

S&P GLOBAL RATINGS EUROPE LIMITED

TRANSPARENCY REPORT 2019

S&P Global
Ratings

S&P Global Ratings Europe Limited – Transparency Report

This Transparency Report is made available pursuant to Article 12 and Part III of Annex I, Section E of EU CRA Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended, the “EU CRA Regulation”). The Transparency Report provides information on the operations of S&P Global Ratings in the European Union (the “EU”) as conducted through S&P Global Ratings Europe Limited (“SPGRE”) for the financial year ending 31 December 2019.

S&P Global Ratings operates in the EU through SPGRE, the legal successor of certain legal entities registered under the EU CRA Regulation from 31 October 2011 and who merged into SPGRE during 2018. S&P Global Ratings’ operations in Europe commenced in the United Kingdom in 1984; in Sweden in 1988; in France in 1990; in Germany in 1992; in Spain in 1992; in Italy in 1999; in Poland in 2014; and in Ireland in 2018.

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. SPGRE endorses into the EU global scale Credit Ratings issued by its Affiliated Entities¹ in accordance with article 4 of the EU CRA Regulation. Credit ratings endorsed by SPGRE into the EU receive an EU endorsement identifier (EE).

This Transparency Report describes, to the extent relevant, certain functions established by S&P Global Ratings on a global level. Except as regards endorsed Credit Ratings², the Transparency Report does not address S&P Global Ratings’ global operations in any Affiliated Entity.

A glossary of the capitalised terms used but not defined in this Transparency Report is provided in the Annex hereto.

Information provided in this Transparency Report is current as at 31 December 2019.

Further information disclosed in accordance with the EU CRA Regulation can be found at <http://www.standardandpoors.com/ratings/european-union-regulatory-disclosures/en/eu>.

¹ The Affiliated Entities are S&P Global Ratings Argentina S.r.l., Agente de Calificación de Riesgo (Argentina); S&P Global Ratings Australia Pty Ltd (Australia); Standard & Poor's Ratings do Brasil Ltda. (Brazil); S&P Global Ratings Canada, a business unit of S&P Global Canada Corp. (Canada); S&P Global Ratings Hong Kong Limited (Hong Kong); S&P Global Ratings Japan Inc. and S&P Global SF Japan Inc. (Japan); S&P Global Ratings, S.A. de C.V. (Mexico); S&P Global Ratings Singapore Pte. Ltd. (Singapore) and Standard & Poor's Financial Services LLC (United States). U.S. Public Finance credit ratings issued by Standard & Poor's Financial Services LLC are only endorsed upon specific request.

² In accordance with ESMA’s Guidelines on the application of the endorsement regime under Article 4(3) of the Credit Rating Agencies Regulation, 20/05/2019 | ESMA33-9-282

Table of contents:

Item number		page
1	Information on legal structure and ownership	3
2	A description of the internal control mechanisms	4
3	Statistics on staff allocation	10
4	Record-keeping policy	11
5	The outcome of the annual internal review of the independent compliance function	12
6	A description of management and analyst rotation policy	13
7	Financial information	15
8	Governance statements	16
Annex	Glossary of terms used	20

1.	INFORMATION ON LEGAL STRUCTURE AND OWNERSHIP
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SPGRE was incorporated³ in the Republic of Ireland on 12 September 2017 as a Private Company Limited by Shares under the Irish Companies Act 2014 (“the Act”). SPGRE houses the Credit Rating Activities conducted in Ireland, and, through its branches in those countries, in the Dubai International Finance Centre (“DIFC”, United Arab Emirates), France, Germany, Italy, the Republic of South Africa, Russia, Spain, Sweden and the United Kingdom. SPGRE also has branches (without locally-based Analysts) in Poland and in the Kingdom of Saudi Arabia. SPGRE is one of several wholly-owned subsidiaries of S&P Global European Holdings Luxembourg S.á r.l (“SPGEHL”), which is in turn indirectly wholly-owned by SPGI.

The share capital of SPGRE is €3,000, made up of 3,000 shares with a par value of €1 each, each held by SPGEHL.

SPGRE has no subsidiaries or holdings in any other entity in the Republic of Ireland or elsewhere.

Other than as set out above, no acquisitions, disposals or events changing the breakdown of voting rights have taken place since SPGRE was incorporated. No natural person or legal entity is entitled to acquire, dispose of or exercise voting rights in SPGRE in the circumstances set out in Article 10 of Directive 2004/109/EC.

³ Registered office: Fourth Floor, Waterways House, Grand Canal Quay, Dublin 2, Ireland. Company number: 611431

2.	A DESCRIPTION OF THE INTERNAL CONTROL MECHANISMS
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Overview

S&P Global Ratings has established a risk management and an internal control structure to manage and mitigate regulatory, compliance, and operational risk related to the determination and dissemination of Credit Ratings, Ancillary Services and Other Services. The risk management and internal control structure applies to S&P Global Ratings' operations globally, including in relation to Credit Ratings issued in the EU and to Credit Ratings endorsed into the EU. Regulatory risk includes the failure to effectively respond to a change in laws and regulations that may impact the business of S&P Global Ratings. Compliance risk includes exposure to legal and financial risk for failure to follow laws and regulations and internal policies and procedures. Operational risk includes risk resulting from failed procedures and/or systems. In addition, S&P Global Ratings also manages other risks such as strategic and reputational risk, which may result or increase from regulatory, compliance or operational risk.

S&P Global Ratings has a balanced approach to risk management. Risk is mitigated to an acceptable level within established organisational tolerances for risk while supporting the achievement of operational and strategic goals.

In addition, risk management and the internal control structure at S&P Global Ratings ensure that S&P Global Ratings complies with laws and regulations that govern credit rating agencies, including establishing, maintaining, enforcing and documenting an effective internal control structure that governs the implementation of and adherence to policies, procedures, and methodologies for determining Credit Ratings. The internal control structure is intended to provide S&P Global Ratings' 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.

S&P Global Ratings manages and mitigates risk through three lines of defense. The first line of defense, composed of our primary business and operations functions, owns and manages risks including the effectiveness of the internal control structure. The second line of defense, primarily provided by our risk and compliance functions, provides oversight and challenge to the first line of defense to ensure compliance with laws and regulations, internal policies or prescribed best practices and facilitates and monitors the implementation of effective risk management practices. The third line of defense, composed of internal audit and analytical rating review functions that are independent of S&P Global Ratings, reasonably provides independent assurance on the effectiveness of governance, risk management, and internal control.

Management of S&P Global Ratings conducts periodic assessment of the effectiveness of the internal control structure and is accountable for addressing issues in the internal control structure that are identified as a result of these assessments. As part of the periodic assessment process, management develops and implements action plans describing how and when issues that constitute deficiencies in the internal control structure will be addressed and provides periodic updates on the progress of remediation efforts.

As required by certain laws and regulations, S&P Global Ratings submits an annual report to applicable regulators containing management's assessment of the effectiveness of the internal control structure governing the implementation of and adherence to policies, procedures, and methodologies for determining Credit Ratings.

Oversight of risk and internal control is provided through formalised governance mechanisms including S&P Global Ratings Board(s), the S&P Global Ratings Executive Risk Committee and the S&P Global Ratings Controls Working Group, which is composed of senior management in the three lines of defense.

The S&P Global Ratings Board(s) oversee the establishment, maintenance, and enforcement of policies, procedures and methodologies for determining Credit Ratings and managing and disclosing potential conflicts of interest and monitor the effectiveness of the internal control structure. The Global Executive Risk Committee provides management oversight of the identification, measurement, monitoring, mitigation, and reporting of risks across S&P Global Ratings and promotes a strong culture of risk management, compliance and control. The Controls Working Group provides oversight of the internal control structure including making the final determination of deficiencies in the internal control structure.

S&P Global Ratings, as a division of S&P Global, Inc., escalates risk matters in accordance with the requirements of S&P Global Inc.'s risk management framework to allow for effective management and oversight at the enterprise level. S&P Global Ratings' risk management processes are aligned with the requirements of S&P Global Inc.'s risk management framework.

Description of Control Functions

The following organisational functions support S&P Global Ratings' risk management and internal control structure and are further described below:

- In-Business Control
- Compliance and Control Department
- Ratings Risk Review Function
- S&P Global Inc. Internal Audit

In-Business Control

In-Business Control ("IBC") is a group within the first line of defense that assists the Analytical practices, Operations, Data, and Technology functions in performing risk and internal control activities to mitigate risk in S&P Global Ratings. IBC ensures that controls are embedded into processes and solutions to ensure quality and adherence to regulation and internal policies and confirms that controls are designed and operating effectively through monitoring and testing. IBC works with management to identify, assess, and monitor risk in their departments by considering key risk indicators and other information, such as incidents and issues that are self-identified or identified by independent reviews. IBC ensures that management's response to risk and control issues is appropriate and mitigating actions are completed on a timely basis.

IBC works closely with the Risk and Internal Control Function within the Compliance and Control Department to provide risk reporting to senior management and the Boards; and to enhance risk processes and the internal control structure.

IBC reports to the Chief Operating Officer and is comprised of the following groups:

- In-Business Control Officers aligned with Practice Area/Function – partner with other first line departments and colleagues to implement the internal control structure; assist in day-to-day risk and internal control activities including design and implementation of control activities; perform risk and control assessments and ensure remediation of control issues.
- IBC Operations - manage key risk-related processes that span across the Ratings organization including error forums, application access management and business continuity management.
- Vendor/Affiliate Management – assess and monitor third party risk including affiliates.
- IBC Reporting/Analytics & Risk/Control Standards – develop standard risk/control assessment and reporting capabilities to support the needs of IBC teams and first line stakeholders.

Compliance and Control Department

The Compliance and Control Department is headed by the Global Chief Risk and Compliance Officer (the “GRCO”), who reports to the S&P Global Ratings President. The GRCO manages the Compliance function, the Risk and Internal Control function, and the Validation functions. These second line functions support adherence to global and local regulatory requirements as well as to S&P Global Ratings’ policies and procedures.

Compliance Function Structure and Responsibilities

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.

To achieve its mission, the Compliance function is organized into the following groups:

- Covering Compliance
- Compliance Examination
- Global Control Room
- Global Regulatory Coordination
- Global Matrix Office

The primary responsibilities of each group are as follows:

Covering Compliance

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

Covering Compliance consists of three regional 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 Dublin and reports to the GRCO. The CCO EMEA manages a team of eleven Compliance Officers for EMEA. EMEA Compliance Officers receive additional global Compliance support.

Compliance Examination

The Compliance Examination Group (“CEG”) conducts reviews of S&P Global Ratings’ adherence to compliance policies and operating procedures globally. The primary function of CEG is to conduct and report on compliance examinations and periodic monitoring reviews. In doing so, CEG evaluates the understanding and effectiveness of written compliance policies and procedures, compliance with regulatory requirements, and the adequacy and effectiveness of S&P Global 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 prevent misuse of material non-public information.

To help S&P Global Ratings prevent commercial conflicts from tainting the integrity of the analytical process, the Control Room provides chaperones for communications between employees in analytical and Commercial Roles. Chaperoning ensures 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 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.

Global Regulatory Coordination

The Global Regulatory Coordination team ensures coordination and consistency across regions and facilitates 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. The Global Regulatory Coordination team is also responsible for regulatory reporting. The team delivers reports to regulators and manages required regulatory disclosures on standardandpoors.com, while ensuring that regulatory registration and reporting obligations are accurate, complete and timely.

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 actions.

Risk and Internal Control Function Structure and Responsibilities

The Risk and Internal Control Function is a second line of defense function that provides oversight, coordination and reporting in support of S&P Global Ratings risk management and internal control structure. The Risk and Internal Control Function works closely with In-Business Control to ensure that each department has defined and documented appropriate internal controls in policies, procedures and standard work within their respective departments. The Risk and Internal Control Function ensures that

each department appropriately identifies, assesses and monitors risk, including evaluation of the effectiveness of their internal controls through monitoring and testing. Activities to mitigate risk, including the remediation of internal control deficiencies, are monitored by the Risk and Internal Control Function to ensure appropriate actions are taken on a timely basis.

The Risk and Internal Control Function facilitates the annual management assessment and attestation to the President of S&P Global Ratings for controls related to determining Credit Ratings. Periodic reporting on risk and internal control is provided to various oversight committees including the Global Executive Risk Committee, Global Risk and Compliance Committee, the Boards, S&P Global and regulators, as required. The effectiveness of the internal control structure is periodically evaluated and processes are enhanced as needed, including operationalizing the S&P Global risk management framework.

Criteria and Model Validation Function Structure and Responsibilities

The Validation function consists of the Criteria Validation Group and the Model Validation Group. The Criteria Validation Group is responsible for independently performing ex-ante validation to assess proposed new or revised Criteria and 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.

Ratings Risk Review Function

Ratings Risk Review (“RRR”) reports to the SPGI Chief Risk Officer (CRO) who reports directly to the SPGI Chief Executive Officer. The RRR Global Review Officer reports the function’s results on a regular basis to the SPGI Audit Committee of the Board of Directors as well as the Boards of S&P Global Ratings. The RRR staff remain subject to S&P Global Ratings’ policies and procedures.

RRR Officers are assigned to specific Analytical practices 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 for key aspects of the analysis, (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 Ratings process to ensure that emerging trends and credit attributes are appropriately considered.

RRR prepares reports that summarize referrals (Criteria and guidance related or individual Credit Rating related) as well as findings associated with the outcome of its review and monitoring activities, which are issued to applicable stakeholders. RRR may refer analytical matters to the practices for a new Rating Committee when RRR believes the Credit Rating and/or published rationale does not materially reflect the appropriate analysis. RRR may also refer matters to the relevant Analytical Oversight and Consistency Council or Global Head of Methodologies where RRR identifies a substantive analytical issue, which has occurred because of either inconsistent or unclear Guidance Documents or Criteria. RRR requires the Analytical practice to address all referrals, and further, develop and deliver applicable management action plans with responsible owners and completion dates to address each finding. For management action plans and referrals that result from RRR reviews, RRR formally tracks their effectiveness and completion by the Analytical practice.

RRR presents to the SPGI Audit Committee on topics such as: the results of sector and targeted reviews and monitoring activities; overall assessments and trends by assessment point and Analytical practice; the status of management action plans; and the status of reviews against the annual review plan.

RRR also presents periodically to the S&P Global Ratings Executive Committee and to Global and Regional management of the Analytical practices. These “Practice Area Updates” are presentations that typically cover the same topics as are referenced above.

SPGI Internal Audit

The SPGI Internal Audit (“IA”) function is independent of S&P Global Ratings’ management and compliance and other control functions and incorporates S&P Global Ratings in its annual risk-based internal audit plan.

IA regularly performs compliance, regulatory, operational, information technology and financial audits on SPGI entities and segments including S&P Global Ratings. In order to prepare its annual internal audit plan, IA carries out a comprehensive risk assessment process to identify significant risks associated with S&P Global Ratings (including those that are regulatory in nature). Audits are then scoped to assess the effectiveness of the processes and the internal control environment relevant to those risks.

IA issues reports in relation to these audits and tracks the status and completion of management action plans that address IA’s findings. The completion of all management actions plans are validated by IA before they are closed. The results of IA reviews are reported to key stakeholders including status of management action plans and the progress against the annual approved internal audit plan.

IA also carries out quarterly continuous monitoring on SPGI entities, including S&P Global Ratings. This activity includes stakeholder interviews and reviews of management information and business performance. The outcomes from the continuous monitoring activity are considered quarterly by the IA leadership team and informs changes to the risk assessment process and the internal audit plan.

The S&P Global Chief Auditor reports to the Audit Committee of the SPGI Board of Directors on a functional basis, and administratively to the SPGI Chief Risk Officer. IA reports the results of audits, including the status of audit tracking to the SPGI Audit Committee and the Boards.

3. STATISTICS ON STAFF ALLOCATION (AS OF 31 DECEMBER 2019)

Table 1 – total number of SPGRE Analysts

Corporate	137
Financial Services	105
Infrastructure	29
Sovereign/IPF	52
Structured Finance	85
Other Divisional ⁴	48
Total	456

Analysts in the Corporate/Infrastructure, Financial Services and Sovereign/International Public Finance (“IPF”) Practice Areas perform analysis of both new issuance and surveillance for rated Issuers and issuances. Within the Structured Finance Practice Area, 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.

Table 2 – SPGRE employees in Compliance, Control, Criteria and review roles

Compliance	23
Methodologies	23
Ratings Risk Review	6
Criteria and Model Validation	8
In-Business Controls	9
Total	69

Table 3 – SPGRE Analytical Management and global and regional General Management of S&P Global Ratings

Analytical Management	29
General Management	2
Total	31

Please see section 6 below for a description of senior management.

⁴ Other Divisional consists of Analysts in the graduate trainee programme.

4.	RECORD-KEEPING POLICY
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S&P Global Ratings has implemented globally applicable policies and procedures in relation to documentation covering all aspects of its business, in particular, all information created, received or in the possession or control of anyone working at or for SPGRE and/or its Affiliated Entities including in relation to endorsed Credit Ratings. This includes internal and external communications; records of Credit Rating actions; research notes; and Issuer materials. The policies and procedures in relation to documentation establish a framework for classifying records and documents.

Records in relation to Credit Ratings subject to applicable retention periods include, but are not limited to:

- a. For each Rating Decision, the identity of the Analysts participating in the determination of the Credit Rating and the identity of the persons who have approved the Credit Rating, information as to whether the Credit Rating was solicited or unsolicited, and the date on which the Credit Rating action was taken;
- b. An account record for each rated entity, related third party or other user that has paid for the issuance or maintenance of a Credit Rating. In accordance with applicable policies, Analysts do not have access to such account records;
- c. The records documenting the established procedures and methodologies used by SPGRE to determine its Credit Ratings;
- d. The final version of internal records, including non-public information and work papers, used to form the basis of the Rating Decision taken;
- e. Records of the procedures and measures implemented to comply with the EU CRA Regulation; and
- f. Copies of internal and external communications, including electronic communications, received and sent by SPGRE and its employees that relate to Credit Rating Activities.

Policies and procedures applicable to S&P Global Ratings allocate responsibility for the retention of any record that is required to be retained pursuant to the Recordkeeping and Retention Policy.

SPGRE's personnel retains designated records for at least five years after the records are made or received in relation to Credit Rating Activities, Ancillary Services and Other Services.

The heads of departments and functions are responsible for their respective Practice Area's compliance with the Recordkeeping and Retention Policy.

5.	THE OUTCOME OF THE ANNUAL INTERNAL REVIEW OF THE INDEPENDENT COMPLIANCE FUNCTION
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In 2019, IA performed a review of the independent compliance function in EMEA (“EMEA Compliance”). IA’s focus was to assess the adequacy of key processes and evaluate the effectiveness of the control environment for the EMEA Compliance function based on the requirements of the regulation. The audit areas included the following per the regulation:

- Independence from the business and operations function
- Compliance oversight activities, including endorsement
- Management reporting
- Roles and responsibilities of the EMEA Compliance function

The audit report was issued on 21 January 2020 and, as a result of the observations made by IA, the EMEA Compliance function received an overall rating of Satisfactory.

6	A DESCRIPTION OF MANAGEMENT AND ANALYST ROTATION POLICY
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Description of Management

Information on the board of directors of SPGRE is provided below in the governance statements in Section 8.

S&P Global Ratings has a global operating structure with staff reporting along functional lines. Accordingly, some staff performing Credit Rating Activities, Ancillary Services or Other Services may not have formal reporting lines within SPGRE, and instead report on a global basis.

Yann Le Pallec (based in Paris) is Head of Global Ratings Services, reporting to John Berisford, President of S&P Global Ratings (based in New York). Reporting to Mr. Le Pallec are: the Global Head of Practices (Craig Parmelee, based in New York); the Global Chief Economist (Paul Gruenwald, based in New York); the Global Head of Research (Alexandra Dimitrijevic, based in London) and the Global Head of Methodologies (James Wiemken, based in New York).

Reporting to Mr. Parmelee is the Global Practice Leader for Structured Finance (Horacio Aldrete, based in Dallas), as well as the Lead Analytical Manager for Global Infrastructure (Andreas Kindahl, based in Stockholm). Also reporting to Mr. Parmelee are the EMEA Regional Lead Analytical Managers for Corporates (Michael Seewald, based in Paris) and Financial Services, Sovereigns and International Public Finance (Guy Deslondes, based in Madrid). The EMEA Regional Lead Analytical Manager for Structured Finance (Cian Chandler, based in London) reports to Mr. Aldrete.

SPGRE's office network consists of offices in France (Paris), Germany (Frankfurt), Ireland (Dublin), Italy (Milan), Spain (Madrid), Sweden (Stockholm), Poland (Warsaw), Russia (Moscow), Saudi Arabia (Riyadh), South Africa (Johannesburg), the United Arab Emirates (DIFC) and the United Kingdom (London). The Office Heads in Poland, the DIFC, Russia, South Africa and Saudi Arabia are not involved in Credit Rating Activities. The EMEA region is operationally managed by Jan Willem Plantagie, Head of EMEA Ratings (based in Frankfurt). Mr. Plantagie reports to the Global Chief Commercial Officer, S&P Global Ratings (Christopher Heusler, based in New York).

Analyst Rotation Policy

S&P Global Ratings applies the Analyst Rotation Policy, which sets out the standards applicable on the rotation of Analysts in relation to Credit Ratings issued or endorsed by SPGRE.

The rotation requirement extends to related third parties to the Issuer's transactions with whom the Primary Analyst has had an analytical interaction.

Analysts are rotated on an individual basis so that the composition of the analytical teams and the composition of the Rating Committee changes gradually over time.

Each Practice Area is responsible for assigning Analysts to perform Ratings Activities⁵ in a manner that adheres to the Analyst Rotation Policy, its related guidelines and the regulatory requirements set out in Article 7(4) and point 8 of Section C of Annex I of the EU CRA Regulation.

To meet the requirements set out in the EU CRA Regulation and in order to implement required periodic rotation and cooling-off periods, the following approaches have been established:

In relation to Credit Ratings issued by SPGRE:

- Primary Analysts (a) must not be involved in Rating Activities for an Issuer for a period exceeding four years and (b) must wait for at least two years before being involved again in any Rating Activities for that Issuer.
- Analysts who are involved in making Rating Decisions with respect to an Issuer (a) must not be involved in Rating Activities for that Issuer for a period exceeding five years and (b) must wait for at least two years before being involved again in any Rating Activities for that Issuer. For these purposes, being involved in making Rating Decisions refers to the activity of voting in the relevant Rating Committees and attending the regular routine management meetings.
- Rating Committee chairpersons – the individuals who approve the Rating Decision or determination of the Rating Committee with respect to an Issuer (a) must not be involved in Rating Activities for that Issuer for a period exceeding seven years and (b) must wait for at least two years before being involved again in any Rating Activities for that Issuer.

In relation to Credit Ratings endorsed by SPGRE:

- Primary Analysts (a) must not be involved in Rating Activities for an Issuer for a period exceeding five years and (b) must wait for at least one year before being involved again in any Rating Activities for that Issuer].
- Analysts who are involved in making Rating Decisions with respect to an Issuer (a) must not be involved in Rating Activities for that Issuer for a period exceeding seven years and (b) must wait for at least one year before being involved again in any Rating Activities for that Issuer.
- Rating Committee chairpersons – the individuals who approve the Rating Decision or determination of the Rating Committee with respect to an Issuer (a) must not be involved in Rating Activities for that Issuer for a period exceeding nine years and (b) must wait for at least one year before being involved again in any Rating Activities for that Issuer.

⁵ Data and information analysis and the evaluation, approval, issuing and review of Credit Ratings.

7.	FINANCIAL INFORMATION
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REVENUE RESULTS FOR 2019 (UNAUDITED) (local currency in thousands)

	Credit Rating Activity	Non-Credit Rating Activity	Total Revenue
SPGRE (in EUR)	575,473	4,671	580,144
Corporate Non Financials	Credit Rating Activity	Non-Credit Rating Activity	Total Revenue
SPGRE (in EUR)	349,455	451	349,906
Corporate Financials	Credit Rating Activity	Non-Credit Rating Activity	Total Revenue
SPGRE (in EUR)	132,846	1,353	134,199
Sovereign/Public Finance	Credit Rating Activity	Non-Credit Rating Activity	Total Revenue
SPGRE (in EUR)	37,312	1,325	38,637
Structured Finance	Credit Rating Activity	Non-Credit Rating Activity	Total Revenue
SPGRE (in EUR)	55,859	1,542	57,401
	EU	Rest of World*	Total Revenue
SPGRE (in EUR)	491,099	89,045	580,144

* SPGRE “Rest of the World” revenue relates to SPGRE’s branches outside the EU. Revenue concerning endorsed Credit Ratings is collected by Affiliated Entities that issued those endorsed Credit Ratings, and, consequently is not included in this revenue figure.

8.	GOVERNANCE STATEMENTS
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Corporate governance practices

SPGRE is not subject to any corporate governance code in the Republic of Ireland as it is a private limited company and does not have any issued shares admitted to trading on a regulated market. The voluntary codes in Ireland are designed for listed companies with a wide range of shareholders to provide them with comfort in the governance structures of such a company. Since SPGRE has a single shareholder, such a requirement is unnecessary. SPGRE was incorporated under, and is governed by, the Act, which imposes, amongst other things, statutory duties on its directors. SPGRE is required to comply generally with the EU CRA Regulation with regard to board composition and the board of directors and, with the terms of reference⁶ which govern its board conduct, as does SPGRE's constitution (the "Constitution").

The broad objective and duties of the board of directors of SPGRE is to ensure through sound administration and process (among other measures) the proper, lawful, ethical, professional and sustainable management of SPGRE and all its activities (including those of its branches in the United Arab Emirates (DIFC), France, Germany, Italy, the Kingdom of Saudi Arabia, Poland, the Republic of South Africa, Russia, Spain and Sweden and the United Kingdom) consistent with the requirements of the Act and (to the extent they do not conflict with applicable laws and regulations), the S&P Global Code of Business Ethics ("COBE") and other applicable S&P Global corporate policies, and S&P Global Ratings policies as amended from time to time.

In accordance with the requirements of the EU CRA Regulation, the board of directors includes two independent directors with expertise in the financial markets, one of whom has senior level expertise in structured finance markets.

The chairperson is appointed by the board of directors from time to time.

The board of directors meets at least once per calendar quarter. Directors may attend each meeting of the board of directors by telephone or in person. At least one meeting of the board of directors per year should be held with all six directors in attendance.

The administrative and management function of SPGRE is carried out by the board of directors which, in conjunction with senior management of SPGRE, is tasked by Annex I Section A of the EU CRA Regulation to ensure that SPGRE and its activities are managed so that:

- a. Credit Rating Activities are independent, including from all political and economic influences or constraints;
- b. conflicts of interest are properly identified, managed and disclosed; and
- c. the remaining requirements of the EU CRA Regulation are complied with.

Further, the board of directors must ensure that SPGRE implements and maintains decision-making procedures and organisation structures which clearly and in a documented manner specify reporting lines and allocate functions and responsibilities.

In addition to the overall responsibility of the board of directors, the independent directors have the specific task (under the EU CRA Regulation) of monitoring:

- a. the development of the Credit Rating policies and methodologies used by SPGRE in its Credit Rating Activities;

⁶ Adopted in March 2019

- b. the effectiveness of the internal quality control system in relation to Credit Rating Activities;
- c. the effectiveness of measures and procedures instituted to ensure that any conflicts of interest are identified, eliminated or managed and disclosed; and
- d. the compliance and governance processes.

Matsack Trust Limited and Julie Lynch-Bridson, each a company secretary of SPGRE, co-ordinate the meetings of the board of directors. A company secretary is responsible for developing and maintaining the information flows and communication and meeting processes that enable the board of directors to fulfil its role and assists the independent directors in the discharge of their obligations.

The board of directors comprises six directors:

(1) John Berisford; (2) Dominic Crawley; (3) James Penrose; (4) Jan Willem Plantagie; (5) Thierry Sciard and (6) James Garvey⁷.

Under the terms of reference of SPGRE the board meets not less than four times per year. No alternate directors have been appointed to date and such appointments are not anticipated. There are currently no sub-committees of the board. A brief résumé for each director is set out below:

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, 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 and Mizuho International plc⁸. 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.

James Garvey – non-executive independent board member. Mr Garvey joined the board with effect from 30 December 2019. Formerly senior executive at Lloyds Banking Group, Goldman Sachs, West Merchant Bank and the Union Bank of Switzerland. He is also a Non-Executive Director at Martello Financial Services Ltd. Mr Garvey is experienced in structured finance activities.

Joseph Strubel served as a non-executive independent board member during the year until 29 December 2019. During this time he was also a 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 Millennium Group Holdings Limited.

The appointments of the independent non-executive directors are not renewable and expire on 30 June 2020, in case of Mr. Sciard and 29 December 2024, in case of Mr. Garvey.

Internal control and risk management systems in relation to the financial reporting process.

As an indirect subsidiary of SPGI, SPGRE complies with the provisions of the U.S. Sarbanes-Oxley Act of 2002, Section 404 with regard to internal controls over financial reporting. Risk assessments and control

⁷ Mr. Garvey was appointed to the board on 30 December 2019, following the cessation of the term of office of Joseph Strubel, his predecessor, on 29 December 2019.

⁸ Mr. Sciard resigned as a non-executive board member for Mizuho International plc on 1 January 2020.

metrics are in place at SPGRE and are completed and reviewed on a quarterly basis. The effectiveness of controls is tested annually.

Direct and indirect shareholdings

SPGRE is a wholly-owned subsidiary of SPGEHL, a Luxembourg incorporated company which is a wholly-owned subsidiary of S&P Global Holdings Luxembourg S.à r.l (“SPGHL”), which is also a Luxembourg incorporated company. SPGHL is a wholly-owned subsidiary of S&P Global Holdings LLC (“SPGH”), a company incorporated under the laws of Delaware (United States) which is a wholly-owned subsidiary of SPGI.

SPGEHL holds (and SPGI indirectly holds) all of the issued and outstanding ordinary shares in the capital of SPGRE. There are no other securities in issue. No special control rights attach to any of the ordinary shares in issue.

The ordinary shares of SPGRE carry the right to receive notice of and to attend, speak and vote at general meetings of SPGRE. There are no restrictions on voting rights.

Appointment and replacement of board members and the amendment of the constitution.

Unless otherwise determined by ordinary resolution (majority of over 50 per cent), the number of directors (other than alternate directors) is not subject to a maximum and the minimum number is one – subject to any higher requirements of the EU CRA Regulation. Any person who is willing to act as a director, and is permitted by law to do so, may be appointed as a director: (i) by ordinary resolution (majority of over 50 per cent); (ii) by a decision of the directors; or (iii) by notice of appointment given to SPGRE in writing by the holder or holders of more than 50 per cent of the issued shares in the capital of SPGRE.

A director may be removed from office: (i) by ordinary resolution (majority of over 50 per cent); (ii) by notice signed by all the other directors of SPGRE; or (iii) by notice of removal given to SPGRE in writing by the holder or holders of more than 50 per cent of the issued shares in the capital of SPGRE.

SPGRE is subject to: (i) the Act; (ii) its Constitution; (iii) its terms of reference; and (iv) the requirements of the EU CRA Regulation regarding independent directors. The Constitution of SPGRE may be amended by a special resolution (majority of not less than 75 per cent) of SPGRE in accordance with section 21 of the Act. The terms of reference of SPGRE may be amended by the board of directors.

The powers of the board members and in particular the power to issue or buy-back shares.

Subject to the Act and to the Constitution, the directors are responsible for the management of SPGRE’s business, for which purpose they may exercise all the powers of SPGRE. The members of SPGRE may by special resolution (majority of not less than 75 per cent) direct the directors to take, or refrain from taking, a specified action.

Subject to the Act and the Constitution of SPGRE, but without prejudice to the rights attached to any existing share, SPGRE may issue a further class or classes of shares, including redeemable shares, with such rights or restrictions as may be determined by ordinary resolution (majority of over 50 per cent). In relation to redeemable shares, the directors may determine the terms, conditions and manner of redemption.

As there is no restriction provided in its Constitution, SPGRE (as a private limited company) may buy-back shares by special resolution (majority of not less than 75 per cent) of SPGRE, subject also to compliance with the requirements of the Act.

Information on the operation of the shareholder meeting and its key powers, shareholders' rights and how they can be exercised is provided for under the Act.

Annex – 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.

“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.

“Commercial Role”: the role of an employee when engaging in Sales or Marketing Activities.

“Credit Rating”: a forward looking opinion about the creditworthiness of an Issuer, an issuance, a specific class of an issuance, or a specific financial program, issued using S&P Global Ratings established and defined 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 (including attending Criteria committees);
- 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.

“CreditWatch”: CreditWatch highlights S&P Global Ratings’ opinion regarding the potential direction of a short-term or long-term Credit Rating. It focuses on identifiable events and short-term trends that cause Credit Ratings to be placed under special surveillance by S&P Global Ratings’ analytical staff. A

CreditWatch listing, however, does not mean a Credit Rating change is inevitable, and when appropriate, a range of potential alternative Credit Ratings will be shown.

“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 issuances 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 issuance. 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 Rating Committee process to arrive at Credit Rating determinations.

“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.

“Model”: S&P Global Ratings considers a model to be a quantitative method, system or approach that applies statistical, economic, financial or mathematical theories, techniques, and assumptions to process input data into quantitative estimates. A model also includes quantitative approaches whose inputs are partly or wholly qualitative or based on expert judgment, provided that the outputs are quantitative in nature. A model consists of three components: i. An information input component, which delivers assumptions and data to the model; ii. A processing component, which transforms inputs into estimates; and iii. A reporting component, which translates the estimates into useful business information.

“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”: an analytical group within S&P Global Ratings that is responsible for a particular type of credit sector 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 rating analyst” pursuant to the EU CRA Regulation.

“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.

“Rated Entity”: an entity whose creditworthiness is assessed in a Credit Rating.

“Rating Outlook” or “Outlook”: an assessment as to the potential direction of a long-term Credit Rating over the intermediate term (typically six months to two years). In determining a Rating Outlook, consideration is given to any changes in economic and/or fundamental business conditions. A Rating Outlook is not necessarily a precursor of a rating change or future CreditWatch action.

“Rating Recommendation”: the Credit Rating that is recommended by the Primary Analyst and is presented to the Rating Committee for consideration.

“Related Third Party”: the arranger, obligor, originator, servicer, sponsor, underwriter, or any other party that interacts with S&P Global Ratings on behalf of a Rated Entity, including any person directly or indirectly linked to that Rated Entity by control.

“Sales or Marketing Activities”: activities that are directed at increasing, improving, maintaining, obtaining, securing or defending the sales, revenues, marketing, business development, market share or market

position of S&P Global Ratings, any Affiliate of S&P Global Ratings, or any of their respective products or services, including, without limitation, all efforts to solicit business from, or “pitch” products or services to, an Issuer or prospective Issuer, any other efforts directed at selling or marketing the products or services of S&P Global Ratings or any Affiliate of S&P Global Ratings to existing or prospective clients, and soliciting, negotiating, discussing, or arranging for the establishment, payment or collection of fees for any product or service of S&P Global Ratings or any Affiliate of S&P Global Ratings. Sales or Marketing Activities do not include Credit Rating Activities or activities aimed at ratings transparency and educational objectives or at increasing the quality, efficiency and/or timeliness of Credit Rating Activities.