wholly-owned by SPGI.

The share capital of SPCMSE is £1,000, made up of 1,000 shares each with a par value of £1, all held by SPGEH.

SPCMSE has no subsidiaries or holdings in any other entity in the Kingdom or elsewhere.

No acquisitions, disposals or events changing the breakdown of voting rights have taken place since SPCMSE was incorporated.

Based on public filings for the quarter ended 31 December 2017, the following entities were the only owners of 5% or more of SPGI's common equity:

- The Vanguard Group, Inc., which held 20,236,068 shares (7.97% of 253.9 million shares outstanding).
- BlackRock, Inc., which held 18,078,515 shares (7.12% of 253.9 million shares outstanding).
- State Street Corporation, which held 12,785,554 shares (5.04% of 253.9 million shares outstanding).

¹ Registered office: 20 Canada Square, Canary Wharf, London, United Kingdom, E14 5LH. Company number: 07114748

3. A DESCRIPTION OF INTERNAL CONTROL MECHANISMS

Overview

S&P Global Ratings manages risks related to its Credit Ratings business through three lines of defence. The first line of defence is accountable for identifying and managing risks related to the ratings business and assessing the effectiveness of S&P Global Ratings' internal control structure. The first line of defence includes the analytical practice, the commercial group, and the data, operations and information technology teams.

S&P Global Ratings' second line of defence facilitates and monitors effective risk and compliance management and internal control practices working proactively with the first line of defence, including providing advice and effective challenge regarding compliance and risk management activities. The second line of defence includes, but is not limited to, the Compliance and Control and Legal functions.

The third line of defence reviews the effectiveness of the process and internal control environment and also assesses adherence to criteria methodology. The third line of defence includes the Internal Audit and Ratings Risk Review functions, both of which are independent of S&P Global Ratings and its managers.

Applicable regulations require CRAs, such as S&P Global Ratings, to establish, maintain, enforce, and document an effective internal control structure governing the implementation of and adherence to policies, procedures, and methodologies for determining Credit Ratings. The internal control structure is intended to provide executive management and its applicable boards of directors ("Boards") with reasonable assurance that S&P Global Ratings' and its employees are in compliance with laws, regulatory requirements, and internal policies and procedures related to determining Credit Ratings.

S&P Global Ratings' management conducts periodic assessments of the effectiveness of its internal control structure which considers self-identified issues and issues identified through second and third line examinations and reviews. S&P Global Ratings maintains a process that holds management accountable for addressing deficiencies in the internal control structure that are surfaced as a result of these assessments. As part of this process, management is required to develop and implement action plans describing how and when deficiencies in the internal control structure will be addressed and provide periodic updates on the progress of remediation efforts.

S&P Global Ratings has policies and standard operating procedures ("SOPs") that have implemented the internal control structure depicted below.

S&P Global Ratings Internal Control Structure

Control Environment	Control Activities	Communication
<p>The control environment refers to the overall attitude, awareness, and actions of management regarding internal controls and their importance. It is the foundation for effective internal controls, providing discipline and structure.</p> <p>Principles include:</p> <ul style="list-style-type: none"> ✓ Demonstrate a commitment to integrity and ethical values ✓ Demonstrate board's independence from management and oversight of the internal control structure ✓ Establish organizational structures, reporting lines, and appropriate authorities and responsibilities to support effective internal control ✓ Hold individuals accountable for their internal control responsibilities ✓ Devote sufficient resources to implement and operate the internal control structure as designed ✓ Monitor and update internal control structure to maintain its effectiveness 	<p>Control activities or internal controls are the actions established through policies and procedures that help ensure that management's directives are carried out. Control activities are performed at all levels of the organization.</p> <p>Principles include:</p> <ul style="list-style-type: none"> ✓ Select and implement control activities that support achievement of control objectives ✓ Deploy control activities through policies and procedures 	<p>Information is necessary for an organization to carry out its internal control responsibilities.</p> <p>Principles include:</p> <ul style="list-style-type: none"> ✓ Internally communicate information to support effective internal control ✓ Communicate with regulators on significant internal control matters
	Control Assessment	Monitoring and Testing
	<p>Control assessment is a process by which an organization determines its control objectives and evaluates the design and operating effectiveness of the controls.</p> <p>Principles include:</p> <ul style="list-style-type: none"> ✓ Specify clear and comprehensive control objectives ✓ Regularly assess the design and operation of internal controls 	<p>Monitoring and testing are key inputs of the internal controls assessment and support the identification and correction of issues on a timely basis.</p> <p>Principles include:</p> <ul style="list-style-type: none"> ✓ Perform ongoing evaluations to monitor the effectiveness of internal controls ✓ Perform periodic testing to confirm effectiveness of internal controls
		Remediation
		<p>The remediation process ensures deficiencies are assessed and addressed in a timely manner.</p> <p>Principles include:</p> <ul style="list-style-type: none"> ✓ Assess and address internal control deficiencies in a timely manner

S&P Global Ratings has appointed dedicated staff with compliance, risk and internal control expertise that work closely together to support the ongoing efforts to enhance and maintain the internal control structure. An Internal Control function within the second line provides oversight and guidance to the first line of defence. In the first line, an In-Business Control function in Global Rating Services supports the analytical practice in the enhancement and maintenance of the internal control structure. An In-Business Control function in the S&P Global Ratings Operating Office (the "Operating Office") enhances and maintains the internal control structure across Data, Information Technology, Global Operations, and Vendor Management functions.

S&P Global Ratings also maintains the following committees and working groups comprised of executive and other levels of management that provide oversight of the internal control structure:

- Controls Working Group – provides guidance to internal control efforts and serves as the decision-making body for the determination and closure of the relevant remediation efforts for deficiencies and material weaknesses identified in the internal control structure.
- Policy Governance Group – develops, approves, and maintains analytical and non-analytical policies relating to prudent, ethical business practices, and compliance and regulatory matters associated with S&P Global Ratings' activities globally, including the Code.
- Global Ratings Compliance Committee – advises and assists executive management on the status of compliance matters across all regions in which S&P Global Ratings operates.
- The Criteria and Model Governance Committee is responsible for approving models and Criteria. It is designed to further enhance S&P Global Ratings' model and Criteria approval process.
- The Criteria and Models Committee of the S&P Financial Services LLC's Board of Managers approves new and, where required, revised procedures and methodologies used to determine Credit Ratings, including qualitative and quantitative data and models.

S&P Global Ratings' Policies and SOPs are designed to ensure that all applicable regulatory requirements are addressed either via global procedures or jurisdictional supplements where specific requirements apply in certain jurisdictions.

Description of Control Functions

The following organisational functions support S&P Global Ratings' Internal Control Structure and are further described below:

- In-Business Control (Global Rating Services)
- In-Business Control (Operating Office)
- Compliance and Control Department
- Ratings Risk Review Function
- S&P Global Inc. Internal Audit.

In-Business Control (Global Ratings Services)

In-Business Control is a group within Global Ratings Services that works closely with In-Business Control (Operating Office), Compliance and other functions to support the assessment of risk and the implementation of internal controls in the Practice Areas including performing regular monitoring and testing of Analysts' compliance with policies and procedures. This function reports to the head of Global Ratings Services.

In-Business Control (Operating Office)

An In-Business Control function has also been established within the Operating Office. The team is responsible for implementing and maintaining the internal control structure across the functions within the Operating Office, which include Data, Information Technology, Global Operations, and Vendor Management. The team works closely with In-Business Control (Global Ratings Services), Compliance and other functions to ensure the consistent implementation of the internal control structure and to address company-wide risk and internal control needs. This function reports to the Chief Operating Officer.

Compliance and Control Department

The Compliance and Control Department is headed by the Global Head of Compliance and Control (the "Global CCO") who reports to the S&P Global Ratings President. The Global CCO manages the Compliance Department, the internal control function, and the validation functions. These second line functions support the company's adherence to global and local regulatory requirements as well as to S&P Global Ratings' policies and procedures.

The Compliance Function's structure and approach are grounded in three pillars:

- Advisory: Day-to-day advice, formal and ad hoc training, live chaperone interactions, policy violation investigations and discipline, advising on policy and reporting metrics, conducted by Covering Compliance Officers.
- Regulatory: Maintaining and managing regulatory relationships and interactions, exam management and coordination, regulatory filings, regulatory remediation oversight, and

regulatory reporting, conducted by the Covering Compliance teams, Exam Management Team and Regulatory Coordination Team.

- Monitoring: Periodic and dynamic compliance examinations, continuous and periodic monitoring, surveillance, controls, and metrics reporting, conducted by the Control Room/Surveillance and Compliance Exams/Monitoring teams.

Compliance Department Structure and Responsibilities

To achieve its mission, the Compliance and Control Department is organized into the following groups: Regional Compliance ((i) the Americas; (ii) EMEA and India; and (iii) Asia Pacific, all of which include Covering Compliance), Compliance Examination, Global Control Room, Global Regulatory Coordination, Global Matrix Office, Internal Control, and Criteria and Model Validation. The primary responsibilities of each group are as follows:

Regional Compliance

The Regional Compliance groups consist of three teams: Americas, EMEA and India, and Asia Pacific. Each Regional Compliance group is responsible for Covering Compliance functions, regulatory exam management, regulatory reporting oversight and routine policy violation examinations.

The Chief Compliance Officer for EMEA and India (“CCO EMEA”) is based in London and reports to the Global CCO. The CCO EMEA manages a team of eleven Compliance Officers for EMEA. Concerning Credit Rating Activities performed in the Kingdom, compliance matters are primarily handled by the Compliance Officer based in the DIFC office who reports to the Senior Compliance Officer based in Paris. The Senior Compliance Officer reports to the Regional Covering Compliance Officer EMEA (based in London) who in turn reports to the CCO EMEA. The EMEA Compliance Officers receive additional global Compliance Support.

Covering Compliance

Covering Compliance Officers promote adherence to policies and procedures by supporting the direction and implementation of policies and procedures, and reviewing and monitoring adherence to policies and administer discipline for policy violations. Covering Compliance Officers also support surveillance and monitoring activities carried out by other parts of Compliance, as well as participate in Compliance examinations and investigations (as requested), and collaborate with other S&P Global business functions on risk management, rating quality and internal controls.

Compliance Examination

The Compliance Examination Group conducts reviews of S&P Global Ratings’ adherence to compliance policies and operating procedures globally. The primary function of the Compliance Examination Group is to conduct and report on compliance examinations and periodic monitoring reviews to evaluate the understanding and effectiveness of written compliance policies and procedures, compliance with regulatory requirements, and the adequacy and effectiveness of Ratings compliance controls. In addition, the Compliance Examination Group may undertake special process and operational reviews where required.

Global Control Room

The Global Control Room administers a set of preventive and detective controls established to protect the integrity of the analytical process, manage conflicts of interest and to prevent misuse of non-public information.

To help S&P Global Ratings prevent commercial conflicts from tainting the integrity of the analytical process the team provides chaperones for communications between employees in analytical and commercial roles to ensure that such communications proceed in compliance with requirements set forth in applicable policies. In the area of protection of information the team is responsible for maintaining ratings insider lists, responding to regulatory and issuer requests for information on S&P Global Ratings insiders and monitoring access to work-in-progress documents. As part of its monitoring and surveillance function, the team administers S&P Global Ratings' electronic communications surveillance program. The EMEA Control Office is part of the Global Control Room and its staff report to a UK-based Compliance Officer.

Global Regulatory Coordination

The Global Regulatory Coordination team facilitates coordination and consistency across regions and remediation activities stemming from findings and recommendations from regulatory agencies. The team validates completion of regulatory remediation efforts and reports regulatory updates to senior management.

Global Matrix Office

The Global Matrix Office creates and maintains the Policy Chapters of the S&P Global Ratings Policy Manual, tracks and coordinates compliance training, oversees global compliance-related projects and presentations, and gathers data periodically on certain global compliance department activities, such as complaints, reviews and disciplinary letters.

Internal Control

The Internal Control function provides oversight and guidance on the implementation and maintenance of S&P Global Ratings' Internal Control Structure. The Internal Control function advises the organization on enhancements to internal controls and coordinates management's periodic assessment of the effectiveness of internal controls. Oversight of the remediation of deficiencies and material weaknesses is also performed to confirm that issues are adequately addressed and on a timely basis. The Internal Control Function performs periodic reporting to Executive Management, various Governance Committees and Boards on risks and the effectiveness of internal control, as well as produces reporting on risks and the effectiveness of the internal control structure for regulators.

Criteria and Model Validation

The Criteria Validation Group is responsible for independently performing ex-ante validation to assess proposed new or revised Criteria and providing final sign-off on periodic Criteria reviews. The Model Validation Group is responsible for independently performing ex-ante validation to assess proposed new or revised models and conducting periodic reviews of models.

Policy Governance Group

The Policy Governance Group ("PGG") chaired by Compliance is responsible for leading the development, approval and maintenance of analytical and non-analytical policies relating to prudent, ethical business practices, and compliance and regulatory matters associated with S&P

Global Ratings' activities globally and to oversee the communication of such policies. PGG voting membership consists of representatives from Compliance, Criteria, the Global Analytical Practice, Operating Office, as well as the Head of the Internal Control Function, and the Head of In-Business Control. Each representative has one vote and Compliance has a supermajority vote.

New policies or amendments to existing policies must be approved by PGG before they are disseminated and become effective.

S&P Global Ratings' policies and internal procedures undergo periodic review to accommodate any new regulatory requirement or interpretation, or relevant new business or technological development and are continually refined based on input from employees.

Ratings Risk Review Function

Ratings Risk Review ("RRR") reports to the SPGI Chief Risk and Audit Executive, who reports directly to the SPGI Chief Executive Officer on an administrative basis and functionally to the SPGI Audit Committee of the Board of Directors. However, RRR staff remain subject to S&P Global Ratings' policies and procedures.

RRR Officers are assigned to specific sectors and/or regions. Among other activities, RRR conducts sector and targeted reviews as well as ongoing monitoring that includes evaluation of Credit Rating files from an analytical perspective, including (i) assessment of adherence to analytical policies and procedures for determining Credit Ratings, (ii) assessment of adherence to Criteria methodology, (iii) review of the assumptions made, appropriateness of the documentation of the Credit Rating analysis, and (iv) review of the published rationales for Credit Ratings. RRR monitors the performance of Credit Ratings and the Credit Rating process to ensure that emerging trends and credit attributes are appropriately considered.

RRR prepares reports that summarise any findings associated with the outcome of its reviews and monitoring activities, which are issued to applicable stakeholders. RRR requires the Practice Area to develop and deliver applicable Management Action Plans ("MAPS") with responsible owners and completion dates to address each finding identified. For MAPs that result from RRR reviews, RRR formally tracks the effectiveness and timeliness of completion by the Practice Area. Instances of potential inconsistencies in Criteria application or the rating process identified by RRR may also result in RRR escalating the applicable rating(s) to the relevant Lead Analytical Manager for a new Rating Committee when RRR believes the rating or the published rationale does not materially reflect the appropriate analysis.

RRR reports to the SPGI Audit Committee on topics such as:

- Results of sector and targeted reviews and monitoring activities;
- Overall Assessments and trends by assessment point and Practice Area;
- Status of MAPs; and
- Status of reviews against the annual review plan.

RRR also presents periodically to the SPCMSE Board of Directors upon request or when deemed appropriate as well as to the S&P Global Ratings Executive Committee and to Global and Regional management of the Practice Areas. These "Practice Updates" are presentations that typically cover the same topics as are referenced above.

SPGI Internal Audit

Independent of S&P Global Ratings' management and the Compliance and Control functions, the SPGI Internal Audit ("IA") function incorporates S&P Global Ratings in their annual risk-based internal audit plan. IA has a team dedicated to regularly perform compliance, operational, information technology and financial audits on SPGI entities including S&P Global Ratings. IA prepares and executes its internal audit plan using a comprehensive risk assessment process to identify significant risks associated with S&P Global Ratings (including those that are regulatory in nature) and to conduct audits which are scoped to assess the effectiveness of the processes and internal control environment in relation to those risks. IA issues reports in relation to these audits and tracks the status and completion of MAPs to address IA's findings. The results of IA reviews are reported to key stakeholders including status of MAPs and progress against the annual approved IA Plan. The SPGI Chief Risk & Audit Executive reports to the Audit Committee of the SPGI Board of Directors on a functional basis, and administratively to the SPGI President & Chief Executive Officer. IA reports Audit results including the status of Audit tracking to the SPGI Audit Committee and SPCMSE's Board of Directors.

4. DETAILS OF STAFF ALLOCATED TO CREDIT RATINGS

Table 1 – SPCMSE staff numbers

Analysts	367
Criteria staff ²	9
Criteria and Model Validation	9
General Management and emerging markets regional office management	1
Analytical Management	26

As of 31 December 2017G, a total of twenty two analysts employed by SPCMSE and SPGRF have been appointed Primary Analysts (approved by the Authority as CRA Registered Persons, “RPs”) on rated entities domiciled in the Kingdom. In addition, the Riyadh Branch Manager and the Compliance Officer based in the DIFC office are also approved by the Authority as RPs. All RPs have undergone a compulsory CMA Compliance Training which was conducted by the Compliance Officer in September 2017. Any newly appointed Primary Analyst shall undergo the compulsory CMA Compliance Training once approved as RP by the Authority. The Compliance function conducts a compulsory annual Compliance Training for all existing RPs and other staff as appropriate.

Corporate, Financial Services and Sovereign/International Public Finance Analysts perform analysis of both new issuance and surveillance for rated Issuers and issuances. Within Structured Finance, Analysts are not exclusively involved either in analysis of new issuance or in surveillance analysis but may be involved in analysis of both new issuance and surveillance.

² For the purpose of this Transparency Report, “Criteria staff” comprises Criteria Development, Criteria Owners and Criteria Advisors.

5. RECORDKEEPING POLICY

Description of Recordkeeping Policy

SPCMSE retains certain documents that it either generates or receives in connection with its Credit Rating Activities, Ancillary Services, and Other Services for at least five years, in a safe location, and in a manner that permits the documentation to be provided promptly to the Authority upon request.

SPCMSE also retains data and documents obtained for, or produced by, its business operations, including but not limited to finance, management, operating procedures, human resources, marketing and other strategic records.

In addition to the record keeping requirements of the CRA Regulations, SPCMSE retains these documents, data and records in accordance with applicable regulatory requirements in other jurisdictions. SPCMSE retains these documents, data, and records the periods specified in the Records Retention Schedule.

Employees are encouraged to discard promptly, in a manner which protects any sensitive or confidential content, data and documents not required to be retained.

6. THE OUTCOME OF THE ANNUAL INTERNAL REVIEW OF EMEA COMPLIANCE

In 2017, IA performed a review of the independent compliance function in EMEA ("EMEA Compliance"). IA's focus was to evaluate the effectiveness of the control environment for the EMEA Compliance function based on the applicable regulatory requirements. The scope of the audit included the following:

- Independence of EMEA Compliance from the business and operations functions of S&P Global Ratings.
- Authority of the EMEA Compliance function, and its access to all relevant information
- Resources and expertise of the EMEA Compliance function
- Compliance monitoring activities
- Management reporting

IA considered that the EMEA Compliance function was generally effective and in compliance with applicable regulatory requirements.

7. FINANCIAL INFORMATION / REVENUE SOURCES**SPCMSE Kingdom of Saudi Arabia Revenue Results for 2017G (UNAUDITED*) (SAR in thousands)**

	Credit Rating Activity	Non-Credit Rating Activity**	Total Revenue
SPCMSE	1,827,428	14,065	1,841,493
Attributable to Rated Entities domiciled in the Kingdom	11,772	115	11,888

* The SPCMSE annual audited financial statements were not finalised at the time of the publication of this Transparency Report.

** A document containing descriptions of Credit Rating Activities and Non-Credit Rating Activities offered by SPCMSE in the Kingdom is available on the Saudi Arabia regulatory disclosures page at https://www.standardandpoors.com/en_EU/web/guest/regulatory/disclosures#disclosure_saudi Arabia.

8. GOVERNANCE STATEMENT

The SPCMSE board of directors comprises six directors:

John Berisford – executive board member. President of S&P Global Ratings.

Dominic Crawley – non-executive board member. Formerly Executive Managing Director, Global Ratings Services, S&P Global Ratings.

James Penrose – executive board member. Head of S&P Global Ratings Legal and Regulatory Affairs, EMEA. Experienced in structured finance activities.

Jan Willem Plantagie – executive board member. Managing Director and Head of EMEA Ratings, S&P Global Ratings.

Thierry Sciard – non-executive independent board member. Non-Executive Director at VTB Capital plc, VTB Holdco, Mizuho International plc, AXA UK plc, AXA PPP Healthcare Limited and AXA Insurance UK plc. Formerly senior executive at Calyon, Lehman Brothers Inc., StormHarbour Partners and Fortis Investments and Non-Executive Director at BlackTree Investment Partners and Liquidnet Europe Limited.

Joseph Strubel – non-executive independent board member. Senior Advisor and Non-Executive Director at SphereInvest Group Limited, SphereInvest Global UCITS SICAV P.L.C. and Ontario Graphite Ltd. Formerly Senior Advisor at Millenium Group Holdings Limited. Experienced in structured finance activities.

Mr. Meshari Al-Khaled is manager of the SPCMSE branch in the Kingdom. As the senior S&P Global Ratings employee in the Kingdom, Mr. Al-Khaled is supported by senior staff located in the DIFC and focused on the Gulf Cooperation Council, including the Regional Head, a business development director and a market engagement manager. Mr. Al-Khaled reports to Mr. Hadi Melki, Middle East Regional Head of S&P Global Ratings. Mr. Melki, based in the DIFC office, reports to Jan Willem Plantagie, Head of

EMEA Ratings. Mr. Plantagie is based in Frankfurt and reports to Christopher Heusler, Global Chief Commercial Officer based in New York who, in turn, reports to John Berisford.

Compliance matters are handled by Mr. Ali Ismail, the Compliance Officer based in the DIFC office who reports to the Senior Compliance Officer based in Paris. The Senior Compliance Officer reports to the Regional Covering Compliance Officer EMEA (based in London) who in turn reports to the CCO EMEA.

The Analysts that are appointed as Primary Analysts report to their respective Analytical Managers who directly or indirectly report to their respective EMEA Lead Analytical Managers ("LAMs"). The EMEA LAMs report to Global Practice Leaders who report to Yann Le Pallec, Head of Global Ratings Services.

9. CREDIT RATING PUBLICATION POLICIES

Please see **Annex 2** which includes the following policies:

- Assignment of Credit Ratings
- Withdrawal, Discontinuance and Suspension
- Ratings Release
- Issuer Notification (including Issuer Appeals)

10. MATERIAL CHANGES

There were no material modifications made in 2017 other than described in this report.

Annex 1 – Glossary of Terms Used

“Analyst”: an Employee who is directly involved in S&P Global Ratings Activities, but not part of the Criteria organisation or the Compliance or Legal Departments.

“Analytical Manager”: an employee who oversees the day-to-day work of Analysts or other Analytical Managers, but who is not acting in a General Management Role.

“Analytical Role”: the role of an Employee when acting as an Analyst or in a Criteria Function. Examples include: Analysts and Analytical Managers.

“Ancillary Service”: a product or service that S&P Global Ratings provides or sells that is not a Credit Rating or Credit Rating Activity and is either a market forecast, an estimate of economic trends, a pricing analysis, other general data analysis, or distribution services related to a Credit Rating, a market forecast, an estimate of economic trends, a pricing analysis or general data analysis.

“Credit Rating”: a forward looking opinion regarding the creditworthiness of an entity, a debt or financial obligation, debt security, preferred share or other financial instrument (including a money market instrument), or of an issuer of such a debt or financial obligation, debt security, preferred share or other financial instrument, issued using S&P Global Ratings’ established and defined Credit Rating symbology. A Rating Outlook is not a Credit Rating but is subject to the same S&P Global Ratings policies and procedures applicable to a Credit Rating.

“Credit Rating Activities”: an activity engaged in by S&P Global Ratings that leads to or directly supports the issuance or surveillance of a Credit Rating including:

- the evaluation, approval, issuance, or review of Credit Ratings;
- analysis of data and information related to Credit Ratings;
- a Credit Rating Action or Rating Decision; and
- the development or approval of Criteria, including the development or approval of qualitative and quantitative models.

Examples include:

- Participating and/or voting in Rating Committees;
- Attending management meetings that are for the purpose of gathering information and for determining the basis of a rating recommendation;
- Communicating with rated entities and related third parties to determine a Credit Rating Action;
- Managing Analysts, as applicable, in their analytical work;
- Developing Criteria or Guidance Documents;
- Conducting surveillance of a Credit Rating;
- Developing analytical models to support Criteria in which the results are used by a Rating Committee as part of determining a Credit Rating.

In addition Credit Rating Activities also include:

- Advanced Analytics;
- Mappings;
- Rating Agency Confirmation (RAC);
- Rating Evaluations Service (RES);
- Recovery Ratings

Any other activity engaged in by S&P Global Ratings, such as data analysis that does not lead to, or directly support the issuance or surveillance of, a Credit Rating is either an Ancillary or Other Service.

For the purposes of this definition, (i) legal counselling by the Legal Department is not a Credit Rating Activity and (ii) Sales or Marketing Activities are not Credit Rating Activities.

“Criteria”: Criteria are the published analytic framework for determining Credit Ratings. Criteria include fundamental factors, analytical principles, methodologies, and /or key assumptions that we use in the ratings process to produce our Credit Ratings. Criteria, like our Credit Ratings, are forward-looking in nature. Criteria are intended to help users of our Credit Ratings understand how S&P Global Ratings analysts generally approach the analysis of Issuers or issues in a given sector. Criteria include those material methodological elements identified by S&P Global Ratings as being relevant to credit analysis. However, S&P Global ratings recognises that there are many unique factors / facts and circumstances that may potentially apply to the analysis of a given issuer or issue. Accordingly, S&P Global Ratings Criteria is not designed to provide an exhaustive list of all factors applied in our rating analyses. Analysts exercise analytic judgement in the application of Criteria through the committee process to arrive at Credit Rating determinations.

“Guidance Document”: A Guidance Document is designed to provide guidance to the Analysts and Rating Committees on various matters by (i) articulating how specific aspects of the Criteria may be applied, (ii) describing variables or considerations related to Criteria that may change over time, (iii) providing additional information on non-fundamental factors that Analysts may consider in the application of Criteria, and/or (iv) providing additional guidance on the exercise of analytical judgment established in the Criteria. Guidance Documents are not considered Criteria, as they do not establish an analytic framework for determining Credit Ratings.

“Issuer”: an entity that issues debt or equity securities, as well as a bank or insurance companies, and their employees and agents acting on its behalf. An Issuer includes the rated entity and its related third parties.

“Other Service”: a product or service that S&P Global Ratings provides or sells that is neither an Ancillary Service nor part of its Credit Rating Activities.

“Practice Area”: a group within a Business Unit that is responsible for a particular type of credit sector and/or geographic area.

“Primary Analyst”: the Analyst who has been assigned primary responsibility for (a) determining a Rating Recommendation (b) presenting that rating recommendation to a Rating Committee and (c) Communicating with an Issuer with respect to a specific Credit Rating Action. A Primary Analyst means the “lead analyst” pursuant to the Rules.

“Rating Committee”: the committee that determines a Credit Rating.

“Rating Decision”: a Credit Rating that is determined by a Rating Committee prior to its release.

Annex 2 – Credit Rating Publication Policies

Assignment of Credit Ratings

Withdrawal, Discontinuance and Suspension

Ratings Release

Issuer Notification (including Issuer Appeals)

S&P Global Ratings

Policy: Assignment of Credit Ratings

Date: 23 May 2016

Policy Statement

Within its sole discretion, S&P Global Ratings determines whether to issue a Credit Rating. S&P Global Ratings may decline specific requests for Credit Ratings, may decline to issue Credit Ratings on subsequent Issues, or may withdraw or suspend an existing Credit Rating. When consistent with regulatory requirements in applicable jurisdictions and its policies, guidelines, and Criteria, S&P Global Ratings will issue and maintain a Credit Rating if it has sufficient information of satisfactory quality for a Credit Rating. S&P Global Ratings will not refrain from issuing or revising any Credit Rating based on the potential effect (economic, political, or otherwise) on it, an Issuer, an investor, or other market participant. S&P Global Ratings publishes a Credit Rating Rationale depending on market interest or as required by regulation.

S&P Global Ratings may assign Confidential Credit Ratings or Private Credit Ratings if S&P Global Ratings has determined not to assign an Unsolicited Credit Rating. Confidential Credit Ratings and Private Credit Ratings are subject to substantial distribution and publication restrictions. In addition, in certain jurisdictions, S&P Global Ratings may limit the availability of Private Credit Ratings to certain Issue sizes, to a set number of recipients, or to cases where certain regulatory conditions are met.

S&P Global Ratings may assign a preliminary rating based on information that is subject to finalization but is otherwise consistent with its Sufficient Information Policy. S&P Global Ratings will assign a final Credit Rating when it receives the finalized information that was used in arriving at the preliminary Credit Rating.

Consistent with its other applicable policies, including the Protection of Information Policy, S&P Global Ratings may assign Unsolicited Credit Ratings when S&P Global Ratings believes sufficient market interest exists for the Rated Entity.

S&P Global Ratings

Policy: Withdrawal, Discontinuance, and Suspension

Date: 01 January 2018

Policy Statement

S&P Global Ratings may, consistent with applicable regulatory requirements, withdraw or suspend a Credit Rating at any time in its sole discretion. S&P Global Ratings determines the timing of both the withdrawal or suspension of a Credit Rating and the issuance of related notices.

S&P Global Ratings may withdraw a Credit Rating at the request of an Issuer, but under no circumstances will an Issuer's request to withdraw a Credit Rating avoid an imminent rating change. S&P Global Ratings may elect to convert that Credit Rating into an Unsolicited Credit Rating rather than to withdraw the Credit Rating.

When S&P Global Ratings withdraws or suspends a Credit Rating, S&P Global Ratings generally issues a notice in the same manner in which the original Credit Rating was issued (i.e., for a public Credit Rating, S&P Global Ratings will post the notice on its website; and for a Private Credit Rating, S&P Global Ratings will notify the party that requested the Credit Rating or post a notice through the secured website established for the Credit Rating, as appropriate).

Finally, S&P Global Ratings discontinues a Credit Rating on an obligation when the obligation is paid in full in accordance with its terms and in certain other circumstances. S&P Global Ratings generally does not publicly announce discontinuances of Credit Ratings but denotes the discontinuances in its ratings databases and public website.

S&P Global Ratings

Policy: Ratings Release
Date: 23 May 2016

Policy Statement

When a Rating Committee makes a Rating Decision on a Credit Rating Action, S&P Global Ratings' overriding objective is to disseminate Credit Rating Actions as soon as possible.

S&P Global Ratings

Policy: Issuer Notification (including Issuer Appeals)

Date: 01 May 2017

Policy Statement

When required by regulation or where otherwise feasible and appropriate, S&P Global Ratings will, prior to the publication of a Credit Rating, inform the Issuer of the critical information and principal considerations upon which the Credit Rating will be based and afford the Issuer the opportunity to clarify any potential factual errors on which S&P Global Ratings may have based its Rating Decision. This notice also allows the Issuer to identify and alert S&P Global Ratings to any potential disclosure of material non-public or confidential information.

Any change proposed by an Issuer to correct a factual error or prevent the disclosure of material non-public or confidential information shall be given consideration before publication of the Credit Rating. A change will be made only if the Primary Analyst determines it is warranted. Concerns or misunderstandings raised by an Issuer will be discussed with the Issuer, but the Primary Analyst is generally discouraged from making changes for purposes other than correcting a factual error or avoiding the potential disclosure of material non-public or confidential information. If an Issuer suggests wording or grammatical changes, the Primary Analyst may consider such comments but is not obligated to make any changes. In all cases, S&P Global Ratings maintains editorial control over its published materials, including Credit Rating Rationales.

When Issuer notification of a Credit Rating is given in advance of publication of a rating, and includes a draft of the related Credit Rating Rationale, the draft must be accompanied by the following statement:

“S&P Global Ratings is sending you this draft so that you can call our attention to any factual errors or the inadvertent inclusion of confidential information in the draft. If you have any questions or comments on the analysis that are not factual in nature, we ask that you discuss these matters with us. We will use our sole discretion in making editorial changes to the document, which represents our independent opinion. We will finalize and release our report as soon as practicable from the time we have sent this email regardless of whether we have received a reply. The report will supersede the information in the draft; the information in the draft is confidential and remains confidential after the issuance of a report, and the draft should not be disclosed or released at any time before or after the report is published.”

This policy statement applies to Solicited Credit Ratings, Unsolicited Credit Ratings (in certain jurisdictions), and Confidential and Private Credit Ratings, but does not apply to Internal Confidential Unsolicited Credit Ratings.

An Issuer may share new information relevant to the Rating Decision after being notified of the Rating Decision. S&P Global Ratings will determine whether the new information could impact the Rating Decision. If necessary, a new Rating Committee will be convened.

An Issuer may appeal the Rating Decision and request a review of the additional information based on either material new information it has shared with S&P Global Ratings or a belief that S&P Global Ratings materially misinterpreted critical information in reaching that Rating Decision.

S&P Global Ratings will consider appeals of Rating Decisions by Issuers and will grant such appeals as appropriate. There is no right to appeal, and the decision to grant an appeal is made on a case-by-case basis. A Credit Rating may be placed on CreditWatch during the appeal period. S&P Global Ratings will take any appeal request seriously and will seek to gauge its substance, but it will reject requests that appear to be made solely for the purpose of delaying the issuance of a Credit Rating. In general, the Rating Decision of an appeal Rating Committee is final. In certain jurisdictions, S&P Global Ratings must disclose if an initial Rating Decision was changed following an appeal by the Issuer.

The following are not subject to appeal: CreditWatch actions, affirmations of Credit Ratings, and Unsolicited Credit Ratings (except for Sovereign Credit Ratings), as well as Ancillary Services, Other Services, and certain other opinion products that could potentially contribute to a Credit Rating Activity (i.e., Advanced Analytics, Mappings, Rating Agency Confirmations (RAC), Rating Evaluation Services (RES), and Recovery Ratings, unless the Recovery Rating is a material input in determining the Credit Rating.) Components of a Credit Rating or internal assessments which do not meet the definition of a Credit Rating (e.g., BICRA, SACP, or risk scores), even if made public, are also not subject to appeal. Additionally, Outlook changes on U. S. Public Finance Credit Ratings are not subject to appeal.

Requests to appeal a Rating Decision can constitute a Complaint if the request otherwise meets the definition of Complaint.