

**HONG KONG ANNUAL  
TRANSPARENCY REPORT**

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***S&P Global Ratings Hong Kong  
Limited***

*April 30, 2020*

## **S&P GLOBAL RATINGS HONG KONG LIMITED – ANNUAL TRANSPARENCY REPORT**

This Annual Transparency Report is made available pursuant to the Securities and Futures Commission Code of Conduct for Persons Providing Credit Rating Services, paragraph 71. It provides information on the operations of S&P Global Ratings in Hong Kong. S&P Global Ratings operates in Hong Kong through S&P Global Ratings Hong Kong Limited (Central Entity Number AXG916) (“S&PHKL”). The Credit Rating Activities of S&P Global Ratings are conducted globally through various affiliated entities<sup>1</sup> that operate in accordance with policies and procedures and Criteria that are generally globally applicable. S&P Global Ratings has a globally integrated operating structure.

This Annual 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 of the affiliated entities outside of Hong Kong through which S&P Global Ratings conducts its Credit Rating Activities.

A glossary is provided in the Annex. Information provided in this Annual Transparency Report is current as of April 30, 2020.

Further information on S&P Global Ratings can be found at <http://www.standardandpoors.com/home/en/ap> as well as on “Understanding Ratings”, which is available on a web page information and education resource for investors that can be found at <http://www.understandingratings.com>.

Further information disclosed in accordance with the Securities and Futures Commission Code of Conduct for Persons Providing Credit Rating Services can be found at <http://www.standardandpoors.com>.

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<sup>1</sup> The affiliated entities are all direct or indirect subsidiaries, branches or divisions of S&P Global Inc., a company incorporated in the State of New York, United States of America and publicly listed on the New York Stock Exchange.

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# 1. A DESCRIPTION OF THE INTERNAL CONTROL MECHANISMS

## Overview

Applicable Hong Kong Regulatory Requirements require credit rating agencies, such as S&P Global Ratings, to establish, maintain, enforce, and document an effective internal control structure governing implementation of and adherence to policies, procedures, and methodologies for determining Credit Ratings as well as Ancillary and Other Services.

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

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

In addition, risk management and the internal control structure at S&P Global Ratings ensure that S&P Global Ratings complies with laws and regulations that govern credit rating agencies, including establishing, maintaining, enforcing and documenting an effective internal control structure that governs the implementation of and adherence to policies, procedures, and methodologies for determining Credit Ratings. The internal control structure is intended to provide S&P Global Ratings' executive management and its applicable boards of directors ("Boards") with reasonable assurance that S&P Global Ratings and its Employees are in compliance with laws, regulatory requirements, and internal policies and procedures.

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

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

internal control structure will be addressed and provides periodic updates on the progress of remediation efforts.

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

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

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

### **Description of Control Functions**

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

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

### **In-Business Control**

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

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

IBC reports to the Chief Operating Officer and comprises the following groups:

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

## **Compliance and Control Department**

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

### Compliance Function Structure and Responsibilities

The Compliance function’s structure and approach are grounded in three pillars:

- **Advisory:** Day-to-day advice, formal and ad hoc training, live chaperone interactions, policy violation investigations and discipline, advising on policy and reporting metrics, conducted by Covering Compliance Officers.
- **Regulatory:** Maintaining and managing regulatory relationships and interactions, exam management and coordination, regulatory filings, regulatory remediation oversight, and regulatory reporting, conducted by the Covering Compliance teams, Exam Management Team and Regulatory Coordination Team.
- **Monitoring:** Periodic and dynamic compliance examinations, continuous and periodic monitoring, surveillance, controls, and metrics reporting, conducted by the Control Room/Surveillance and Compliance Exams/Monitoring teams.

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

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

- Global Matrix Office

The primary responsibilities of each group are as follows:

#### Covering Compliance

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

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

The Chief Compliance Officer for Asia Pacific (“CCO Asia Pacific”) is based in Hong Kong and reports to the GRCO. The CCO Asia Pacific manages the Compliance function across the Asia Pacific region. In addition to the CCO Asia Pacific, there are a total of nine compliance professionals based in Australia, China, Hong Kong, Japan, and Singapore. They are responsible for supervision and monitoring of compliance with applicable laws and regulations as well as internal policies and procedures. Asia Pacific Compliance Officers receive additional global Compliance support.

#### Compliance Examination

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

#### Global Control Room

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

To help S&P Global Ratings prevent commercial conflicts from tainting the integrity of the analytical process, the Control Room provides chaperones for communications between Employees in Analytical and Commercial Roles. Chaperoning ensures that such communications proceed in compliance with requirements set forth in applicable policies. In the area of protection of information, the team is responsible for maintaining insider lists, responding to regulatory and

Issuer requests for information on S&P Global Ratings insiders and monitoring access to work-in-progress documents. As part of its monitoring and surveillance function, the team administers S&P Global Ratings' electronic Communications surveillance program.

#### Global Regulatory Coordination

The Global Regulatory Coordination team ensures coordination and consistency across regions and facilitates remediation activities stemming from findings and recommendations from regulatory agencies. The team validates completion of regulatory remediation efforts and reports regulatory updates to senior management. The Global Regulatory Coordination team is also responsible for regulatory reporting. The team delivers reports to regulators and manages required regulatory disclosures on [standardandpoors.com](http://standardandpoors.com), while ensuring that regulatory registration and reporting obligations are accurate, complete and timely.

#### Global Matrix Office

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

#### Risk and Internal Control Function Structure and Responsibilities

The Risk and Internal Control Function is a second line of defense function that provides oversight, coordination and reporting in support of S&P Global Ratings risk management and internal control structure. The Risk and Internal Control Function works closely with In-Business Control to ensure that each department has defined and documented appropriate internal controls in policies, procedures and standard work within their respective departments. The Risk and Internal Control Function ensures that each department appropriately identifies, assesses and monitors risk, including evaluation of the effectiveness of their internal controls through monitoring and testing. Activities to mitigate risk, including the remediation of internal control deficiencies, are monitored by the Risk and Internal Control Function to ensure appropriate actions are taken on a timely basis.

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

#### Criteria and Model Validation Function Structure and Responsibilities

The Validation function consists of the Criteria Validation Group, the Model Validation Group and Validation Operations. The Criteria Validation Group ("CVG") is responsible for independently

performing ex-ante validation to assess proposed new and materially changed Criteria. CVG is also responsible for conducting periodic Criteria reviews.

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

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

- Results of sector and targeted reviews and monitoring activities;
- Overall assessments and trends by assessment point and Analytical practice;
- Status of management action plans; and
- Status of reviews against the annual review plan.

RRR also presents periodically to the Boards 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 Analytical practices. These “Practice Area Updates” are presentations that typically cover the same topics as are referenced above.

## **SPGI Internal Audit**

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

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

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

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

The 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. IA reports the results of audits, including the status of audit tracking to the SPGI Audit Committee and the Boards.

## 2. RECORDKEEPING AND RETENTION POLICY

S&P Global Ratings has implemented globally applicable policies and procedures in relation to documentation covering all aspects of its business, in particular, all information created, received or in the possession or control of anyone working at or for S&PHKL. 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 S&PHKL are subject to applicable retention periods, and they 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 S&PHKL 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 regulations applicable to S&PHKL; and
- f. Copies of internal and external Communications, including electronic Communications, received and sent by S&PHKL and its Employees that relate to Credit Rating Activities.

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

S&PHKL personnel retain designated Records for at least seven years after the Records are made or received in relation to Credit Rating Activities, Ancillary Services and Other Services.

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

### **3. A DESCRIPTION OF MANAGEMENT**

Christopher Lee, who is a Director S&PHKL, serves as the Manager-In-Charge for Overall Management Oversight. Christopher and Ryan Tsang are S&PHKL's Executive Director, Managers-In-Charge for the Key Business Line and Responsible Officer.

As part of its global operating structure, staff of S&P Global Ratings reports along functional lines.

Besides Christopher and Ryan, S&PHKL currently has five other Responsible Officers: Hong Taik Chung, Andy Liu, Lawrence Lu, Terry Sham, and Christopher Yip. Together, they oversee and manage Credit Rating Activities, Ancillary Services or Other Services of S&PHKL.

## 4. ANALYST ROTATION POLICY

S&PHKL applies the *Analyst Rotation Policy*, which sets out the standards applicable in the Hong Kong office and elsewhere on the rotation of Analysts.

To meet Hong Kong Regulatory Requirements and in order to implement required periodic rotation and cooling-off periods, the following approaches have been established:

- Three Analytical Roles, defined below for this Analyst Rotation Policy (**Rotation Analytical Roles**), in relation to Analyst rotation apply to global scale Credit Ratings. The Rotation Analytical Roles of Other Rating Analyst and Rotation Rating Committee Chairperson are effective on a prospective basis as of January 1, 2019.
  - Rotation Primary Analyst: The Analyst who is responsible for the Rating Recommendation and for communicating with the Rated Entity, SF Issuer, and/or SF Related Third Party in the same Asset Class with respect to a particular Credit Rating. The Annual Review presenting Analyst is included in this definition. The maximum permitted assignment period (rotation period) for an Analyst in this role is five years (60 months).
  - Other Rating Analyst: Any Analyst who has attended the most recent management meeting with a Rated Entity and votes in a Rating Committee within 12 subsequent months following the date of the management meeting. The Other Rating Analyst role is only applicable when management meetings take place. The maximum permitted assignment period (rotation period) for an Analyst in this role is seven years (84 months).
  - Rotation Rating Committee Chairperson: The Rating Committee Chairperson of the Rating Committee at which the Credit Rating for the Rated Entity or Issue was decided or the Annual Review sign-off Analyst. The maximum permitted assignment period (rotation limit) for an Analyst in this role is nine years (108 months).
  
- With respect to the rotation procedures applicable to the SF Practice Area:
  - an “Asset Class” is a collateral type within a regional Practice Area such as U.S. ABS, U.S. CLO, EMEA ABS, U.S. Residential Mortgages, or APAC CMBS.
  - an “SF Issuer” is an entity that issues debt or equity securities (i.e. the special purpose entity), their Employees and agents acting on its behalf, and its SF Related Third Parties.
  - an “SF Related Third Party” is any arranger, any underwriter, any sponsor of a security or money market instrument or any other financial firm acting, for example, as collateral manager, derivative counterparty, or originator of the assets backing the security, with whom the Primary Analyst has had an SF Analytical Interaction with respect to the applicable Credit Rating Action.
  - an “SF Analytical Interaction” is a verbal or written analytical communication made, or meeting attended, by a Rotation Primary Analyst with an SF Issuer, when such communication relates to Credit Ratings. It excludes any of the following types of interaction by a Rotation Primary Analyst: administrative contact, data gathering and information receipt, or general research including on the related market sector.

- The rotation requirements set forth above for SF Rotation Primary Analysts only relate to a given SF Related Third Party when the Rotation Primary Analyst has an SF Analytical Interaction with that SF Related Third Party in the course of executing his or her primary responsibilities of (i) determining a Rating Recommendation, (ii) presenting a Rating Recommendation to a Rating Committee, or (iii) communicating with respect to a specific Credit Rating Action.
- If a Rotation Primary Analyst does not have an SF Analytical Interaction with a given SF Related Third Party, the rotation requirements set forth in these procedures are not applicable with respect to that SF Related Third Party until an SF Analytical Interaction has taken place with that SF Related Third Party.
- After having served the maximum period in any of the Rotation Analytical Roles set forth above, the Analyst is required to cool-off in relation to a specific Rated Entity, SF Issuer, or SF Related Third Party for a continuous period of 12 months (the “cool-off period”). During the cool-off period the Analyst shall not:
  - Serve as Rotation Primary Analyst, Voting Analyst, Rotation Rating Committee Chairperson, or Other Rating Analyst for the Rated Entity or SF Issuer;
  - Serve as Rotation Primary Analyst for a transaction that contains the SF Related Third Party in the same Asset Class (only applicable to Rotation Primary Analysts in the Structured Finance Practice Area); or
  - Engage in an SF Analytical Interaction with the SF Related Third Party in the same Asset Class (only applicable to Rotation Primary Analysts in the Structured Finance Practice Area).
- Once a continuous one-year (12 continuous months) cool-off period has been completed an Analyst may be re-assigned any Rotation Analytical Role in relation to the Rated Entity, SF Issuer, and SF Related Third Party.

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

Each Practice Area is responsible for assigning Analysts to perform Credit Ratings Activities in a manner that adheres to the Analyst Rotation Policy, its related guidelines and the Regulatory Requirements set out in the Securities and Futures Commission Code of Conduct for Persons Providing Credit Rating Services, paragraph 14.

## 5. GLOSSARY OF TERMS

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1. **“Affiliate of S&P Global Ratings”**: any Associated Person
2. **“Analyst”**: an Employee who is directly involved in S&P Global Ratings Activities, but not part of the Criteria organization or the Compliance or Legal Departments.
3. **“Analytical Employee”**: all Employees in an Analytical Role.
4. **“Analytical Manager” or “AM”**: 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.
5. **“Analytical Role”**: the role of an Employee when acting as an Analyst or in a Criteria Function. Examples include Analysts and Analytical Managers.
6. **“Ancillary Service”**: a product or service that S&P Global Ratings provides or sells that is not a Credit Rating or Credit Ratings 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.
7. **“Approved Document Repository”**: the methods approved by S&P Global Ratings for saving and storing documents. A list of Approved Document Repositories is maintained by the Documentation Governance Council, which also approves any changes to the list. The Approved Document Repository list does not include data repositories, which are managed separately.
8. **“Arranger”**: for purposes the Secure Website Policy – SEC Rule 17g-5, an Issuer, sponsor or underwriter.
9. **“Associated Person”**: S&P Global Inc., any entity (including S&P Global Ratings) that is under the direct or indirect control of S&P Global Inc., and any of their respective partners, directors, officers, branch managers and employees (and persons occupying a similar status or performing similar functions).
10. **“Associated Role”**: the role of an Employee when acting in a role other than an Analytical Role, a Control Role, a Commercial Role, or a General Management Role.
11. **“Business Contact”**: an Issuer or any other third party with whom S&P Global Ratings does business. With respect to a particular Employee, a Business Contact does not include strictly personal and familial relationships that are social in nature and with whom the Employee does not interact in connection with his or her duties as an Employee.
12. **“Business Entertainment”**: any form of entertainment where (a) the person providing the entertainment is present and (b) business will be discussed. Examples include: meals, recreational, social, sporting, theatrical, or musical events. Business Entertainment does not include light refreshments incidental to routine business interactions such as business meetings that have an aggregate value of no more than US \$25 or its local equivalent (or 3000 yen for activities subject to Japanese jurisdiction). For these purposes, entertainment where the person providing the entertainment is not present is a Gift.

13. **“Business Records”**: see the Recordkeeping & Retention Policy and may be known as “Official Business Records” or “OBRs”.
14. **“CRA”**: Credit Rating Agency
15. **“Commercial Activities”**: Sales or Marketing Activities.
16. **“Commercial Employee”**: any Employee in a Commercial Role.
17. **“Commercial Role”**: the role of an Employee when engaging in Sales or Marketing Activities.
18. **“Communication”**: includes any communication, whether verbal or non-verbal, via any means, whether in person, in writing, by telephone, by email, by social media, through a third party, or otherwise.
19. **“Complaint”**: any Communication received by S&P Global Ratings that contains specific allegations, irrespective of whether the conduct is intentional or negligent, regarding one or more of the following:
  1. Expressing dissatisfaction with the performance of an Analyst in the process of initiating, determining, maintaining, monitoring, changing, or withdrawing a Credit Rating.
  2. Expressing dissatisfaction with a Credit Rating, Models or Methodologies
  3. Alleging a violation, by S&P Global Ratings and/or its Employees of securities laws, regulations, or policies and procedures adopted by S&P Global Ratings.

For more detail regarding Communications classified as Complaints, please see the Complaint Policy.

20. **“Confidential Credit Rating”**: a Credit Rating that is not made public by S&P Global Ratings and is not intended to be disclosed by the party requesting the Credit Rating to any other party other than advisors bound by appropriate confidentiality obligations or as otherwise required by law or regulation or for regulatory purposes.
21. **“Confidential for Internal Purposes or “CIP Credit Rating”**: a Credit Rating that is used solely for internal purposes as a component of another Credit Rating, and is not made public or disseminated outside of S&P Global Ratings.
22. **“Confidential Information”**: any of the following types of information: (a) Issuer Confidential Information; (b) S&P Global Ratings Confidential Information; and (c) Other Confidential Information.
23. **“Control Role”**: the role of an Employee in a Compliance & Controls (excluding however Criteria and Model Validation) or Ratings Risk Review function.
24. **“Covered Model”**: a Model that is subject to the Methodology Policy and SOP and classified as a Ratings Model, Criteria Model, Market Intelligence Model or S&P Global Ratings External Model, collectively referred to as Covered Models.
25. **“Credit Rating”**: a forward looking opinion about the creditworthiness of an Issuer, an Issue, a specific class of an Issue, or a specific financial program, issued using S&P Global Ratings

established and defined symbology. A Rating Outlook is not a Credit Rating but is subject to the same S&P Global Ratings policies and procedures applicable to a Credit Rating.

26. **“Credit Rating Action”**: an initial Credit Rating, change to an existing Credit Rating, affirmation of an existing Credit Rating, withdrawal or suspension of an existing Credit Rating, or CreditWatch action, in each case as and when such action is Released. Credit Rating Action does not include a Rating Agency Confirmation (RAC).
27. **“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, or of Guidance Documents.

Examples include:

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

In addition Credit Rating Activities also include:

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

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

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

28. **“Credit Rating Rationale” or “Rationale”**: the written explanation associated with a Credit Rating(s) that explains the principal basis for the Credit Rating(s), regardless of whether it is published. A Credit Rating Rationale may support more than one Credit Rating (e.g., in the case of Linked Rating Actions).
29. **“CreditWatch”**: see S&P Global Ratings Definitions as published on the Free Website.

30. **“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 recognizes 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 rating determinations.
31. **“Criteria Function”**: the role of an Employee when acting as a member of the Methodologies Group or Criteria and Model Validation Groups.
32. **“Criteria Model”**: a complex Model that is based on advanced economic, financial, mathematical, or statistical methodologies used in the development of Criteria.
33. **“Criteria Subject Matter Expert” or “CSME”**: A member of the Methodologies Group with relevant Criteria expertise.
34. **“DCO”**: the designated compliance officer for the purposes of the U.S. Securities Exchange Act of 1934 and rules thereunder that are applicable to a Nationally Recognized Statistical Rating Organization and the designated compliance officer for the purposes of Canadian National Instrument 25-101 relating to designated rating organizations.
35. **“Document” or “Record”**: information recorded in any form, including electronic or paper form, used by S&P Global Ratings to perform business functions. Documents or Records include, but are not limited to, Documents created using computer desktop or corporate applications, e-mails, faxes, instant messages, journals, diaries, calendars, planners, notes, photographs, audio files, voice mails, video files, images, microfilm, hard copy, and any other electronically stored information. The terms Document and Record may be used interchangeably. For example, e-mails are considered both Documents and Records.
36. **“Employee”**: any S&P Global Ratings personnel or any other natural person, whose services are placed at the disposal or under the control of S&P Global Ratings.
37. **“External Written Comments”**: comments received in writing from market participants on proposed Criteria, including proposed material changes to Criteria, as well as in-use Criteria, through the opportunity provided on the Free Website.
38. **“Free Website”**: S&P Global Ratings websites that are provided with free access for a variety of regions and languages for regulatory disclosures including its public Credit Ratings and related information.
39. **“General Management Role” or “GM”**: the role of an Employee when engaging in the management of S&P Global Ratings’ business and operational activities. Examples include:
  - managing the business and coordinating the operations of a unit including overseeing quality, human resources and policy compliance; participating in marketplace outreach; establishing marketing and business strategy for the unit and making decisions with

respect to product development;

- overseeing the analytical operations without participating in the evaluation, approval, issuance, or review of any specific Credit Rating Action; and
- budgeting and managing revenues, profits, expenses, and other financial targets, including establishing general fee structures, together with Commercial Employees.

40. **“Gifts”**: goods and services of monetary value, including but not limited to, cash or cash equivalents (such as gift certificates or cards), as well as things with no clear monetary value that benefit the recipient, such as a favor. For these purposes, entertainment where the person who provides the entertainment is not present or where the entertainment does not involve the discussion of business matters is a Gift. Gifts do not include: (a) items incidental to routine business interactions such as items provided at business meetings (e.g., note pads and pens) that have an aggregate value of no more than US \$25 or its local equivalent (or 3000 yen for activities subject to Japanese jurisdiction), (b) Promotional Items (e.g., logo branded items), including complimentary passes to conferences, rewards for submitting surveys, and prizes provided by S&P Global Ratings, S&P Dow Jones Indices, and S&P Global Market Intelligence for random drawings, raffles, or contests offered broadly and where permitted by law, or (c) promotional or other items of *de minimis* value (i.e., no more than US\$10 or its local equivalent) received in the normal course of business (and in Japan, offered generally for free).
41. **“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.
42. **“Immediate Family”**:(a) an Employee’s spouse, domestic partner, or equivalent or an Employee’s dependent child or stepchild regardless of residence; (b) an Employee’s relative, whether or not that person is dependent on the Employee (e.g., grandchild, parent, stepparent, grandparent, sibling, mother- or father-in-law, sister- or brother-in-law, and son- or daughter-in-law, including adoptive and guardian relationships) who has shared the same household as the Employee for at least one year immediately preceding the date that the household member engages in the applicable activity; and (c) any legal entity (including a trust or partnership) directly or indirectly managed or controlled by, established for the benefit of, or whose economic interests are substantially equivalent to, either an Employee or a person listed above in items (a) or (b). For these purposes, the terms “dependent”, “domestic partner,” and “adoptive or guardian relationship” are defined by the national law where the Employee works.
43. **“Issue”**: a debt or financial obligation, debt security, preferred share or other financial instrument (including a money market instrument).
44. **“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.

45. **“Issuer Confidential Information”**: verbal or written information from an Issuer or its agents or advisors that S&P Global Ratings has agreed to keep confidential, whether temporarily, such as during the rating process until a rating is published, or indefinitely.

46. **“Linked Rating Action”**: means a Credit Rating Action that is derived either in whole or part from another Credit Rating Action.

The most common Linked Rating Actions issued by S&P Global Ratings include:

- i. A Credit Rating of an Issue, that in turn is dependent upon an outstanding Issuer Credit Rating (ICR) (e.g., a Government Related Entity);
- ii. A Credit Rating of an Issue that is dependent upon an outstanding Credit Rating of a credit enhancement provider (e.g., a Letter or Credit or bond insurance);
- iii. A Credit Rating of an Issue that is dependent upon the outstanding Credit Rating of a different Issue (e.g., a repackaged single-name synthetic security);
- iv. A Credit Rating of an Issuer that is dependent upon the outstanding Credit Rating of a different Issuer (e.g., a swap or guaranteed investment contract provider);
- v. A Credit Rating of a new issuance by a rated Issuer when such issuance conforms to prior rated issuances, is consistent with the Issuer’s current financial plans as considered by the original Rating Committee, and for which no new information is present to warrant a rating committee review; and
- vi. A Credit Rating of a new issuance by a rated Issuer pursuant to an established financing plan (e.g., a Medium Term Note program).

47. **“Market Intelligence Model”**: a Model that is used by Analysts to prioritize credits for review, but is not a Ratings Model.

48. **“Material Non-Public Information” or “MNPI”**: Shall mean all non-public information that a reasonable investor would likely consider important in making an investment decision or non-public information that is reasonably likely to affect the market price of a Security when it is publicly disclosed. Information is non-public if it has not been disseminated to the public in a manner reasonably designed to provide broad distribution, such as a required or voluntary filing with a government agency or regulatory body, a publication of general circulation, or a press release issued by an issuer or client. Material Non-Public Information can be positive or negative and may involve events with contingencies.

49. **“Methodologies”**: S&P Global Ratings considers Criteria to be its methodologies.

50. **“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

51. **“Model Repository”**: the database of record for all Covered Models and their related files and documents.
52. **“NRSRO”**: Nationally Recognized Statistical Rating Organization
53. **“Other Confidential Information”**: any information, other than Issuer Confidential Information and S&P Global Ratings Confidential Information, obtained from any source that an Employee believes is intended to be confidential.
54. **“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.
55. **“Outlook: see “Rating Outlook”**
56. **“Outsourced Activity”**: Credit Ratings Activities or Regulatory Requirements, or responsibilities of S&P Global Ratings that are performed by a Service Provider that S&P Global Ratings’ internal staff or management could have performed.
57. **“Practice Area”**: a group within a Business Unit that is responsible for a particular type of credit sector and/or geographic area. For example, North American Utilities and Infrastructure, EMEA Asset Backed Securities, APAC Financial Institutions, etc.
58. **“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 E.U. regulations and Japanese regulations. Individuals not eligible to be a Primary Analyst are: (i) CRISIL GAC Analysts, and (ii) Employees in analytical support roles located in New York office such as Rating Analyst and Rating Specialist.
59. **“Private Credit Rating”**: a Credit Rating that is not made public and is not intended to be disclosed to any party, other than a limited number of third parties identified by the party requesting the Credit Rating and (A) professional advisers who are bound by appropriate confidentiality obligations, (B) as required by law or regulation or for regulatory purposes or (C) subject to certain conditions, for the purpose of preparing required periodic reports relating to the assets owned by a special purpose vehicle that has purchased the rated securities. In certain jurisdictions, S&P Global Ratings may limit the availability of Private Credit Ratings to certain Issue sizes, a set number of recipients, or as otherwise prescribed by regulation.
60. **“Publications”**: items of information in any written form created by S&P Global Ratings and distributed to the public on a Free Website or other broad distribution platform whether or not owned by Standard & Poor’s Financial Services, LLC. Publications do not include communications between Employees and third parties that are intended to be private. Publications ordinarily do not include Confidential or Private Credit Ratings and their related Credit Rating Rationales unless S&P Global Ratings distributes such items to the public in error.
61. **“Rated Entity”**: an entity whose creditworthiness is assessed in a Credit Rating.
62. **“Rating Committee”**: the committee that determines a Credit Rating.

63. **“Rating Committee Chairperson”**: the Analyst whose role is to oversee the Rating Committee, including the process for arriving at a Rating Decision and approve the Rating Decision as determined by the Rating Committee.
64. **“Rating Decision”**: a Credit Rating that is determined by a Rating Committee prior to its Release.
65. **“Rating Outlook” or “Outlook”**: an assessment as to the potential direction of a long-term Credit Rating over the intermediate term (typically six months to two years). In determining a Rating Outlook, consideration is given to any changes in economic and/or fundamental business conditions. A Rating Outlook is not necessarily a precursor of a rating change or future CreditWatch action. 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.
66. **“Ratings Model”**: a Model that is used in the process of determining a Credit Rating.
67. **“Ratings Transparency and Educational Objectives”**: include:
- increasing the transparency of S&P Global Ratings’ Credit Rating Activities in order to promote marketplace understanding of Credit Rating Activities and competition among CRAs on the basis of the substance and quality of their Credit Ratings and the Criteria they use, and
  - helping actual or prospective Issuers and other persons (internal or external) better understand S&P Global Ratings’ Credit Ratings and Criteria.
68. **“Recommendation”**: any statement, oral or written, direct or indirect, that suggests to an Issuer (a) how it should arrange a corporate or legal structure, (b) how it should manage or structure its assets, liabilities or activities in connection with a Credit Rating, or (c) how it should design or structure a structured finance instrument.
69. **“Record”** See **“Document”**.
70. **“Regulatory Commitments”**: S&P Global Ratings Regulatory Requirements and Regulatory Expectations.
71. **“Regulatory Requirements”**: the requirements set forth in the statutes, regulations, and rules that are applicable to S&P Global Ratings in various jurisdictions.
72. **“Related Third Party”**: the arranger, obligor, originator, servicer, sponsor, underwriter, or any other party that interacts with S&P Global Ratings on behalf of a Rated Entity, including any person directly or indirectly linked to that Rated Entity by control.
73. **“Retention Schedule” or “Record Retention Schedule” or “RRS”**: refers to the S&P Global Record Retention Schedule, which identifies Records and Documents that must be retained and their required retention periods.
74. **“S&P Global Ratings”**: S&P Global Ratings, as registered with the SEC as an NRSRO.
75. **“S&P Global Ratings Confidential Information”**:
- i. A Rating Recommendation, Rating Decision, and unpublished versions of (a) Credit Rating Actions, (b) Criteria, (c) Guidance Documents, (d) opinions and (e) estimates, and
  - ii. related unpublished analysis, reports and press releases created by S&P Global Ratings. S&P Global Ratings Confidential Information also includes unpublished information

concerning the committee process and the timing of potential ratings actions or ratings-related announcements.

76. **“S&P Global Ratings External Model”**: a Model that S&P Global Ratings disseminates externally to generally facilitate the understanding of the factors that influence our Credit Ratings.
77. **“S&P Global Ratings Model Inventory”**: a list of the Covered Models residing in the Model Repository.
78. **“Sales or Marketing Activities”**: activities that are directed at increasing, improving, maintaining, obtaining, securing or defending the sales, revenues, marketing, business development, market share or market position of S&P Global Ratings, any Affiliate of S&P Global Ratings, or any of their respective products or services, including, without limitation, all efforts to solicit business from, or “pitch” products or services to, an Issuer or prospective Issuer, any other efforts directed at selling or marketing the products or services of S&P Global Ratings or any Affiliate of S&P Global Ratings to existing or prospective clients, and soliciting, negotiating, discussing, or arranging for the establishment, payment or collection of fees for any product or service of S&P Global Ratings or any Affiliate of S&P Global Ratings. Sales or Marketing Activities do not include Credit Rating Activities or activities aimed at Ratings Transparency and Educational Objectives or at increasing the quality, efficiency and/or timeliness of Credit Rating Activities.
79. **“Sales or Marketing Considerations”**: include any consideration, concern, communication, plan, goal or objective relating to or directed at Sales or Marketing Activities.
80. **“Security”**: any stock, note, bond, debenture, limited partnership interest, limited liability company interest, an investment contract, an obligation issued by or an interest in a vehicle which purchases and pools investments in other securities (such as a mutual fund, an exchange traded fund (ETF), hedge fund, or venture capital fund), or other financial instrument commonly known as a security, including securities issued globally, and American Depositary Receipts (ADRs). It also includes any put or call options, futures contracts, or any other derivative instruments related to securities.
81. **“Service Provider”**: a person or entity that performs an Outsourced Activity on behalf of S&P Global Ratings.
82. **“Solicited Credit Rating”**: Credit Ratings, other than Confidential for Internal Purposes Credit Ratings, assigned by S&P Global Ratings at the request of the Issuer. A Credit Rating will be considered to be at the request of the Issuer if (a) there is an agreement with the Issuer or its agent for the provision of the Credit Rating (or an agreement does not specifically identify the Credit Rating but indicates S&P Global Ratings expects to rate the Issuer’s obligations in the future, unless the Issuer has confirmed to S&P Global Ratings in writing that it does not wish the obligation to be rated) or (b) the Issuer pays for the Credit Rating. Solicited Credit Ratings do not include Credit Ratings that were initially requested by the Issuer but, while still maintained by S&P Global Ratings, are no longer requested by the Issuer as demonstrated by the fact that S&P Global Ratings no longer receives payment from the Issuer for these Credit Ratings.
83. **“Transitory Information”**: see the Recordkeeping & Retention Policy.
84. **“Under Criteria Observation” or “UCO”**: an identifier that may (or shall, if an EU regulatory requirement) be assigned to Credit Ratings under review as a result of a Criteria

revision. The addition of the UCO identifier to a Credit Rating does not change that Credit Rating's definition or S&P Global Ratings' opinion about the Issue's or Issuer's creditworthiness.

- 85. **“Unsolicited Credit Rating”**: Credit Ratings, other than Confidential for Internal Purposes Credit Ratings, that are not Solicited Credit Ratings.
- 86. **“Voting Analyst”**: an Analyst who has been approved by an Analytical Manager or his or her designee to vote in a Rating Committee. A CRISIL GAC Analyst or a member of the New York Newspaper Guild is not eligible to be a Voting Analyst.
- 87. **“Work-in-Progress Information”**: see the Recordkeeping & Retention Policy.