

## EXECUTIVE SUMMARY

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<b>Objective:</b>	To establish procedures for the receipt, retention and treatment of (i) complaints regarding credit ratings, models, methodologies and compliance with applicable laws and policies and procedures developed under regulatory requirements and (ii) confidential, anonymous complaints by employees or users of credit ratings.
<b>Application:</b>	All Fitch Ratings, Inc. (“Fitch Ratings”) Employees
<b>Date:</b>	15 September 2020
<b>Version:</b>	Version 12
<b>Replaces:</b>	Bulletin 25: <i>Complaint Handling</i> , Version 11.1

## 1 OVERVIEW

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This policy outlines procedures for the receipt, retention and treatment of (i) complaints regarding credit ratings, models, methodologies and compliance with applicable laws and policies and procedures developed under regulatory requirements and (ii) confidential, anonymous complaints by employees or users of credit ratings.

Employees are reminded that they have the right to report suspected violations of federal law or regulation directly to any governmental agency or entity. They do not need the prior authorization from Fitch Ratings and they are not required to notify Fitch Ratings that they have made any report or disclosure to a governmental agency or entity.

## 2 DEFINITIONS

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“**Analytical Complaint**” is a Complaint regarding (i) credit ratings, models or methodologies and/or (ii) Other Products.

“**Assistant Investigator**” means a person or persons who assist the Investigator in investigating the Complaint. The Investigator may appoint one or more Assistant Investigators at his or her discretion. An Assistant Investigator may not be a subject of the Complaint nor be a member of the group that is the subject of the Complaint.

“**Conduct Complaint**” is a Complaint regarding compliance with applicable laws or any of Fitch Ratings’ policies and procedures developed to comply with applicable laws.

“**Complaint**” means an expression of dissatisfaction received by Fitch Ratings from any source (including an employee) that contains an allegation of a specific breach or failure by Fitch Ratings regarding (i) credit ratings, models, methodologies (ii) Other Products and/or (iii) compliance with applicable laws or any of Fitch Ratings’ policies and procedures developed to comply with applicable laws. Matters that are being addressed as part of either the internal or external rating appeal process described in Section 3.2 herein are handled according to the relevant sections of the RPM and therefore not covered under this Policy. For the avoidance of doubt, the following are not considered Complaints: (a) feedback reflecting day-to-day Compliance, CPG, Legal, and Internal Audit functions, including but not limited to reports, conclusions, observations or recommendations, (b) CPG’s Evaluating Committee Robustness reviews and/or reports, (c) matters recorded in, and in accordance with, Fitch Ratings’ Exception Management System and (d) good faith fee disputes.

“**Complaint Log**” means the database used by Fitch Ratings to record the receipt of Complaints, to retain records of Complaints, and to track the treatment of Complaints.

“**Complaint Manager**” means a senior staff member (holding the title of Senior Director or a Managing Director) in the group or department of the employee who receives a Complaint. In groups or departments where the titles “Managing Director” or “Senior Director” are not used, the Complaint Manager is the senior most staff

member of that group or department.<sup>1</sup>

“**CPG**” means the Credit Policy Group.

“**Investigator**” means the member of CPG or Compliance who investigates a Complaint. The Chief Credit Officer assigns Investigators to Analytical Complaints, and the Chief Compliance Officer assigns Investigators to Conduct Complaints. The Investigator may not be a named party in the Complaint nor be a subject of the Complaint.

“**RPM**” means Bulletin 2: *The Ratings Process Manual*.

“**Senior Operations Manager**” means an employee reporting directly to the Chief Operating Officer.

### 3 COMPLAINT HANDLING

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#### 3.1 Reporting and Investigating Complaints

- 3.1.a Any Fitch Ratings employee who receives a communication that may constitute a Complaint shall promptly refer it to a Complaint Manager<sup>2</sup>.
- 3.1.b The Complaint Manager will discuss the communication with the employee who initially received it and determine if the communication is a Complaint. If the Complaint Manager determines that the communication is a Complaint, he or she shall then determine whether the Complaint is an Analytical Complaint or a Conduct Complaint and record it as such in the Complaint Log.<sup>3</sup> If the Complaint Manager determines that the communication is not a Complaint, no further action is necessary. If the Complaint Manager is uncertain whether the communication is a Complaint, she/he will consult with Compliance to make this determination and proceed as described above based on the outcome of that consultation.
- 3.1.c If any member of CPG, Compliance, Human Resources or Legal receives or becomes aware of a communication that may constitute a Complaint outside of the procedure in Section 3.1.b above, that person shall ensure that (i) a relevant Complaint Manager is informed of the communication under Section 3.1.a above and (ii) such Complaint Manager complies with Section 3.1.b above.
- 3.1.d The Complaint Log automatically notifies the Chief Credit Officer for Analytical Matters or Chief Compliance Officer for Conduct Matters that the Complaint has been filed. The Chief Credit Officer or Chief Compliance Officer, as applicable, reviews any report he or she receives and verifies (i) that the communication meets the definition of a Complaint and (ii) that it has been correctly designated as an Analytical Complaint or a Conduct Complaint.<sup>4</sup> If he or she determines that the report is a Complaint and that it has been properly designated, he or she shall appoint an Investigator within the Complaint Log and the Complaint Log will

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<sup>1</sup> In the event that the Global Group Head or Global Product Head of the employee's group or department is named in the Complaint and/or is the subject matter of the complaint, the Complaint Manager shall be the Chief Compliance Officer.

<sup>2</sup> Any employee who receives a verbal communication that may constitute a Complaint shall ask the complainant to provide a written description of the Complaint. If the complainant refuses to provide a written description, the employee who receives the verbal communication shall summarize the facts provided by the complainant in writing, and deliver the written summary to the Complaint Manager.

<sup>3</sup> The Complaint Log also automatically notifies the relevant Global Group Head, Senior Operations Manager or Global Product Head, and the member of Fitch Ratings' Executive Committee responsible for the area being investigated, of Complaints relevant to their business group and function, for information.

<sup>4</sup> If a Complaint could be accurately categorized in either or both categories, the Chief Credit Officer and the Chief Compliance Officer shall consult regarding the appropriate classification.

automatically notify the Investigator for handling. If he or she determines that the report is a Complaint but that it has been inappropriately designated, he or she shall change the designation and the process shall continue under the new designation. If he or she determines that the report is not a Complaint, he or she shall mark the matter in the Complaint Log as “dismissed/no action”, and the matter is closed.

- 3.1.e The Complaint Log automatically notifies the Investigator that he or she has been assigned as an Investigator. Upon receiving notice of the appointment, the Investigator may appoint one or more Assistant Investigators at his or her discretion, and shall proceed to investigate the allegations in the Complaint. The investigation may include a review of email or other relevant documents, personal interviews, or other investigatory methods at the discretion of the Investigator.<sup>5</sup>
- 3.1.f Once an investigation is complete, the Investigator shall complete mandatory Complaint Log elements, including preparing a memorandum of findings and recommendations, and uploading the memorandum and any other relevant documents into the Complaint Log.
- 3.1.g If the Investigator makes any recommendations as a result of the findings in the Investigation, he or she shall discuss those recommendations with the Chief Credit Officer (for Analytical Complaints), the Chief Compliance Officer for (Conduct Complaints), and the relevant Regional Group Head or Global Group Head, or designee (with respect to analytical employees), the relevant Global Product Head, or designee (with respect to BRM employees), or the relevant Senior Operations Manager, or designee (with respect to Operations employees), who shall decide on any remediations (including disciplinary actions) after consultation with the Investigator, and subject to completing 3.1h where applicable.
- 3.1.h If the Investigator identifies any potential breach by an employee of any requirement set forth in Bulletin 4, Bulletin 13 or Bulletin 41 then the Investigator shall submit a Report (as defined in the Fitch Ratings’ Employee Accountability Procedure) to determine whether there has been such a breach (and if so the level) in accordance with this Employee Accountability Procedure<sup>6</sup>.
- 3.1.i The Investigator shall consider whether any notices to the complainant are advisable and reasonable under Section 3.5 herein, and shall send any such notices in his or her discretion.
- 3.1.j When all Complaint Log elements have been addressed, the Investigator shall record the final disposition of the Complaint, including any disciplinary action or remediation, and close the Complaint in the Complaint Log.
- 3.1.k The Investigator shall send a copy of the memorandum of findings and recommendations to the relevant Global Group Head, Senior Operations Manager or Global Product Head and the member of Fitch Ratings’ Executive Committee responsible for the area investigated.

### 3.2 External Appeals by Rated Entities or Internal Appeals by a Fitch Ratings Employee

Fitch Ratings expects that concerns raised by a rated entity during the rating process with respect to analytical matters will be addressed through the external rating appeal process described in the RPM.

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<sup>5</sup> The Investigator shall consider whether it would be appropriate to notify the relevant BRM Managing Director covering a rated entity associated with the subject of the Complaint, and shall notify that individual, if appropriate. The Investigator shall consider whether it would be appropriate to notify the relevant office head or country head in cases where a Complaint relates to an Analytical Matter on a national scale rating, and shall notify that individual, if appropriate.

<sup>6</sup> In the case of Conduct Complaints with respect Bulletin 4, Bulletin 13 or Bulletin 41, the same member of Compliance staff shall act as the Investigator for the purpose of this Policy and the Report Recipient for the purpose of the Employee Accountability Procedure.

Similarly, Fitch Ratings expects that concerns raised by a Fitch Ratings employee during the rating process with respect to analytical matters will be addressed through the internal appeal process set forth in the RPM. These matters are therefore excluded from applicability under this Policy.

If subsequent to the completion of the external or internal appeal process, or after the completion of the rating process, a party continues to assert that Fitch Ratings committed a failure or breach in respect of an analytical matter, the relevant rating committee chair or Regional Group Head must discuss with CPG whether the matter is a Complaint subject to this Policy. If they determine the matter is a Complaint, the rating committee chair or Regional Group Head will act as the Complaint Manager and shall log the Complaint and categorize it as an Analytical Complaint or a Conduct Complaint. The investigation shall then proceed as described above.

### 3.3 Anonymous Complaints

Any employee or user of credit ratings may make an anonymous complaint through Fitch Ratings' third-party service provider, Navex, through the "Ethics Hotline". Navex intakes reports via phone or webpage and provides a summary of the reports to Fitch Ratings without reference to any personally identifying information of the complainant. When Fitch Ratings receives a report through Navex, it assesses the report and handles any Complaint in the same manner as a Complaint reported by an identifiable individual<sup>7</sup>. Links and phone numbers to the anonymous reporting service are available to employees through a link on Fitch Ratings' intranet under the "Hotline and Reportable Events" tab on the FX homepage, and to members of the general public at [fitchratings.com](http://fitchratings.com).

### 3.4 Confidential Log

The Confidential Log contains Complaints (i) submitted on a non-anonymous basis with respect to which the complainant has requested to be unidentified, or (ii) that the Chief Credit Officer, Chief Compliance Officer or Legal otherwise designates as deserving confidential internal treatment. Information regarding Complaints contained in the Confidential Log will generally be available only to those individuals who need access to the information for the purpose of investigating and/or resolving the Complaint or for other necessary purposes. The Confidential Log is for the convenience of Fitch Ratings only and is intended to minimize the internal access to certain Complaints. It is not meant to imply that the information meets the definition of "confidential" in any Fitch Ratings policy or in any other law or regulation, nor that the complainant is entitled to confidentiality.

Fitch Ratings may receive a Complaint from an identified or identifiable individual who wishes to remain unnamed during the course of the investigation. Fitch Ratings will strive to meet, to the extent reasonable and permitted by applicable law or regulations, any request for confidentiality by the complainant. Should the complainant request confidentiality, the Complaint Manager shall record that request, and the details of the Complaint, in the Confidential Log. Fitch Ratings shall not and cannot make any guarantee of confidentiality to a complainant or any other party, and must thoroughly investigate all Complaints even if doing so could reveal the source, or likely source, of the Complaint. Complainants desiring anonymity are encouraged to report matters through the anonymous methods described in Section 3.3 above. The presence of a Complaint on the Confidential Log does not imply a guarantee of confidentiality.

### 3.5 Responses to Complainants

Fitch Ratings will seek to provide the complainant notice, within 30 days of receiving the Complaint, that the Complaint is under review, although Fitch Ratings is under no obligation to notify the complainant and may decide not to do so in some cases. Fitch Ratings will strive to resolve the Complaint and provide a written response to the complainant within 60 days of initial receipt of the Complaint. However, resolution of any given Complaint may extend beyond 60 days due to the complexity of the investigation or for other

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<sup>7</sup> Reports made through Navex are automatically distributed to senior individuals in several different functional groups, including the Chief Compliance Officer. In these cases, the Chief Compliance Officer acts as Complaint Manager and is responsible for inputting the report into the Complaint Log.

reasons, and Fitch Ratings may provide a written response to the complainant outside of this time period or not at all. Other than standard form letters or notices that a Complaint has been received and is being reviewed and/or has been resolved, Legal must review all written responses to the complainant prior to Fitch Ratings sending the response.

## **4 RESPONSIBILITY FOR COMPLAINT RESOLUTION**

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Employees must not individually or unilaterally investigate or resolve Complaints. Any employee receiving a communication that may be a Complaint must promptly notify a Complaint Manager and support any ensuing investigation, including engaging with the relevant support or control function (e.g., CPG, Compliance, Human Resources or Legal) as set forth below.

### **4.1 Coverage of Analytical Complaints**

CPG is responsible for managing the resolution of Analytical Complaints. CPG will consult with Compliance should one report involve both Analytical Complaints and Conduct Complaints and CPG and Compliance will assign relevant roles based on the outcome of that consultation.

### **4.2 Coverage of Conduct Complaints**

Compliance is responsible for managing the resolution of Conduct Complaints. Compliance will consult with CPG should the Complaint involve both Analytical Complaints and Conduct Complaints and CPG and Compliance will assign relevant roles based on the outcome of that consultation.

### **4.3 Legal**

CPG and Compliance will promptly consult Legal if a Complaint involves an alleged violation of a law, rule or regulation, and/or if the complainant is threatening any kind of legal action, and will agree which function should be primarily responsible for handling the Complaint. If Legal is assigned primary responsibility as a result of any such agreement, the individual assigned as a representative from Legal shall be the Investigator under this Policy and shall handle the Complaint in full conformity with this Policy.<sup>8</sup>

### **4.4 Human Resources**

CPG, Compliance and Legal will promptly consult with Human Resources if a portion of any Complaint also involves employment-related or personnel matters that are not Complaints. If the portion of a report that involves employment-related or personnel matters can be segregated from an Analytical Complaint or Conduct Complaint, then Legal and/or HR shall be responsible for the investigation of that portion, while CPG or Compliance shall be responsible for handling the Complaint under this Policy. If the portion of the Complaint that involves employment-related or personnel matters cannot be segregated from an Analytical Complaint or Conduct Complaint, then CPG, Compliance, Legal and HR shall agree which function should be primarily responsible for handling the matter. Any portion of a report that constitutes a Complaint shall be handled in full conformity with this Policy in the same manner as any other Complaint.

## **5 DOCUMENTATION AND REPORTING REQUIREMENTS**

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### **5.1 Complaint Logging**

The Complaint Manager must promptly log any Complaint and all required fields in the Complaint Log as described above in Section 3.1.b. The Complaint Manager must also upload all written communications from the complainant and any relevant documents. For verbal Complaints, the Complaint Manager must also enter a summary of the details of the Complaint into the appropriate field in the Complaints Log, and indicate that the written summary relates to a verbal Complaint.

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<sup>8</sup> A representative from Legal acting as Investigator may also be the Complaint Manager, depending on how the initial report was received.

## 5.2 Completeness of Complaint Log

Upon completion of the investigation, the Investigator shall ensure that all material information and documentation relating to the receipt, retention and treatment of the Complaint, including a memorandum of findings and recommendations (if any), documentation received from the complainant, correspondence to and from the complainant, and a description as to the final resolution of the Complaint, is saved in the Complaint Log.

## 5.3 Internal Reporting

Compliance or CPG shall prepare a report summarizing Complaints handled under this policy and their resolutions, and the Chief Risk Officer shall present that report to the Board of Directors on a quarterly basis.

## 6 QUESTIONS

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Questions regarding this Policy, including whether a particular communication constitutes a Complaint, should be directed to Compliance at [reporting@fitchratings.com](mailto:reporting@fitchratings.com).

### Appendix A

#### Summary of Changes

15 Sep 2020

#### Material changes to the text of the Policy

1. Definition of Complaint has been amended to:
  - a. clarify that expressions of dissatisfaction received from any source (including employees), are defined as Complaints and are subject to this Policy,
  - b. remove the exclusion of Internal Incidents from the definition of Complaint, and
  - c. remove the exclusion of BRM Matters from the definition of Complaint, but continuing to exclude good faith fee disputes from the definition of Complaint.
2. Clarification added to Section 4 regarding Complaints handled by HR and/or Legal.
3. Clarification added to Section 4 regarding Complaints that fall into more than one category of Complaint and are handled by more than one control function.