
S&P Global
Ratings

S&P Global Ratings Europe Limited

Kingdom of Saudi Arabia
Transparency Report 2018

This Transparency Report is in respect of the financial year ended 31 December 2018G.

S&P Global Ratings Europe Limited – Kingdom of Saudi Arabia – Transparency Report

This Transparency Report is made available pursuant to Article 22 of the Capital Market Authority (the “Authority”, or the “CMA”) Credit Rating Agencies Regulations dated 10/11/2014G (the “CRA Regulations”). The Transparency report provides information on the operations of S&P Global Ratings in the Kingdom of Saudi Arabia (the “Kingdom”) for the financial year ending 31 December 2018G. Capitalized terms used but not parenthetically defined herein have the meanings ascribed thereto in **Annex 1** hereto.

S&P Global Ratings operates in the Kingdom through S&P Global Ratings Europe Limited (“SPGRE”). SPGRE is established in Ireland and has branches in the following countries: the Kingdom of Saudi Arabia, United Arab Emirates (in Dubai within the Dubai International Financial Centre (“DIFC”)), France, Germany, Italy, Poland, the Republic of South Africa, Russia, Spain, Sweden and the United Kingdom. Until merging into SPGRE on 30 June 2018, S&P Global Ratings operated in the Kingdom through Standard & Poor’s Credit Market Services Europe (“SPCMSE”). SPC MSE was authorized and licensed by the Authority to conduct credit rating activities in the Kingdom on 24 August 2017G and opened its branch in Riyadh on 23 October 2017G. Following the merging of SPC MSE into SPGRE, the license to conduct credit rating activity in the Kingdom was transferred to SPGRE.

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 is registered with the European Securities and Markets Authority (“ESMA”) under European Union Regulation (EC) 1060/2009 on Credit Rating Agencies, as amended. S&P Global Ratings is registered with the United States Securities and Exchange Commission (the “SEC”) as a Nationally Recognized Statistical Rating Organization (“NRSRO”). The NRSRO includes the Affiliated Entities, including SPGRE. The NRSRO, S&P Global Ratings, is comprised of the credit ratings business (i) within Standard & Poor’s Financial Services LLC, a Delaware limited liability company wholly-owned by SPGI, and (ii) operated by various other subsidiaries that are wholly-owned, directly or indirectly, by SPGI.

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

Unless indicated, information provided in this Transparency Report is current as at 31st December 2018G.

Further disclosures in accordance with the CRA Regulations can be found in English and Arabic at https://www.standardandpoors.com/en_EU/web/guest/regulatory/disclosures#disclosure_saudi-arabia.

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

S&P Global Ratings established the S&P Global Ratings Code of Conduct (the “Code”) to reflect the high-level principles that govern the conduct of its Credit Rating Activities. The Code also reflects the high-level principles underlying regulatory requirements in the jurisdictions where S&P Global Ratings conducts Credit Rating Activities. S&P Global Ratings implements the principles set out in the Code through policies and procedures, as well as through its operational and control infrastructures. In March 2018, the S&P Global Ratings Code of Conduct was amended to address a revision of S&P Global Ratings’ approach concerning the publication of withdrawn credit ratings.

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

2. INFORMATION ON LEGAL STRUCTURE AND OWNERSHIP

SPGRE was incorporated¹ 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 Dubai (in the jurisdiction of the DIFC), 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 the Kingdom of Saudi Arabia. Until merging into SPGRE on 30 June 2018, S&P Global Ratings operated in the Kingdom through Standard & Poor’s Credit Market Services Europe (“SPCMSE”).

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 each with a par value of €1, all held by SPGEHL.

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

Based on public filings for the quarter ended 31 December 2018 the following entities were the only owners of 5% or more of SPGI’s common equity:

- The Vanguard Group, Inc., which held 20,856,350 shares (8.31% of 248.6 million shares outstanding).
- BlackRock, Inc., which held 17,062,252 shares (6.8% of 248.6 million shares outstanding).
- State Street Corporation, which held 12,432,605 shares (4.9% of 248.6 million shares outstanding).

¹ Registered office: Waterways House, Grand Canal Quay, Dublin 2, Ireland. Company number: 611431

3. A DESCRIPTION OF INTERNAL CONTROL MECHANISMS

Overview

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

S&P Global Ratings manages risks related to its Credit Ratings business through three lines of defense. The first line of defense is accountable for identifying and managing risks related to the Credit Ratings business and assessing the effectiveness of S&P Global Ratings’ internal control structure. The first line of defense includes the Analytical practices, the Commercial organisation, and the Operations, Data and Technology functions.

S&P Global Ratings’ second line of defense facilitates and monitors effective risk and compliance management and internal control practices working proactively with the first line of defense, including providing advice and effective challenge regarding compliance and risk management activities. The second line of defense (called the “Compliance and Control Department” includes, but is not limited to, the Compliance function, the Risk and Internal Control function and the Criteria and Model Validation function).

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

S&P Global Ratings’ management conducts a periodic assessment of the effectiveness of its internal control structure and is accountable for addressing issues in the internal control structure that are surfaced as a result of these assessments. As part of this process, management is required to develop and implement action plans describing how and when issues that constitute deficiencies or material weaknesses in the internal control structure will be addressed and provide periodic updates on the progress of remediation efforts.

S&P Global Ratings submits an annual report to the United States Securities and Exchange Commission 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.

Description of Control Functions

The following organisational functions support S&P Global Ratings’ 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 is a group within S&P Global Ratings that is responsible for implementing and maintaining the internal control structure across the Analytical practices, Data, Information Technology, Operations, and Vendor Management functions. The team works closely with Compliance and other functions to ensure the consistent implementation of the internal control structure, support the assessment of risk, and to address company-wide risk and internal control needs. This function reports to the Chief Operating Officer.

Compliance and Control Department

The Compliance and Control Department is headed by the Global 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 organised 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 ten Compliance Officers for EMEA. Concerning Credit Rating Activities performed in the Kingdom, compliance matters are primarily handled by the Compliance Officer based in the DIFC office who reports to the Senior Compliance Officer based in Moscow. The Senior Compliance Officer reports to the Regional Covering Compliance Officer EMEA (based in London) who in turn reports to the CCO EMEA. EMEA Compliance Officers receive additional global Compliance Support.

Compliance Examination

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

To help S&P Global Ratings prevent commercial conflicts from tainting the integrity of the analytical process the team provides chaperones for communications between employees in Analytical and Commercial Roles to ensure that such communications proceed in compliance with requirements set forth in applicable policies. In the area of protection of information, the team is responsible for maintaining 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 S&P.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 provides oversight and guidance on the implementation and maintenance of S&P Global Ratings' Internal Control Structure. The Risk and Internal Control function advises the organisation on enhancements to internal controls and coordinates management's periodic assessment of the effectiveness of internal controls. Oversight of the remediation of deficiencies and material weaknesses is also performed to confirm that issues are adequately addressed and on a timely basis. The Risk and Internal Control Function provides periodic reporting on risks and the effectiveness of the internal control structure.

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

Ratings Risk Review Function

Ratings Risk Review ("RRR") reports to the SPGI Chief Risk and Audit Executive, who reports to the Audit Committee of the SPGI Board of Directors on a functional basis, and administratively to the SPGI President & Chief Executive Officer.

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 summarise referrals (criteria and guidance related or individual 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 board of Directors of SPGRE, applicable boards upon request or when deemed appropriate, 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

Independent of S&P Global Ratings’ management and Compliance and Control functions, the SPGI Internal Audit (“IA”) function incorporates S&P Global Ratings in their annual risk-based internal audit plan.

IA has a team dedicated to regularly perform compliance, operational, information technology and financial audits on SPGI entities and segments 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 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. The Global Auditor reports to the Chief Risk & Audit Executive and has responsibility for the Internal Audit regional and functional teams, overseeing the Internal Audit execution process by providing day to day direction. Internal Audit reports audit results including the status of audit tracking to the board of Directors of SPGRE, the SPGI Audit Committee and applicable Boards.

Committees and Working Groups

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

- Controls Working Group (“CWG”) – provides guidance to internal control efforts and serves as the decision-making body for the determination and closure of the relevant remediation efforts for deficiencies and material weaknesses identified in the internal control structure.
- Policy Governance Group (“PGG”) – develops, approves, and maintains analytical and non-analytical policies relating to prudent, ethical business practices, and compliance and regulatory matters associated with S&P Global Ratings’ activities globally, including the Code of Conduct. New policies or amendments to existing policies must be approved by PGG before they are disseminated and become effective. S&P Global Ratings’ policies and internal procedures undergo

periodic review to accommodate any new regulatory requirement or interpretation, or relevant new business or technological development and are continually refined as appropriate based on input from employees.

- Global Risk Committee (“GRC”) – monitors and reports to the Boards on risks impacting the firm globally, ensuring appropriate actions are being taken.
- Global Ratings Compliance Committee (“GRCC”) – advises and assists executive management on the status of compliance and control matters across all regions in which S&P Global Ratings operates.
- The Criteria and Model Governance Committee (“CMGC”) is responsible for approving Criteria, Ratings Definitions and complex Models used (a) in the development of Criteria or (b) in determining Credit Ratings.

.4. DETAILS OF STAFF ALLOCATED TO CREDIT RATINGS

Table 1 – SPGRE staff numbers

Analysts	439
Criteria staff ²	15
Criteria and Model Validation	8
General Management and emerging markets regional office management	5
Analytical Management	31

As of 31 December 2018G, a total of eighteen analysts employed by SPGRE have been appointed Primary Analysts (approved by the Authority as CRA Registered Persons, “RPs”) on rated entities domiciled in the Kingdom. In addition, the Riyadh Branch Manager and the Compliance Officer are also approved by the Authority as RPs. All RPs have undergone a compulsory CMA Compliance Training which was conducted by the Compliance Officer in September 2018. Any newly appointed Primary Analyst shall undergo the compulsory CMA Compliance Training once approved as RP by the Authority. The Compliance function conducts a compulsory annual Compliance Training for all existing RPs and other staff as appropriate.

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

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

5. RECORDKEEPING POLICY

Description of Recordkeeping Policy

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

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

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

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

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

In 2018, 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 Ratings 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
- Management reporting
- Roles and responsibilities of the EMEA Compliance function

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

7. FINANCIAL INFORMATION / REVENUE SOURCES**SPGRE Kingdom of Saudi Arabia Revenue Results for 2018G (SAR in thousands)**

	Credit Rating Activity	Non-Credit Rating Activity**	Total Revenue
SPGRE (Audited)	1,070,965	8,916	1,079,881
SPCMSE	941,522	6,202	947,724
Attributable to Rated Entities domiciled in the Kingdom	7,527		7,527

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

8. GOVERNANCE STATEMENT

The SPGRE board of directors comprises six directors:

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

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

James Penrose – executive board member. Head of S&P Global Ratings Legal, 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 plc. Formerly senior executive at Calyon, Lehman Brothers Inc., StormHarbour Partners and Fortis Investments and Non-Executive Director at BlackTree Investment Partners and Liquidnet Europe Limited.

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

Mr. Meshari Al-Khaled is Managing Director and Office Head of the SPGRE branch in the Kingdom. As the senior S&P Global Ratings employee in the Kingdom, Mr. Al-Khaled is supported by senior staff located in the DIFC and focused on the Gulf Cooperation Council, including the Regional Head, a business development director and a market engagement manager. Mr. Al-Khaled reports to Mr. Hadi Melki, Middle East Regional Head of S&P Global Ratings. Mr. Melki, based in the DIFC office, reports to Jan Willem Plantagie, Head of EMEA Ratings. Mr. Plantagie is based in Frankfurt and reports to Christopher Heusler, Global Chief Commercial Officer based in New York who, in turn, reports to John Berisford.

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

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

9. CREDIT RATING PUBLICATION POLICIES

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

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

10. MATERIAL CHANGES

There were no material modifications made in 2018 other than described in this report.

Annex 1 – Glossary of Terms Used

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

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

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

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

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

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

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

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

Examples include:

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

In addition Credit Rating Activities also include:

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

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

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

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

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

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

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

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

Annex 2 – Credit Rating Publication Policies

Assignment of Credit Ratings

Withdrawal, Discontinuance and Suspension

Ratings Release

Issuer Notification (including Issuer Appeals)

S&P Global Ratings

Policy: Assignment of Credit Ratings

Date: 23 May 2016

Policy Statement

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

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

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

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

S&P Global Ratings

Policy: Withdrawal, Discontinuance, and Suspension

Date: 01 January 2018

Policy Statement

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

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

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

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

S&P Global Ratings

Policy: Ratings Release
Date: 23 May 2016

Policy Statement

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

S&P Global Ratings

Policy: Issuer Notification (including Issuer Appeals)

Date: 01 January 2019

Policy Statement

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

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

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

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

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

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

The following are not subject to appeal: CreditWatch actions, affirmations of Credit Ratings, and Unsolicited Credit Ratings (except for Sovereign Credit Ratings), as well as Ancillary Services, Other Services, and certain other opinion products that could potentially contribute to a Credit Rating Activity (i.e., Advanced Analytics, Mappings, Rating Agency Confirmations (RAC), Rating Evaluation Services (RES), and Recovery Ratings,

unless the Recovery Rating is a material input in determining the Credit Rating.) Components of a Credit Rating or internal assessments which do not meet the definition of a Credit Rating (e.g., BICRA, SACP, or risk scores), even if made public, are also not subject to appeal. Additionally, Outlook changes on U. S. Public Finance Credit Ratings are not subject to appeal.

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