

S&P GLOBAL RATINGS
EU GROUP OF CREDIT RATING AGENCIES
TRANSPARENCY REPORT 2016

EU Group of Credit Rating Agencies consisting of:
Standard & Poor's Credit Market Services Europe Limited
Standard & Poor's Credit Market Services France SAS and
Standard & Poor's Credit Market Services Italy SRL

S&P Global
Ratings

S&P Global Ratings EU Group of Credit Rating Agencies – 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 Ratings¹ in the European Union (the “EU”) for the financial year ending 31 December 2016. S&P Global Ratings operates as a “Group of Credit Rating Agencies” in the EU as defined by article 3(m) of the EU CRA Regulation.

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.

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

The EU Group of Credit Rating Agencies consists of the following three legal entities (collectively, the “EU Entities”):

Standard & Poor’s Credit Market Services Europe Limited² (“CMS Europe” or “SPCMSE”);
Standard & Poor’s Credit Market Services France SAS (“CMS France” or “SPCMSEF”); and
Standard & Poor’s Credit Market Services Italy SRL (“CMS Italy” or “SPCMSEI”).

Each of the EU Entities were registered in accordance with the EU CRA Regulation on 31 October 2011.

S&P Global Ratings operations in the EU were first established in:

- the United Kingdom in 1984;
- Sweden in 1988;
- France in 1990;
- Germany in 1992;
- Spain in 1992;
- Italy in 1999; and
- Poland in 2014.

This Transparency Report contains information with respect to all three EU Entities. Information specific to each of the three EU Entities is separately presented in this Transparency Report. This Transparency Report describes, to the extent relevant, certain functions established by S&P Global Ratings on a global level, but does not address S&P Global Ratings’ global operations in any Affiliated Entities outside the EU through which S&P Global Ratings may conduct its Credit Rating Activities.

Information provided in this Transparency Report is current as at 31 December 2016.

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 At the Annual Meeting of Shareholders of SPGI on 27 April 2016, SPGI’s shareholders voted on a proposal to change the legal name of the company to “S&P Global Inc.” from “McGraw Hill Financial, Inc.” The division name of Standard & Poor’s Ratings Services was rebranded as S&P Global Ratings.

² CMS Europe is a company incorporated in England & Wales and has branches in Germany, Poland, Spain, Sweden, Russia, the Republic of South Africa and Dubai (United Arab Emirates). It also has a liaison office in Turkey.

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1. INFORMATION ON LEGAL STRUCTURE AND OWNERSHIP

CMS Europe

CMS Europe was incorporated³ under the laws of England & Wales on 31 December 2009 and houses the Credit Rating Activities conducted in the UK, and, through its branches in those countries, the Credit Rating Activities in Dubai (United Arab Emirates), Germany, the Republic of South Africa, Russia, Spain and Sweden, which were previously owned by other Affiliated Entities. CMS Europe is one of several wholly-owned subsidiaries of S&P Global European Holdings (Luxembourg) Sarl ("SPGEH", formerly known as McGraw Hill Financial European Holdings (Luxembourg) Sarl), which is in turn indirectly wholly-owned by SPGI.

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

CMS Europe has no subsidiaries or holdings in any other entity in the UK or elsewhere.

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

CMS France

CMS France was incorporated⁴ under the laws of France on 5 May 2010 and houses the Credit Rating Activities previously conducted in France, through a demerger from The McGraw-Hill Companies SAS. CMS France is one of several wholly-owned subsidiaries of SPGEH, which is indirectly wholly-owned by SPGI.

The share capital of CMS France is €17,354,000, made up of 21,692,500 shares with a par value of €0.80 all held by SPGEH save for the 1,000 shares held by CMS France.

CMS France has no subsidiaries or holdings in any other entity in France or elsewhere.

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

³ Registered office: 20 Canada Square, Canary Wharf, London, United Kingdom, E14 5LH. Company number: 07114748

⁴ Registered office: 40 rue de Courcelles, 75008 Paris, France. Numéro d'identification : 522 211 549 R.C.S. Paris

CMS Italy

CMS Italy was incorporated⁵ under the laws of Italy on 12 May 2010 and houses the Credit Rating Activities previously conducted by S&P Global Italy S.r.l. (“SPG Italy”, formerly known as The McGraw-Hill Companies Srl).

SPG Italy is the sole quota holder, holding one quota of €10,000 of CMS Italy since the latter’s incorporation. SPG Italy, incorporated under the laws of Italy, whose capital is €1,315,250, is wholly-owned by SPGEH, which is indirectly wholly-owned by SPGI.

CMS Italy has no subsidiaries or holdings in any other entity in Italy or elsewhere.

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

⁵ Registered office: Vicolo San Giovanni sul Muro 1/3/5, Milan, Italy 20121. Numero Repertorio Economico Amministrativo (REA): MI- 1930813

2.	A DESCRIPTION OF THE INTERNAL CONTROL MECHANISMS
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S&P Global Ratings' Internal Control structure, as described below, was enhanced in 2016 in the following areas:

- An Internal Control function was established in Global Risk Management to provide oversight and guidance in the implementation and maintenance of S&P Global Ratings' Internal Control Structure.
- Key positions were filled in the newly established In-Business Control function in Global Rating Services that supports the business in the implementation and maintenance of S&P Global Ratings' Internal Control Structure.
- An In-Business Control function was also established within the Global Ratings Operating Office to implement and maintain the internal control structure across Data, Information Technology, Global Operations, and Vendor Management functions.
- Internal control processes were enhanced, including the periodic management assessment of internal control and reporting on the effectiveness of the internal control structure.
- Investments in process and system improvements continue to be made to streamline processes and enhance internal control.

Our ongoing efforts continue to improve the efficiency and effectiveness of our business processes and drive a culture of compliance, accountability and risk awareness.

Policies and Standard Operating Procedures (“SOPs”)

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.

Each policy has a Regulatory Summary section which describes the high level regulatory requirements. The Policy Statement then goes on to explain how the regulatory requirements are addressed followed by an Internal Procedures section describing the process in more detail and referencing the relevant SOPs where applicable. Key controls are also defined in the policy.

Policy Governance Group

S&P Global Ratings established the Policy Governance Group (“PGG”). PGG 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, and Risk, 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.

The rating Practice Areas are ultimately responsible for the quality of Credit Ratings and Credit Rating Activities and for adherence to policies and procedures. This responsibility is discharged through managerial supervision and oversight as well as a variety of operational controls.

New policies or amendments to existing policies must be approved 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.

In-Business Control (Global Ratings Services)

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

In-Business Control (Operating Office)

An In-Business Control function has also been established within the Global Ratings 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), Global Risk Management, Compliance and other functions to ensure the consistent implementation of the internal control structure and to address company-wide internal control needs. This function reports to the Chief Operating Officer.

Global Risk Management

Global Risk Management ("GRM"), headed by a Chief Risk Officer ("CRO"), has responsibility for Global Risk Management Operations, the Model Validation Group, the Criteria Validation Group, Risk Analytics and Market Surveillance, the Criteria Advisory Group and the Internal Control function:

- 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.
- 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 Criteria and Model Governance Committee is responsible for approving models and Criteria. The Committee is chaired by the CRO and has as voting members the Chief Credit Officer, the Global Head of Model and Criteria Validation and the Global Head of Criteria Advisory. It is designed to further enhance S&P Global Ratings' model and Criteria approval process.
- The Criteria Advisory Group supports the ratings Practice Areas on Criteria application, interpretations, and deviations as well as rating to principles. It also participates in the periodic Criteria review process. To support its independence, the Criteria Advisory Group is separate from the Criteria Development and Approval Group and the Criteria Validation Group.
- The Internal Control function provides oversight and guidance in the implementation and maintenance of Global S&P Ratings' Internal Control Structure. The Internal Control function advises the organization on enhancements to internal control and coordinates management's periodic assessment of the effectiveness of internal control. 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 the Boards on the effectiveness of internal control, and produces reporting on the effectiveness of our internal control structure for regulators.

Criteria Development and Approval Group

S&P Global Ratings Criteria provides the analytical framework for assessing creditworthiness and assigning Credit Ratings that differentiate credit risk. The Criteria Development and Approval Group is responsible for overseeing and approving the development of Criteria and Criteria changes across Practice Areas, asset classes, sectors and geographic regions for analytical rigor, relevance, consistency, timeliness and transparency. Dedicated Criteria Officers participate in the drafting of Criteria, provide Criteria training, a shared responsibility with Practice Areas, and provide effective challenge and approve Criteria.

Criteria Officers report independently of the Practice Areas to the Chief Credit Officer and have oversight of all Criteria across different sectors, regions and asset classes. The Chief Credit Officer also provides periodic briefings to the analytical staff on major Criteria changes.

Compliance Department

The Compliance Department is headed by the S&P Global Ratings Global Chief Compliance Officer (the “Global CCO”) who reports to S&P Global Ratings President. The Global CCO is responsible for monitoring adherence to global and local regulatory requirements as well as to S&P Global Ratings’ policies and procedures.

The Compliance Department 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 compliance exam planning, conducting monitoring and dynamic exams, surveillance and control, 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 Department is organized into the following groups: Regional Compliance (Americas, EMEA and India, APAC, all of which include Covering Compliance), Compliance Examination, Compliance Control Office, Global Regulatory Coordination, and Global Matrix Office. The primary responsibilities of each group are as follows:

Regional Compliance Groups

The Regional Compliance groups consist of three teams: Americas, EMEA and India, and APAC. 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 thirteen Compliance Officers for EMEA. At least one Compliance Officer is employed by each of the three EU Entities. The EMEA Compliance Officers receive additional global Compliance support.

Covering Compliance

Covering Compliance Officers are embedded within the business in each region. 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 Group

The Compliance Examination Group conducts reviews of S&P Global Ratings 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 S&P Global Ratings' compliance controls. In addition, the Compliance Examination Group may undertake special reviews where required.

Global Control Room

The role of the Global Control Room is to administer a set of monitoring and surveillance controls established to protect the integrity of the analytical process, manage conflicts of interest and to prevent misuse of non-public information. The EMEA Control Office, which is part of the Global Control Room, is responsible for managing insider lists in accordance with applicable regulation and reports 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.

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 and methodologies 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 summarize any findings associated with the outcome of its Reviews and Monitoring activities, which are issued to applicable stakeholders. RRR requires the Practice to develop and deliver applicable Management Action Plans with responsible owners and completion dates to address each finding identified. For Management Action Plans that result from RRR reviews, RRR formally tracks the effectiveness and timeliness of completion by the Practice Areas. Instances of potential inconsistencies in Criteria application or the Credit Rating process identified by RRR may also result in RRR escalating the applicable Credit Rating(s) to the relevant Lead Analytical Manager for a new Rating Committee when RRR believes the Credit 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;
- Status of Management Action Plans; and
- Status of reviews against the annual review plan.

RRR also presents periodically to the Board of Directors of each of the EU Entities, 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 (“IA”)

Independent of S&P Global Ratings’ management and GRM functions, the SPGI 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 management’s action plans to address IA’s findings. The results of IA reviews are reported to key stakeholders including status of Management Action Plans 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 also presents periodically to the Board of Directors of each of the EU Entities.

3. STATISTICS ON STAFF ALLOCATION

Table 1 – total number of Analysts

	SPCMSE	SPCMSEF	SPCMSI	Total
Corporate/Infrastructure	102	27	7	136
Financial Services	95	22	6	123
Sovereign/IPF	48	8	2	58
Structured Finance	86	3	6	95
Other Divisional ⁶	31	0	0	31
Total	362	60	21	443

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 - Compliance and Control Roles

	SPCMSE	SPCMSEF	SPCMSI	Total
Compliance	17	1	1	19
Criteria Staff ⁷	9	6	0	15
Ratings Risk Review ⁸	4	3	1	8
Criteria and Model Validation	8	1	0	9
Analytical In-Business Controls	6	0	0	6
Total	47	11	2	60

There may not be Ratings Risk Review and/or Criteria Officers directly employed by each of the EU Entities, although all EU Entities are served by such Officers.

Table 3 – Analytical Management and General Management of S&P Global Ratings and the EU Entities

	SPCMSE	SPCMSEF	SPCMSI	Total
Analytical Managers	25	7	1	33
General Managers	2	0	0	2
Total	27	7	1	35

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

⁶ Other Divisional consists of Analysts in the graduate trainee programme.

⁷ For the purpose of this Transparency Report, “Criteria Staff” comprises Criteria Development, Criteria Owners, and Criteria Advisors.

⁸ In addition to Ratings Risk Review Officers this row includes three Ratings Risk Review staff members in London and one Ratings Risk Review staff member in France.

4. RECORD-KEEPING POLICY

Each of the EU Entities applies policies and procedures in relation to documentation⁹ covering all aspects of its business, in particular, all information created, received or in the possession or control of anyone working at or for any of the EU Entities. 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 held by the EU Entities 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 of 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 the Entity 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 the EU Entity and its employees that relate to Credit Rating Activities.

The Primary Analyst for a Credit Rating is responsible for the retention of the records associated with the Credit Rating action, although a Practice Area may delegate this responsibility to someone other than the Primary Analyst, as necessary and appropriate. All other personnel are responsible for the retention of any record that they generate or receive that is required to be retained pursuant to the Recordkeeping and Retention Policy.

Each EU Entity'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 each Practice Area, as well as the heads of certain departments and functions, are responsible for their respective Practice Area's compliance with the Recordkeeping and Retention Policy.

⁹ These policies are maintained by S&P Global Ratings. This section particularly addresses the documentation requirements applicable in the EU.

5.	THE OUTCOME OF THE ANNUAL INTERNAL REVIEW OF THE INDEPENDENT COMPLIANCE FUNCTION
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In 2016, IA performed a review of the independent compliance function in EMEA (“EMEA Compliance”). IA’s focus was to determine the effectiveness of Compliance, based on the applicable regulatory requirements. The scope of the audit included the following:

- An assessment of the independence of EMEA Compliance from the business/operations functions of S&P Global Ratings.
- The adequacy of the resources and expertise of EMEA Compliance.
- The appropriate authority and responsibility of EMEA Compliance and its access to all relevant information.
- The adequacy of reporting by EMEA Compliance to senior management and the Independent Directors of the Board; and
- The effectiveness of monitoring S&P Global Ratings’ compliance with applicable regulation.

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

6 A DESCRIPTION OF MANAGEMENT AND ANALYST ROTATION POLICY

Description of Management

Information on the board of directors of each of the EU Entities 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 the Entities, and instead report on a global basis.

Dominic Crawley (based in London) is head of Global Ratings Services, reporting to John Berisford, President of S&P Global Ratings (based in New York). Reporting to Mr. Crawley are the Global Practice Leaders ("GPL") for the Global Corporates (Yann Le Pallec, based in Paris), Global Structured Finance (James Wiemken, based in New York), Global Infrastructure (Susan Gray, based in New York), Global Financial Services (Craig Parmelee, based in New York), Global Sovereign & International Public Finance (Guy Deslondes, based in Singapore) and U.S. Public Finance (Kristina Morris, based in New York) Practice Areas. The Regional Lead Analytical Managers for EMEA (Europe, Middle East & Africa) report to their respective Global Practice Leaders. In addition, the Global Head Analytics and Research (Lapo Guadagnuolo, based in London), Global Head In-Business Control (David Harrison, based in London), Global Head Business Management (Catherine Forbes, based in London) and Global Head Organisational Effectiveness (Ken Drucker, based in New York) also report to Mr. Crawley. It is anticipated that, effective 1 April 2017, Mr. Le Pallec will succeed Mr. Crawley as head of Global Ratings Services. At the same time Mr. Deslondes will become GPL for the Global Corporates Practice Area while Mr. Parmelee will become GPL for the Global Sovereign & International Public Finance Practice Area as well as for the Global Financial Services Practice Area.

The EU Entities' office network consists of offices in France (Paris), Germany (Frankfurt), Italy (Milan), Spain (Madrid), Sweden (Stockholm), Poland (Warsaw), Russia (Moscow), South Africa (Johannesburg), Turkey (Istanbul), the United Arab Emirates (Dubai) and the United Kingdom (London). The EMEA Developing Markets regional heads are not involved in Credit Rating Activities and, in such capacity, report independently of the Practice Areas to Matthew Bosrock, Global Head of Developing Markets. Mr. Bosrock is based in New York and reports to John Berisford. Jan Willem Plantagie (based in Frankfurt) is Head of EMEA Developed Markets and reports to Christopher Heusler, Global Chief Commercial Officer, S&P Global Ratings (based in New York).

The Global Risk Management functions are described in Section 2. The EMEA Criteria Development and Approval group is headed by Katrien van Acoleyen, the Chief Credit Officer EMEA who reports to John Scowcroft, Chief Credit Officer, based in New York.

Agnès de Pétigny, Managing Director and Global Head Criteria Advisory Group, based in Paris, reports to Demetrios Lefakis, CRO, based in New York.

Robin Burnett, Managing Director and Global Head of Criteria Validation, based in London reports to Michael Walloga, Global Head of Model and Criteria Validation, based in New York, who, in turn, reports to the CRO.

Emmanuel Dubois-Pelerin, Managing Director and Regional Review Officer, based in Paris reports to Susan Barnes, Global Ratings Review Officer, based in New York.

Analyst Rotation Policy

The EU Entities apply the Analyst Rotation Policy which sets out the standards applicable to the EU Entities and elsewhere on the rotation of Analysts.

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:

- For all public Credit Ratings, Primary Analysts (a) must not be involved in Rating Activities¹⁰ 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.
- For Sovereign, IPF and unsolicited Credit Ratings, Employees in an Analytical Role 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 requires voting in relevant Rating Committees and regularly attending routine management meetings.
- For Sovereign, IPF and unsolicited Credit Ratings, 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.
- The rotation requirement extends to related third parties to the Issuer's transactions with whom the relevant 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. This approach is designed to maintain consistency in Rating Activities over time.

Each Practice Area is responsible for assigning Analysts to perform Ratings Activities 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.

¹⁰ Data and information analysis and the evaluation, approval, issuing and review of Credit Ratings.

7. FINANCIAL INFORMATION

REVENUE RESULTS FOR 2016 (UNAUDITED) (local currency in thousands)

	SPCMSE (GBP)	SPCMSF (EUR)	SPCMSI (EUR)
Credit Rating Activity	293,959	96,796	18,458
Non-Credit Rating Activity ¹¹	1,663	116	531
Total Revenue	295,622	96,912	18,989

Corporates	SPCMSE (GBP)	SPCMSF (EUR)	SPCMSI (EUR)
Credit Rating Activity	151,950	63,517	10,863
Non-Credit Rating Activity	496	75	36
Total Revenue	152,446	63,592	10,899

Financial Services	SPCMSE (GBP)	SPCMSF (EUR)	SPCMSI (EUR)
Credit Rating Activity	79,504	22,083	4,897
Non-Credit Rating Activity	218	20	0
Total Revenue	79,722	22,103	4,897

Sovereign	SPCMSE (GBP)	SPCMSF (EUR)	SPCMSI (EUR)
Credit Rating Activity	24,420	5,152	781
Non-Credit Rating Activity	14	21	0
Total Revenue	24,434	5,173	781

Structured Finance	SPCMSE (GBP)	SPCMSF (EUR)	SPCMSI (EUR)
Credit Rating Activity	38,085	6,045	1,917
Non-Credit Rating Activity	935	0	495
Total Revenue	39,020	6,045	2,412

Geographical Allocation	SPCMSE (GBP)	SPCMSF (EUR)	SPCMSI (EUR)
EU	292,173	96,318	18,989
Rest of World	3,449	594	0
Total Revenue	295,622	96,912	18,989

¹¹ Please see “S&P Global Ratings Product Descriptions” for a description of Ancillary Services and Other Services comprising “Non-Credit Rating Activity”. This document, together with any additional financial disclosures the Entities are required to make, is available from <http://www.standardandpoors.com/ratings/european-union-regulatory-disclosures/en/eu> (Category “Ancillary Services”).

8. GOVERNANCE STATEMENTS

Reference to a corporate governance code

CMS Europe

CMS Europe is not subject to any corporate governance code in the UK as it is a private limited company and does not have any issued shares admitted to trading on a regulated market. CMS Europe was incorporated under, and is governed by, the UK Companies Act 2006 (the "UK Act") which imposes, amongst other things, statutory duties on its directors. CMS Europe is required to comply generally with the EU CRA Regulation with regard to board composition and the board of directors and has adopted Terms of Reference which govern its board conduct, as do CMS Europe's articles of association.

CMS France

CMS France is not subject to any corporate governance code in France as it is a société par actions simplifiée and does not have any issued shares admitted to trading on a regulated market. CMS France is required to comply generally with the EU CRA Regulation with regard to board composition and the board of directors and has adopted Terms of Reference which govern its board conduct, as do CMS France's articles of association.

CMS Italy

CMS Italy is not subject to any governance code in Italy as it is a società a responsabilità limitata and does not have any shares admitted to trading on a regulated market. CMS Italy was incorporated under, and is governed by, the Italian Civil Code, which imposes obligations relating to società a responsabilità limitata and the organisation, management, accounting and control of società a responsabilità limitata. CMS Italy is required to comply generally with the EU CRA Regulation with regard to its board composition and the board of directors and has adopted Terms of Reference which govern its board conduct, as do CMS Italy's by-laws.

Information about the corporate governance practices applied beyond the requirements under national law.

CMS Europe

The broad objective and duties of the board of directors of CMS Europe is to ensure through sound administration and process (among other measures) the proper, lawful, ethical, professional and sustainable management of CMS Europe and all its activities (including those of its branches in Dubai (United Arab Emirates), Germany, Poland, the Republic of South Africa, Russia, Spain and Sweden and its liaison office in Turkey) consistent with the requirements of the UK Act and (to the extent they do not conflict with applicable laws and regulations), the S&P Global Code of Business Ethics and 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.

It is anticipated that the board of directors will meet 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 board of directors (in conjunction with senior management of CMS Europe) is tasked by Annex I Section A of the EU CRA Regulation to ensure that CMS Europe 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 CMS Europe 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 policy and of the methodologies used by CMS Europe in its Credit Rating Activities;
- 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.

A company secretary of CMS Europe (regardless whether such role is required by law) co-ordinates the meetings of the board of directors. The 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.

CMS France

The broad objective and duties of the board of directors of CMS France is to ensure through sound administration and process (among other measures) the proper, lawful, ethical, professional and sustainable management of CMS France and all its activities consistent with the requirements of the French Commercial Code and (to the extent they do not conflict with applicable laws and regulations), the S&P Global Code of Business Ethics and applicable S&P Global corporate policies, and S&P Global Ratings policies as amended from time to time.

The board of directors (in conjunction with senior management of CMS France) is tasked by Annex I Section A of the EU CRA Regulation to ensure that CMS France 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 CMS France 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 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.

It is anticipated that the board of directors will meet 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.

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 CMS France in its Credit Rating Activities;
- 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.

A company secretary of CMS France (regardless whether such role is required by law) co-ordinates the meetings of the board of directors. The 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.

CMS Italy

The broad objective and duties of the board of directors of CMS Italy is to ensure through sound administration and process (among other measures) the proper, lawful, ethical, professional and sustainable management of CMS Italy and all its activities consistent with the requirements of the Italian Civil Code and (to the extent they do not conflict with applicable laws and regulations), the S&P Global Code of Business Ethics and applicable S&P Global corporate policies, and S&P Global Ratings policies as amended from time to time.

The board of directors (in conjunction with senior management of CMS Italy) is tasked by Annex I Section A of the EU CRA Regulation to ensure that CMS Italy 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 CMS Italy implements and maintains decision-making procedures and organisation structures which clearly and in a documented manner specify reporting lines and allocate functions and responsibilities.

The chairperson is appointed by the board of directors.

It is anticipated that the board of directors will meet 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 four directors in attendance.

A company secretary of CMS Italy (regardless whether such role is required by law) co-ordinates the meetings of the board of directors. The 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.

To the extent that a company departs from, or does not apply, an applicable corporate governance code, an explanation of its reasons for doing so.

CMS Europe

CMS Europe is not subject to a corporate governance code in the UK. The voluntary codes in the UK 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 CMS Europe has a single shareholder, such a requirement is unnecessary.

CMS France

CMS France is not subject to a corporate governance code in France. The voluntary codes in France 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 CMS France has a single shareholder, such a requirement is unnecessary.

CMS Italy

CMS Italy is not subject to a corporate governance code in Italy. The voluntary codes in Italy 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 CMS Italy has a single quota holder, such a requirement is unnecessary.

A description of the main features of the company's internal control and risk management systems in relation to the financial reporting process.

CMS Europe

As an indirect subsidiary of SPGI, CMS Europe complies with the provisions of the U.S. Sarbanes-Oxley Act of 2002, Section 404 ("Section 404") with regard to internal controls over financial reporting. Risk assessments and control metrics are in place at CMS Europe and are completed and reviewed on a quarterly basis. The effectiveness of controls is tested annually.

CMS France

As an indirect subsidiary of SPGI, CMS France complies with the provisions of Section 404 with regard to internal controls over financial reporting. Risk assessments and control metrics are in place at CMS France and are completed and reviewed on a quarterly basis. The effectiveness of controls is tested annually.

CMS Italy

As an indirect subsidiary of SPGI, CMS Italy complies with the provisions of Section 404 with regard to internal controls over financial reporting. Risk assessments and control metrics are in place at CMS Italy and are completed and reviewed on a quarterly basis. The effectiveness of controls is tested annually.

Information on significant direct and indirect shareholdings.

CMS Europe

CMS Europe is a wholly-owned subsidiary of SPGEH, a Luxembourg-incorporated company which is a wholly-owned subsidiary of S&P Global Holdings Luxembourg S.à r.l (“SPGH”, formerly known as McGraw Hill Global Holdings (Luxembourg) S.à r.l), which is also a Luxembourg-incorporated company. SPGH is a wholly-owned subsidiary of S&P Global Holdings LLC (“SPGHo”, formerly known as McGraw-Hill International Holdings LLC), a company incorporated under the laws of Delaware (United States) which is a wholly-owned subsidiary of SPGI.

CMS France

CMS France is a wholly-owned subsidiary of SPGEH, which is a wholly-owned subsidiary of SPGH. SPGH is a wholly-owned subsidiary of SPGHo, which is a wholly-owned subsidiary of SPGI.

CMS Italy

CMS Italy is a wholly-owned subsidiary of SPG Italy, an Italian-incorporated company. SPG Italy is a wholly-owned subsidiary of SPGEH, which is a wholly-owned subsidiary of SPGH. SPGH is a wholly-owned subsidiary of SPGHo, which is a wholly-owned subsidiary of SPGI.

Information on the holders of any securities with special control rights and a description of those rights.

CMS Europe

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

CMS France

SPGEH holds (and SPGI indirectly holds) all of the ordinary shares in the capital of CMS France. There are no other securities in issue. No special control rights attach to any of the ordinary shares in issue.

CMS Italy

SPG Italy holds (and SPGI indirectly holds) the only quota of capital in CMS Italy. There are no other securities in issue. No special control rights attach to the quota in issue.

Information on any restrictions on voting rights.

CMS Europe

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

CMS France

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

CMS Italy

The quota carries the right to receive notice of and to attend, speak and vote at general quota holders meetings of CMS Italy. There are no restrictions on voting rights.

Information on the rules governing the appointment and replacement of board members and the amendment of the articles of association.

CMS Europe

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 (other than that provided by the Terms of Reference of CMS Europe) 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 CMS Europe in writing by the holder or holders of more than 50 per cent of the issued shares in the capital of CMS Europe.

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 CMS Europe; or (iii) by notice of removal given to CMS Europe in writing by the holder or holders of more than 50 per cent of the issued shares in the capital of CMS Europe.

CMS Europe is subject to (i) the UK Act (ii) its articles of association (iii) its Terms of Reference and (iv) the requirements of the EU CRA Regulation regarding independent directors. The articles of association of CMS Europe may be amended by a special resolution (majority of not less than 75 per cent) of CMS Europe in accordance with section 21 of the UK Act. The Terms of Reference of CMS Europe may be amended by the board of directors.

CMS France

Unless otherwise determined by a shareholder resolution (majority of over 50 per cent of the votes cast), the number of directors of CMS France shall be at least three and no more than ten. Any person willing to act as a director, and is permitted by law to do so, may be appointed as a director by a shareholder resolution (majority of over 50 per cent of the votes cast).

A director may be removed from office by a shareholder resolution (majority of over 50 per cent of the votes cast).

CMS France is subject to (i) its articles of association, (ii) its Terms of Reference, and (iii) the requirements of the EU CRA Regulation with regard to independent directors. The articles of association of CMS France may be amended by a shareholder resolution (majority of over 50 per cent of the votes cast) of CMS France. The Terms of Reference of CMS France may be amended by the board of directors.

CMS Italy

The by-laws of CMS Italy provide for management by a board of directors composed of between one managing director and no fewer than two and no more than six members for a term of office not longer than five years to be elected by the quota holders. The vote of the majority of the quota holders, provided at least one half of the capital is represented, is required to remove or replace board members.

The present term of office of the current board will expire at the date of approval of the financial statement for the year ending 31 December 2018.

The by-laws of CMS Italy may be amended by the vote of the majority of the quota holders of CMS Italy provided at least one half of the capital is represented.

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

CMS Europe

Subject to the UK Act and to the articles of association of CMS Europe, the directors are responsible for the management of CMS Europe's business, for which purpose they may exercise all the powers of CMS Europe. The members of CMS Europe 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 UK Act and the articles of association of CMS Europe, but without prejudice to the rights attached to any existing share, CMS Europe 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 articles of association, CMS Europe (as a private limited company) may buy-back shares by special resolution (majority of not less than 75 per cent) of CMS Europe, subject also to compliance with the requirements of the UK Act.

CMS France

The articles of association of CMS France set out the requirements of the EU CRA Regulation with regard to the powers of the board members and specifically those of the independent directors.

Subject to the French Commercial Code, CMS France (as a société par actions simplifiée) may issue further shares or buy back shares by resolution of the shareholders (majority of over 50 per cent of the votes cast).

CMS Italy

The board of directors is vested with full powers to manage the business of CMS Italy with the sole exception of the powers reserved for the quota holders, which are:

- a. approval of financial statements and distribution of profits;

- b. election of the board of directors and determination of the term of office, provided that such term shall not be longer than five years;
- c. election, if necessary, of the chairman and the board of statutory auditors or the auditor;
- d. amendments to the by-laws;
- e. decisions on performance of operations which may substantially change all corporate purpose of CMS Italy or the rights of the quota holders;
- f. decisions regarding the winding-up in advance of CMS Italy and the revocation of the same, as well as the appointment, removal and replacement of liquidators;
- g. removal of the directors; and
- h. subject to its by-laws and the Italian Civil Code, CMS Italy may issue further quotas by resolution of the quota holders (majority of over 50 per cent of the capital). CMS Italy (as a società a responsabilità limitata) may not buy-back quotas. In circumstances where there are two or more quota holders, a quota holder may give up its holding of quotas. However, CMS Italy currently has a single quota holder.

Unless the information is already fully provided for in national laws or regulations, the operation of the shareholder meeting and its key powers, and a description of shareholders' rights and how they can be exercised.

CMS Europe

Information on the operation of the shareholder meeting and its key powers, shareholders' rights and how they can be exercised is sufficiently provided for a private company under English law and, therefore, no additional disclosure is made in relation to this.

CMS France

Information on the operation of the shareholder meeting and its key powers, shareholders' rights and how they can be exercised is sufficiently provided for a société par actions simplifiée form of company under French law and, therefore, no additional disclosure is made in relation to this.

CMS Italy

Information on the operation of the quota holder meeting and its key powers, quota holders' rights and how they can be exercised is sufficiently provided for a società a responsabilità limitata under Italian law and, therefore, no additional disclosure is made in relation to this.

Information on the composition and operation of the administrative, management and supervisory bodies and their committees.

CMS Europe

The administrative and management function of CMS Europe is carried out by the board of directors.

The board of directors comprises six directors:

(1) John Berisford; (2) Dominic Crawley; (3) Jan Willem Plantagie; (4) James Penrose; (5) Thierry Sciard and (6) Joseph Strubel; and the company secretaries are Florian Wagner and Elizabeth Hithersay.

Under the Terms of Reference of CMS Europe 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 – executive board member. Head of Global Ratings Services, S&P Global Ratings¹².

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

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

Thierry Sciard – non-executive independent board member. Non-Executive Director at Liquidnet Europe Limited, 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.

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 Millennium Group Holdings Limited. Experienced in structured finance activities.

CMS France

The administrative and management function of CMS France is carried out by the board of directors. The managing director position in CMS France is that of président which is currently held by Jan Willem Plantagie.

The board of directors comprises six directors:

(1) Demetrios Lefakis; (2) Jan Willem Plantagie; (3) James Penrose; (4) Thierry Sciard; (5) Carol Sirou and (6) Joseph Strubel.

Under the Terms of Reference of CMS France 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:

Demetrios Lefakis – executive board member. Chief Risk Officer, S&P Global Ratings.

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

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

Thierry Sciard – non-executive independent board member. Non-Executive Director at Liquidnet Europe Limited, Mizuho International plc, AXA UK plc, AXA PPP Healthcare Limited and AXA Insurance 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.

Carol Sirou – executive board member. Chief Compliance Officer at S&P Global.

Joseph Strubel – non-executive independent board member. Senior Adviser and Non-Executive Director at SphereInvest Group Limited, SphereInvest Global UCITS SICAV P.L.C. and Ontario

¹² After retiring from his executive function effective 1 April 2017, Dominic Crawley will be a non-executive board member.

Graphite Ltd. Formerly Senior Adviser at Millennium Group Holdings Limited. Experienced in structured finance activities.

CMS Italy

The administrative and management function of CMS Italy is carried out by its board of directors. To address potential issues arising out of Italian Legislative Decree No. 231, CMS Italy has also established a “supervisory body” (“Organismo di Vigilanza”) that reports to the board of directors. In addition, CMS Italy has established a “Collegio Sindacale”, a separate board of statutory auditors. The Collegio Sindacale is comprised of three independent chartered accountants and attends all meetings of the board of directors of CMS Italy and all meetings of its quota holders.

The board of directors is currently comprised of four (4) members:

(1) Demetrios Lefakis; (2) Jan Willem Plantagie; (3) James Penrose (Chairman); and (4) Maria Pierdicchi. Under the Italian Terms of Reference the board of directors 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.

CMS Italy has applied under article 6(3) of the EU CRA Regulation to be exempted from the requirement to appoint independent board members.

A brief résumé for each director is set out below:

Demetrios Lefakis – executive board member. Chief Risk Officer, S&P Global Ratings.

James Penrose – Chairman (Presidente). Managing Director and Head of S&P Global Ratings Legal and Regulatory Affairs, EMEA. Experienced in structured finance transactions.

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

Maria Pierdicchi – Non-executive board member. Former Managing Director and Head of S&P Global Ratings for Southern Europe and currently non-executive board director of Luxottica S.p.A., Nuova Banca delle Marche S.p.A, Nuova Banca dell’Etruria e del Lazio S.p.A, Nuova Cassa di risparmio di Chieti S.p.A., and Nuova Cassa di risparmio di Ferrara S.p.A.

Mr. Penrose has all powers (except those reserved to the quota holders) of the board of directors to manage CMS Italy. Mr. Plantagie has been granted detailed operating powers to be the “Employer” regarding accident prevention and hygiene and security matters, and powers under the Italian Privacy Law.

Demetrios Lefakis and Maria Pierdicchi have not been granted operating powers.

The supervisory body established under Italian Legislative Decree No. 231 is comprised of: (1) Giacomo De Laurentis; (2) Mario Di Giulio; and (3) Lapo Guadagnuolo.

A brief résumé for each member of the supervisory body is set out below:

Giacomo De Laurentis – independent member of the supervisory body. Professor at Bocconi University in Milan, specialises in finance and the study of credit ratings with several publications in the areas of his specialisation.

Mario Di Giulio – chairman and independent member of the supervisory body. Attorney, partner in an Italian law firm, specialises in financial and banking matters.

Lapo Guadagnuolo – member of the supervisory body – Managing Director, Global Head of Analytics and Research. Previously Mr. Guadagnuolo was Chief Credit Officer, EMEA, S&P Global Ratings.

The supervisory body oversees the compliance with the “Model of Organisation, Management and Control”, as amended, adopted by CMS Italy as required under Italian Legislative Decree No. 231. The supervisory body meets at least once every four months and reports to the board of directors.

CMS Italy’s compliance with its general legal obligations, its by-laws and principles of proper management, in particular, the adequacy of CMS Italy’s organisational, administrative and accounting structure as well as the activities of CMS Italy, is further monitored by the Collegio Sindacale.

Eugenio Bottino, an employee of SPG Italy, as attorney-in-fact (Procuratore), has been granted the power to represent CMS Italy in respect of the tax authorities and to exercise joint banking powers with certain individuals, including Jan Willem Plantagie, as Managing Director.

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.

“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. 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 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.

“Criteria”: published guidance that governs the analytic basis for determining Credit Ratings. Criteria include all fundamental factors, analytical principles, methodologies and assumptions that we use in the ratings process to produce our Credit Ratings. Criteria may encompass quantitative or qualitative elements, or both.

“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 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.