

S&P GLOBAL RATINGS EUROPE LIMITED

TRANSPARENCY REPORT 2018

S&P Global
Ratings

S&P Global Ratings Europe Limited – Transparency Report

This Transparency Report is made available pursuant to Article 12 and Part III of Annex I, Section E of EU CRA Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended, the “EU CRA Regulation”). The Transparency Report provides information on the operations of S&P Global Ratings in the European Union (the “EU”) as conducted through S&P Global Ratings Europe Limited (“SPGRE”) for the financial year ending 31 December 2018.

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

Until merging into SPGRE during the course of 2018, S&P Global Ratings operated in the EU through Standard & Poor’s Credit Market Services Europe Limited (“SPCMSE”); S&P Global Ratings France SAS (“SPGRF”); and S&P Global Ratings Italy SRL (SPGRI). SPCMSE, SPGRF and SPGRI were registered in accordance with the EU CRA Regulation on 31 October 2011.

S&P Global Ratings’ operations in Europe were first established in:

- the United Kingdom in 1984;
- Sweden in 1988;
- France in 1990;
- Germany in 1992;
- Spain in 1992;
- Italy in 1999;
- Poland in 2014; and
- Ireland in 2018.

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.

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

Information provided in this Transparency Report is current as at 31 December 2018.

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>.

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1.	INFORMATION ON LEGAL STRUCTURE AND OWNERSHIP
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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 (United Arab Emirates), France, Germany, Italy, the Republic of South Africa, Russia, Spain, Sweden and the United Kingdom (which were previously conducted through SPCMSE, SPGRF and SPGRI). SPGRE also has branches (without locally-based Analysts) in Poland and in the Kingdom of Saudi Arabia. SPGRE is one of several wholly-owned subsidiaries of S&P Global European Holdings Luxembourg S.á r.l (“SPGEHL”), which is in turn indirectly wholly-owned by SPGI.

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

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

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

¹ Registered office: 70 Sir John Rogerson's Quay Dublin 2, Ireland. Company number: 611431

2.	A DESCRIPTION OF THE INTERNAL CONTROL MECHANISMS
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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. 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.
- The S&P Financial Services LLC Board of Managers approves new and, where required, revised (i) policies and procedures that S&P Global Ratings uses to determine Credit Ratings and (ii) Criteria and complex Models used (a) in the development of Criteria or (b) in determining Credit Ratings.

3. STATISTICS ON STAFF ALLOCATION (AS OF 31 DECEMBER 2018)

Table 1 – total number of SPGRE Analysts

Corporate	124
Financial Services	106
Infrastructure	28
Sovereign/IPF	53
Structured Finance	78
Other Divisional ²	50
Total	439

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

Table 2 – SPGRE Compliance and Control Roles

Compliance	22
Criteria Staff ³	15
Ratings Risk Review	8
Criteria and Model Validation	8
Analytical In-Business Controls	7
Total	61

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

Analytical Management	31
General Management	2
Total	33

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

² Other Divisional consists of Analysts in the graduate trainee programme.

³ For the purpose of this Transparency Report, “Criteria Staff” comprises Criteria Development, Criteria Owners, and Criteria Advisors.

4.	RECORD-KEEPING POLICY
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SPGRE applies policies and procedures in relation to documentation⁴ covering all aspects of its business, in particular, all information created, received or in the possession or control of anyone working at or for SPGRE. 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.

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

The heads of 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.

⁴ 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 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

The audit report was issued on 8 January 2019 and, as a result of the observations made by IA, the 2018 EMEA Compliance Function received an overall rating of Satisfactory.

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

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

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

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

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

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

Other EU-based staff in Global leadership roles include Andreas Kindahl, Lead Analytical Manager for Global Infrastructure Ratings (based in Stockholm and reporting to Susan Gray); Katrien van Acoleyen, Head of Structured Finance, Methodologies (based in London and reporting to Jim Wiemken); Agnès de Pétigny, Head of In-Business Controls, Methodologies (based in Paris and reporting to Jim Wiemken); Andrea Quirk, head of Governments, Methodologies (based in London and reporting to Jim Wiemken); and Emmanuel Dubois-Pelerin, based in Paris, who is EMEA Regional Review Officer, reporting to Susan Barnes, Global Ratings Review Officer, (based in New York).

Analyst Rotation Policy

SPGRE applies the Analyst Rotation Policy, which sets out the standards applicable 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:

- Primary Analysts (a) must not be involved in Rating Activities⁵ 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.
- 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 refers to the activity of voting in the relevant Rating Committees and attending the regular routine management meetings.
- Rating Committee chairpersons – the individuals who approve the Rating Decision or determination of the Rating Committee with respect to an Issuer (a) must not be involved in Rating Activities for that Issuer for a period exceeding seven years and (b) must wait for at least two years before being involved again in any Rating Activities for that Issuer.
- 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.

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.

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

7.	FINANCIAL INFORMATION
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REVENUE RESULTS FOR 2018 (UNAUDITED) (local currency in thousands)

	Credit Rating Activity	Non-Credit Rating Activity	Total Revenue
SPGRE (in EUR)	247,822	2,063	249,885
SPCMSE (in GBP)	181,652	1,197	182,849
SPGRF (in EUR)	66,277	130	66,406
SPGRI (in EUR)	5,744	164	5,907
Corporate Non Financials	Credit Rating Activity	Non-Credit Rating Activity	Total Revenue
SPGRE (in EUR)	148,432	302	148,735
SPCMSE (in GBP)	106,707	109	106,816
SPGRF (in EUR)	46,693	0	46,693
SPGRI (in EUR)	3,343	0	3,343
Corporate Financials	Credit Rating Activity	Non-Credit Rating Activity	Total Revenue
SPGRE (in EUR)	59,037	794	59,831
SPCMSE (in GBP)	39,339	642	39,981
SPGRF (in EUR)	13,903	130	14,033
SPGRI (in EUR)	1,844	0	1,844
Sovereign/Public Finance	Credit Rating Activity	Non-Credit Rating Activity	Total Revenue
SPGRE (in EUR)	14,724	47	14,771
SPCMSE (in GBP)	13,980	0	13,980
SPGRF (in EUR)	2,318	0	2,318
SPGRI (in EUR)	110	0	110
Structured Finance	Credit Rating Activity	Non-Credit Rating Activity	Total Revenue
SPGRE (in EUR)	25,628	920	26,548
SPCMSE (in GBP)	21,627	446	22,072
SPGRF (in EUR)	3,362	0	3,362
SPGRI (in EUR)	447	164	610
	EU	Rest of World	Total Revenue
SPGRE (in EUR)	210,753	39,132	249,885
SPCMSE (in GBP)	148,663	34,185	182,849
SPGRF (in EUR)	64,047	2,359	66,406
SPGRI (in EUR)	5,907	0	5,907

8.	GOVERNANCE STATEMENTS
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Corporate governance practices

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

The broad objective and duties of the board of directors of SPGRE is to ensure through sound administration and process (among other measures) the proper, lawful, ethical, professional and sustainable management of SPGRE and all its activities (including those of its branches in Dubai (United Arab Emirates), France, Germany, Italy, the Kingdom of Saudi Arabia, Poland, the Republic of South Africa, Russia, Spain and Sweden and the United Kingdom) consistent with the requirements of the Act and (to the extent they do not conflict with applicable laws and regulations), the S&P Global Code of Business Ethics ("COBE") and 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 administrative and management function of SPGRE is carried out by the board of directors which, in conjunction with senior management of SPGRE, is tasked by Annex I Section A of the EU CRA Regulation to ensure that SPGRE and its activities are managed so that:

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

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

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

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

⁶ Adopted in March 2019

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

Matsack Trust Limited, the company secretary of SPGRE 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.

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.

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

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

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

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

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

Thierry Sciard – non-executive independent board member. Non-Executive Director at VTB Capital plc, VTB Holdco and Mizuho International 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.

The appointments of the independent non-executive directors are not renewable and expire on 29 December 2019, in case of Mr. Strubel, and 30 June 2020, in case of Mr. Sciard.

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

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

Direct and indirect shareholdings

SPGRE is a wholly-owned subsidiary of SPGEHL, a Luxembourg-incorporated company which is a wholly-owned subsidiary of S&P Global Holdings Luxembourg S.à r.l (“SPGHL”), which is also a

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

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

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

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

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

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

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

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

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

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

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

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

Annex – Glossary of terms used

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

“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 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.

“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 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.