

S&P GLOBAL RATINGS
EU GROUP OF CREDIT RATING AGENCIES
TRANSPARENCY REPORT 2017

EU Group of Credit Rating Agencies consisting of:
Standard & Poor's Credit Market Services Europe Limited
S&P Global Ratings France SAS and
S&P Global Ratings 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 Ratings in the European Union (the “EU”) for the financial year ending 31 December 2017. 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 (“Criteria¹”) 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 (“SPCMSE”);
- S&P Global Ratings France SAS (“SPGRF”, formerly known as Standard & Poor’s Credit Market Services France SAS); and
- S&P Global Ratings Italy SRL (SPGRI, formerly known as Standard & Poor’s Credit Market Services Italy SRL)

Each of the EU Entities was 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 2017.

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 In December 2017, S&P Global Ratings adopted a revised definition of Criteria and the new concept of Guidance Documents. The S&P Global Ratings Code of Conduct was subsequently amended to include a reference to Guidance Documents.

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

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1. INFORMATION ON LEGAL STRUCTURE AND OWNERSHIP
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SPCMSE

SPCMSE 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, in Dubai (United Arab Emirates), Germany, the Republic of South Africa, Russia, Spain and Sweden. SPCMSE also has branches (without locally-based Analysts) in Poland and, since October 2017, in the Kingdom of Saudi Arabia. SPCMSE 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 SPCMSE is £1,000, made up of 1,000 shares with a par value of £1 each, all held by SPGEH.

SPCMSE 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 SPCMSE was incorporated. No natural person or legal entity is entitled to acquire, dispose of or exercise voting rights in SPCMSE in the circumstances set out in Article 10 of Directive 2004/109/EC.

SPGRF

SPGRF was incorporated⁴ under the laws of France on 5 May 2010 and houses the Credit Rating Activities conducted in France. SPGRF is one of several wholly-owned subsidiaries of SPGEH, which is indirectly wholly-owned by SPGI.

The share capital of SPGRF 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 SPGRF.

SPGRF 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 SPGRF was incorporated. No natural person or legal entity is entitled to acquire, dispose of or exercise voting rights in SPGRF 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

SPGRI

SPGRI was incorporated⁵ under the laws of Italy on 12 May 2010 and houses the Credit Rating Activities conducted in Italy.

S&P Global Italy Srl (“SPG Italy”) is the sole quota holder, holding one quota of €10,000 of SPGRI 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.

SPGRI 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 SPGRI was incorporated. No natural person or legal entity is entitled to acquire, dispose of or exercise voting rights in SPGRI 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): M I-1930813

2. A DESCRIPTION OF THE INTERNAL CONTROL MECHANISMS
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Overview

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

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

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

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

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

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

S&P Global Ratings Internal Control Structure

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

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

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

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

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

Description of Control Functions

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

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

In-Business Control (Global Ratings Services)

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

In-Business Control (Operating Office)

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

Compliance and Control Department

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

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

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

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

Compliance Department structure and responsibilities

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

Regional Compliance

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

The Chief Compliance Officer for EMEA and India (“CCO EMEA”) is based in London and reports to the Global CCO. The CCO EMEA manages a team of eleven Compliance Officers for EMEA. At least one Compliance Officer is employed by each of the three EU Entities. EMEA Compliance Officers receive additional global Compliance support.

Covering Compliance

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

Compliance Examination

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

Global Control Room

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

To help S&P Global Ratings prevent commercial conflicts from tainting the integrity of the analytical process the team provides chaperones for communications between employees in analytical and commercial roles to ensure that such communications proceed in compliance with

requirements set forth in applicable policies. In the area of protection of information the team is responsible for maintaining ratings insider lists, responding to regulatory and issuer requests for information on S&P Global Ratings insiders and monitoring access to work-in-progress documents. As part of its monitoring and surveillance function, the team administers S&P Global Ratings' electronic communications surveillance program. The EMEA Control Office is part of the Global Control Room and its staff report to a UK-based Compliance Officer.

Global Regulatory Coordination

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

Global Matrix Office

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

Internal Control

The Internal Control function provides oversight and guidance on the implementation and maintenance of S&P Global Ratings' Internal Control Structure. The Internal Control function advises the 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 Internal Control Function performs periodic reporting to Executive Management, various Governance Committees and Boards on risks and the effectiveness of internal control, as well as produces reporting on risks and the effectiveness of the internal control structure for regulators.

Criteria and Model Validation

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

Policy Governance Group

The Policy Governance Group ("PGG") chaired by Compliance is responsible for leading the development, approval and maintenance of analytical and non-analytical policies relating to prudent, ethical business practices, and compliance and regulatory matters associated with S&P Global Ratings' activities globally and to oversee the communication of such policies. PGG voting membership consists of representatives from Compliance, Criteria, the Global Analytical Practice, Operating Office, as well as the head of the Internal Control Function, and the head of In-Business Control. Each representative has one vote and Compliance has a supermajority vote.

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

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

Ratings Risk Review function

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

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

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

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

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

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

SPGI Internal Audit

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

progress against the annual approved IA Plan. The SPGI Chief Risk & Audit Executive reports to the Audit Committee of the SPGI Board of Directors on a functional basis, and administratively to the SPGI President & Chief Executive Officer. IA reports audit results including the status of audit tracking to the SPGI Audit Committee and the Board of Directors of each of the Entities.

3. STATISTICS ON STAFF ALLOCATION

Table 1 – total number of Analysts

	SPCMSE	SPGRF	SPGRI	Total
Corporate/Infrastructure	108	31	6	145
Financial Services	95	21	6	122
Sovereign/IPF	49	10	2	61
Structured Finance	73	3	6	82
Other Divisional ⁶	42	4	0	46
Total	367	69	20	456

Analysts in the Corporate/Infrastructure, Financial Services and Sovereign/International Public Finance (“IPF”) Practice Areas perform analysis of both new issuance and surveillance for rated Issuers and issuances. Within the Structured Finance Practice Area, Analysts are not exclusively involved either in analysis of new issuance or in surveillance analysis but may be involved in analysis of both new issuance and surveillance.

Table 2 - Compliance and Control Roles

	SPCMSE	SPGRF	SPGRI	Total
Compliance	18	1	1	20
Criteria Staff ⁷	9	6	0	15
Ratings Risk Review	5	3	1	9
Criteria and Model Validation	9	1	0	10
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	SPGRF	SPGRI	Total
Analytical Management	26	5	2	33
General Management	1	1	0	2
Total	27	6	2	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.

4. RECORD-KEEPING POLICY

Each of the EU Entities applies policies and procedures in relation to documentation⁸ 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.

⁸ 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 2017, IA performed a review of the independent compliance function in EMEA (“EMEA Compliance”). IA’s focus was to evaluate the effectiveness of the control environment for the EMEA Compliance function based on the applicable regulatory requirements. The scope of the audit included the following:

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

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

6	A DESCRIPTION OF MANAGEMENT AND ANALYST ROTATION POLICY
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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.

Yann Le Pallec (based in Paris) is Head of Global Ratings Services, reporting to John Berisford, President of S&P Global Ratings (based in New York). Reporting to Mr. Le Pallec are: the Global Head of Practices (Craig Parmelee, based in New York); the Global Head In-Business Control (David Harrison, based in London); the Global Head Business Management (Catherine Forbes, based in London) and the Global Head Organisational Effectiveness (Ken Drucker, based in New York).

Also reporting to Mr. Le Pallec is Jim Wiemken (based in New York), appointed as Global Head of Methodologies following the creation in October 2017 of a single “Methodologies” Unit which has ownership for all first-line aspects of Criteria and model development, maintenance and updating. This new organisational reporting line has been established so that the creation, maintenance, updating and process coordination for Criteria and models is done in a more simplified, accountable and effective manner.

Reporting to Mr. Parmelee are the Global Practice Leaders for the Practice Areas: Global Corporates and Infrastructure (Susan Gray, based in New York); the Global Structured Finance and U.S. Public Finance (Tina Morris, based in New York); the Global Financial Services and Sovereigns/International Public Finance (Guy Deslondes, based in New York). The Regional Lead Analytical Managers for EMEA report to their respective Global Practice Leaders.

The EU Entities’ office network consists of offices in France (Paris), Germany (Frankfurt), Italy (Milan), Spain (Madrid), Sweden (Stockholm), Poland (Warsaw), Russia (Moscow), Saudi Arabia (Riyadh), 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 the Head of EMEA Ratings (Jan Willem Plantagie, based in Frankfurt). Mr. Plantagie reports to the Global Chief Commercial Officer, S&P Global Ratings (Christopher Heusler, based in New York).

Reporting to Mr Wiemken, in the newly created role of Global Head of Methodologies are: Katrien van Acoleyen, Chief Credit Officer EMEA (based in London); Agnès de Pétigny, Global Head Criteria Advisory Group (based in Paris); Andrea Quirk, Managing Director, Global Analytics (based in London); and, David Flynn, Global Head of Business Management (based in New York).

Robin Burnett, 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 Global Head of Compliance and Control, (Holly Kulka, based in New York).

Emmanuel Dubois-Pelerin, 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 Activities⁹ 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.

⁹ Data and information analysis and the evaluation, approval, issuing and review of Credit Ratings.

7. FINANCIAL INFORMATION

REVENUE RESULTS FOR 2017 (UNAUDITED) (local currency in thousands)

	SPCMSE (GBP)	SPGRF (EUR)	SPGRI (EUR)
Credit Rating Activity	378,871	102,073	24,424
Non-Credit Rating Activity ¹⁰	2,935	214	492
Total Revenue	381,805	102,288	24,916

Corporates	SPCMSE (GBP)	SPGRF (EUR)	SPGRI (EUR)
Credit Rating Activity	208,192	72,855	16,690
Non-Credit Rating Activity	534	18	0
Total Revenue	208,726	72,872	16,690

Financial Services	SPCMSE (GBP)	SPGRF (EUR)	SPGRI (EUR)
Credit Rating Activity	92,358	19,157	4,969
Non-Credit Rating Activity	1,313	197	0
Total Revenue	93,671	19,354	4,969

Sovereign	SPCMSE (GBP)	SPGRF (EUR)	SPGRI (EUR)
Credit Rating Activity	35,330	4,393	793
Non-Credit Rating Activity	9	0	0
Total Revenue	35,339	4,393	793

Structured Finance	SPCMSE (GBP)	SPGRF (EUR)	SPGRI (EUR)
Credit Rating Activity	42,991	5,668	1,973
Non-Credit Rating Activity	1,078	0	492
Total Revenue	44,069	5,668	2,465

Geographical Allocation	SPCMSE (GBP)	SPGRF (EUR)	SPGRI (EUR)
EU	374,423	100,396	24,916
Rest of World	7,382	1,892	0
Total Revenue	381,805	102,288	24,916

¹⁰ 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

SPCMSE

SPCMSE 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. SPCMSE 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. SPCMSE 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 SPCMSE’s articles of association.

SPGRF

SPGRF 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. SPGRF 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 SPGRF’s articles of association.

SPGRI

SPGRI 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. SPGRI 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. SPGRI 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 SPGRI’s by-laws.

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

SPCMSE

The broad objective and duties of the board of directors of SPCMSE is to ensure through sound administration and process (among other measures) the proper, lawful, ethical, professional and sustainable management of SPCMSE and all its activities (including those of its branches in Dubai (United Arab Emirates), Germany, the Kingdom of Saudi Arabia, 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 (“COBE”) 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 SPCMSE) is tasked by Annex I Section A of the EU CRA Regulation to ensure that SPCMSE 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 SPCMSE implements and maintains decision-making procedures and organisation structures which clearly and in a documented manner specify reporting lines and allocate functions and responsibilities.

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

- a. the development of the Credit Rating policies and methodologies used by SPCMSE 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 SPCMSE (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.

SPGRF

The broad objective and duties of the board of directors of SPGRF is to ensure through sound administration and process (among other measures) the proper, lawful, ethical, professional and sustainable management of SPGRF 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 COBE 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 SPGRF) is tasked by Annex I Section A of the EU CRA Regulation to ensure that SPGRF 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 SPGRF 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 SPGRF 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 SPGRF (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.

SPGRI

The broad objective and duties of the board of directors of SPGRI is to ensure through sound administration and process (among other measures) the proper, lawful, ethical, professional and sustainable management of SPGRI 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 COBE 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 SPGRI) is tasked by Annex I Section A of the EU CRA Regulation to ensure that SPGRI 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 SPGRI 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 SPGRI (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.

SPCMSE

SPCMSE 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 SPCMSE has a single shareholder, such a requirement is unnecessary.

SPGRF

SPGRF 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 SPGRF has a single shareholder, such a requirement is unnecessary.

SPGRI

SPGRI 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 SPGRI 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.

SPCMSE

As an indirect subsidiary of SPGI, SPCMSE 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 SPCMSE and are completed and reviewed on a quarterly basis. The effectiveness of controls is tested annually.

SPGRF

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

SPGRI

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

Information on significant direct and indirect shareholdings.

SPCMSE

SPCMSE 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 (“SPGHL”, formerly known as McGraw Hill Global Holdings (Luxembourg) S.à r.l), which is also a Luxembourg-incorporated company. SPGHL is a wholly-owned subsidiary of S&P Global Holdings LLC (“SPGH”, 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.

SPGRF

SPGRF is a wholly-owned subsidiary of SPGEH, which is a wholly-owned subsidiary of SPGHL. SPGHL is a wholly-owned subsidiary of SPGH, which is a wholly-owned subsidiary of SPGI.

SPGRI

SPGRI 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 SPGHL. SPGHL is a wholly-owned subsidiary of SPGH, 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.

SPCMSE

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

SPGRF

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

SPGRI

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

Information on any restrictions on voting rights.

SPCMSE

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

SPGRF

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

SPGRI

The quota carries the right to receive notice of and to attend, speak and vote at general quota holders meetings of SPGRI. 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.

SPCMSE

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 SPCMSE) 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 SPCMSE in writing by the holder or holders of more than 50 per cent of the issued shares in the capital of SPCMSE.

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

SPCMSE 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 SPCMSE may be amended by a special resolution (majority of not less than 75 per cent) of SPCMSE in accordance with section 21 of the UK Act. The terms of reference of SPCMSE may be amended by the board of directors.

SPGRF

Unless otherwise determined by a shareholder resolution (majority of over 50 per cent of the votes cast), the number of directors of SPGRF 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).

SPGRF 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 SPGRF may

be amended by a shareholder resolution (majority of over 50 per cent of the votes cast) of SPGRF. The terms of reference of SPGRF may be amended by the board of directors.

SPGRI

The by-laws of SPGRI 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 SPGRI may be amended by the vote of the majority of the quota holders of SPGRI 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.

SPCMSE

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

SPGRF

The articles of association of SPGRF 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, SPGRF (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).

SPGRI

The board of directors is vested with full powers to manage the business of SPGRI 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 SPGRI or the rights of the quota holders;
 - f. decisions regarding the winding-up in advance of SPGRI 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, SPGRI may issue further quotas by resolution of the quota holders (majority of over 50 per cent of the capital). SPGRI (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, SPGRI 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.

SPCMSE

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.

SPGRF

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.

SPGRI

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.

SPCMSE

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

The board of directors comprises six directors:

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

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

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

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

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

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

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

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

SPGRF

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

As of 15 January 2018¹¹, the board of directors comprises six directors:

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

Under the terms of reference of SPGRF 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.

¹¹ As of 15 January 2018, John Berisford replaced Carol Sirou as executive board member following her resignation from the board of SPGRF on 5 January 2018.

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

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

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

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

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

SPGRI

The administrative and management function of SPGRI is carried out by its board of directors. To address potential issues arising out of Italian Legislative Decree No. 231, SPGRI has also established a “supervisory body” (“Organismo di Vigilanza”) that reports to the board of directors. In addition, SPGRI 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 SPGRI and all meetings of its quota holders.

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

(1) Demetrios Lefakis; (2) James Penrose (Chairman); (3) Maria Pierdicchi; and (4) Jan Willem Plantagie. Under the terms of reference of SPGRI 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.

SPGRI 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.

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 Group S.p.A., Banca Teatrina S.p.A. (formerly known as Nuova Cassa di risparmio di Chieti S.p.A.), and Autogrill S.p.A..

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

Mr. Penrose has all powers (except those reserved to the quota holders) of the board of directors to manage SPGRI. 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 SPGRI 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.

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

Eugenio Bottino, an employee of SPGRI, as attorney-in-fact (Procuratore), has been granted the power to represent SPGRI 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 or in a Criteria Function. Examples include: Analysts and Analytical Managers.

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

“Credit Rating”: a forward looking opinion regarding, the creditworthiness of an entity a debt or financial obligation, debt security, preferred share or other financial instrument (including a money market instrument), or of an issuer of such a debt or financial obligation, debt security, preferred share or other financial instrument, issued using S&P Global Ratings established and defined 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”: 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 Rating Committee process to arrive at Credit Rating determinations.

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

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

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

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