FitchRatings

Transparency Report

European Union

March 2023

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This Transparency Report is published in accordance with Article 12 and Annex I, Section E.III of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EU) No 513/2011 of the European Parliament and of the Council of 11 May 2011, as amended by Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011, as amended by Regulation (EU) No. 462/2013 of the European Parliament and of the Council of 21 May 2013, as amended by Directive 2014/51/EU of the European Parliament and of the Council of 16 April 2014, as amended by Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 and as amended by Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 (hereinafter referred to as the "EU CRA Regulation")).

All information included herein pertains to the ratings operations of Fitch Ratings Ireland Limited ("FRIL"), a Credit Rating Agency registered in the EU with the European Securities and Markets Authority ("ESMA") for the financial year ending 31 December 2022.

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Definitions

Analysts means those individuals who perform Credit Rating Activities.

Analytical Group. See Global Analytical Group.

Boards means the boards of directors of FRI (the "FRI Board"), FRIL (the "FRIL Board") and FRL (the "FRL Board") collectively.

Business and Relationship Management group (or "BRM") means the group that carries out ratings-related commercial and marketing activities independently of the Global Analytical Groups.

Chief Compliance Officer (or "CCO") means the individual who leads Compliance and reports jointly into the CRO of Fitch Group, and the Independent Directors of the Boards. The CCO is responsible for the goals, strategy and status of the Compliance Department, the compliance program, and certain other compliance processes and controls including those undertaken by the department's four core teams.

Chief Credit Officer means the individual who reports to the CRO and leads the Credit Policy Group.

Chief Criteria Officer means the individual who reports to the CRO and leads the Criteria Review and Approval Group.

Chief Information Security Officer (or "CISO") means the individual who reports to the CRO and leads the Technology Risk group.

Chief Risk Officer (or "CRO") means the individual responsible for the Group Risk function.

Compliance means the Global Compliance Group, a department of Fitch Ratings led by the CCO which is responsible for advising on, supporting and overseeing compliance with CRA Regulation globally.

Conduct Policies means the Fitch Ratings' Code of Conduct & Ethics and related policies regarding complaints, conflicts of interest and confidentiality.

CRA means Credit Rating Agency.

CRA Regulation means the various laws, rules and regulations governing the issuance of Credit Ratings globally.

Credit Policy Group (or "CPG") means the group that is independent of the Global Analytical Groups and operates in an oversight capacity with respect to Fitch Ratings' analytical work. CPG also ensures new or developing credit issues are shared and addressed across Analytical Groups.

Credit Rating means a rating that assesses the creditworthiness of an issuer or an issuance.

Credit Rating Activities means the activities which include data and information analysis and the evaluation, approval, issuance and review of credit ratings, including acting as the chairperson or voting member of a credit rating committee. Credit rating activities do not include general analytical management activities and oversight (including discussing issues with Analysts under direct supervision), attendance at management meetings or participating as an observer (i.e., non-voting member) in a credit rating committee.

Criteria Review and Approval Group (or "CRAG") means the group that is independent of the Global Analytical Groups and reviews new methodologies or models, and amendments to existing methodologies or models that would have a material impact on a given set of ratings as required under Fitch Ratings' policy.

Endorsed Ratings means an international scale public credit rating where the relevant primary Analyst is an endorsed rating analyst.

ESMA means the European Securities and Markets Authority.

EU CRA Regulation (or "EU CRAR") means Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EU) No 513/2011 of the European Parliament and of the Council of 11 May 2011, as amended by Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011, as amended by Regulation (EU) No. 462/2013 of the European Parliament and of the Council of 21 May 2013, as amended by Directive 2014/51/EU of the European Parliament and of the Council of 16 April 2014, as amended by Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 and as amended by Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022.

Fitch Ratings means Fitch Ratings, Inc. and each of its credit rating affiliates that issues Ratings under the trade name "Fitch Ratings".

Fitch Ratings' Code of Conduct & Ethics means the document based upon the global best practices outlined in the IOSCO Code of Conduct Fundamentals for Credit Rating Agencies, and, with respect to any given jurisdiction in which Fitch Ratings conducts Credit Rating Activities, is consistent with all laws, rules and regulations applicable to Fitch Ratings in such jurisdiction. All Fitch Ratings policies and procedures reflect Fitch Ratings' Code of Conduct & Ethics.

FRI means Fitch Ratings, Inc.

FRI Board means the Board of Directors of Fitch Ratings, Inc.

FRIL means Fitch Ratings Ireland Limited

FRIL Board means the Board of Fitch Ratings Ireland Limited.

FRL means Fitch Ratings Ltd

FRL Board means the Board of Directors of Fitch Ratings Ltd.

Global Analytical Head means the individual who reports to the President of Fitch Ratings and is responsible for all Analytical Groups

Global Group Head means one of the individuals who may also be a Senior Global Group Head, and has global management responsibility for a specific product area (i.e. Sovereigns, Insurance, Covered Bonds, International Public Finance, U.S. Public Finance, Global Infrastructure, FAM, Corporates, Banks and Structured Finance).

Global Analytical Group means any employee, including analytical employees, administrators and others that work in any of the following groups:

- Corporates & Leveraged Finance
- Structured Finance and Covered Bonds
- Financial Institutions Group including:
  - Banks
  - Non-Banks
  - Insurance
  - Fund and Asset Manager
- Public Finance including:
  - International Public Finance
  - U.S. Public Finance
  - Global Infrastructure Group
- Sovereigns

Group Risk means the group that develops, coordinates and reports on the risk management activities of Fitch Group.

Hearst Ratings II, Inc. means the special purpose subsidiary through which the Hearst Corporation retains its ownership interest in Fitch Group, Inc.

INED means Independent Non-Executive Director and refers to an outside member of the Boards.

IOSCO means the International Organization of Securities Commissions.

OECD means the Organisation for Economic Co-operation and Development.

Ratings Operations means the group responsible for developing, implementing and monitoring procedures and controls with respect to the Credit Rating process in response to regulation.

Ratings Process Manual (or "RPM") means the document that specifies minimum policy and procedural requirements to be applied by Analysts globally and the procedures applicable to all ratings, rating outlooks, rating assessments, credit opinions and scores.

Senior Global Group Head means one of the individuals with overall global management responsibility for Corporates, Financial Institutions, Structured Finance, Public Finance & Global Infrastructure Group, or Sovereigns (all of whom report to the Global Analytical Head).

Technology Risk means the group led by the CISO which provides oversight and governance over the Technology Risk program at Fitch Group and oversees information security for all of Fitch Group's business units.

1. Legal Structure and Ownership

Legal Structure

Fitch Ratings Ireland Limited ("FRIL") is incorporated in accordance with applicable national law of the Republic of Ireland and is registered with ESMA under the EU CRA Regulation.

FRIL operates through an EU branch network in France, Germany, Italy, Poland, Spain and Sweden.

Ownership

FRIL is owned by:

- Fitch Ratings Ltd ("FRL") - 99.37%
- Fitch Ratings, Inc. ("FRI") - 0.63%

FRI is 100% owned by Fitch Group, Inc., a holding company, which in turn is 100% owned indirectly by the Hearst Corporation.

The Hearst Corporation is a privately held diversified media and information company with headquarters in the United States. Its major interests (in addition to owning 100% of Fitch Group, Inc.) include ownership of magazines, newspapers, cable networks, television broadcasting, internet and marketing services businesses, TV production, newspaper features distribution, and real estate. It also maintains significant holdings in automotive and medical/pharmaceutical business information companies. It retains its ownership interest in Fitch Group, Inc. through Hearst Ratings II, Inc.

2. Endorsed Credit Ratings

Per paragraph 26(g) of ESMA's Guidelines on the application of the endorsement regime under Article 4(3) of the Credit Rating Agencies Regulation ("The Guidelines") published 20 May 2019 (report reference ESMA33-9-282), ESMA considers that an endorsing CRA has demonstrated to ESMA that the conduct of Credit Rating activities by the third-country CRA resulting in the issuing of an endorsed Credit Rating fulfils requirements which are at least as stringent as those set out in Article 12 and Part III of Section E of Annex I of CRAR, where the endorsing CRA includes information about the endorsed Credit Ratings in its own transparency report, ensuring that:

a. the description of the internal control mechanisms ensuring quality of a CRA's Credit Rating activities includes control mechanisms applicable to endorsed Credit Ratings;

b. the outcome of the annual internal review of a CRA's independent compliance function takes into account the role of the endorsing CRA's compliance function with respect to endorsed ratings;

c. the description of the policy for record-keeping and analyst rotation indicates whether such policies are global or only applied to EU ratings; and

d. the financial information on the revenue of the endorsing CRA, including total turnover and the geographical allocation of that turnover to revenues generated in the Union and revenues worldwide clearly states whether revenues from endorsed ratings are taken into account;

From the perspective of its core business of determining Credit Ratings, Fitch Ratings operates as a single global business with a centralised cross-jurisdictional management structure and a global operating model irrespective of the location of staff and employing entity within the Fitch Group. As such the core body of policies and the associated controls that are applicable to the process of preparing and issuing a Credit Rating are largely global in nature. There is limited jurisdictional variation to these policies and controls – such that they apply both to FRIL and third country CRAs that issue Credit Ratings that are endorsed for use in the EU. As a result, the policies and controls applied by these third party CRAs are as stringent as those applied by FRIL.

As a consequence of Fitch Group's global operating model, Fitch Ratings records transfer pricing adjustments to ensure that the profits reported in each jurisdiction are consistent with the arm's length principle and the OECD Guidelines for Transfer Pricing.

3. Internal Control Structure Governing the Determination of Credit Ratings

1. Introduction

This section describes Fitch Ratings' internal controls related to the issuance of Credit Ratings. The definition of Credit Ratings, along with both other capitalized terms that may be used in this document and other material information pertaining to Credit Ratings, are set forth on Fitch Ratings' publicly available website at https://www.fitchratings.com/site/definitions.

2. Board Oversight

The Boards govern the most senior CRAs within Fitch Group, Inc. ("Fitch Group"), and operate under structured procedures. Each of the Boards performs its oversight activities on behalf of Fitch Ratings globally. In addition, where necessary pursuant to applicable local law, the local boards of directors of other Fitch Ratings' subsidiaries may perform additional oversight activities.

Among other matters, the Boards are responsible for the oversight and management of FRI, FRIL and FRL in accordance with their fiduciary responsibilities and standards established by the laws of the jurisdictions in which FRI, FRIL and FRL are organized, including approval of all components of the internal control framework, as well as overseeing that its components are subject to monitoring and regular update by management.

The Boards have delegated responsibility for the day-to-day running of FRI, FRIL and FRL to a senior management team with sufficient skill and experience to ensure the sound and prudent management of FRI, FRIL and FRL. The senior management team is responsible for the development and performance of controls and for assessing the adequacy and effectiveness of the control environment, establishing, implementing and updating the internal policies and procedures[1] supporting the internal control framework. In establishing these policies and procedures, the senior management team has a documented decision-making process and defined roles and responsibilities.

The Boards oversee, among other matters:

a. The process and maintenance of internal controls for the determination and issuance of Credit Ratings;

b. The publishing of new and materially amended criteria and methodologies pertaining to determining Credit Ratings;

c. The approval of new and materially amended policies pertaining to determining Credit Ratings;

d. The program designed to manage conflicts of interest;

e. The compensation and promotion processes; and

f. The compliance and governance processes, including the effectiveness of CRAG.

3. Policy Framework

All Fitch Ratings policies and procedures reflect Fitch Ratings' Code of Conduct & Ethics, which is based upon the global best practices outlined in the IOSCO Code of Conduct Fundamentals for Credit Rating Agencies, and, with respect to any given jurisdiction in which Fitch Ratings conducts Credit Rating activities, are consistent with all laws, rules and regulations applicable to Fitch Ratings in such jurisdiction.

During the policy development or amendment stage, input is gathered from relevant constituents within Fitch Ratings including, where appropriate, the senior management of the Global Analytical Groups, CPG, the Legal Group, Ratings Operations (including Regulatory Affairs, Policies and Procedures), BRM, Compliance, and any others as may be appropriate. Once a new or amended policy is finalized, it is subject to review and approval in accordance with Fitch Ratings' internal protocols. Certain of Fitch Ratings' policies are also subject to review by the Boards.

[1] The term "policies and procedures" refer to internal documents that govern or direct how Fitch Ratings or its staff should perform activities that are subject to the requirements of the EU CRA Regulation

4. Three Lines of Defense

Fitch Ratings' internal control structure is designed to ensure that Fitch Ratings employees comply with Fitch Ratings' policies and procedures relating to or associated with the issuance of Credit Ratings. This control structure follows the model of the three lines of defense (Control Functions), and is ultimately overseen by the Boards:

a. First Line of Defense: The Global Analytical Groups, BRM and Ratings Operations (see below in 5);

b. Second Line of Defense: CPG, CRAG, Compliance , and the Technology Risk function (see below in 6); and

c. Third Line of Defense: Internal Audit (see below in 7) and external or outsourced third-party audits, as needed.

Each of the three lines of defense is further supported by the Information Technology group ("IT") and the Information Security group ("IS") (see below in 8).

5. First Line of Defense

The overall responsibility to ensure that Fitch Ratings' policies and procedures relating to or associated with the issuance of Credit Ratings are followed rests with the senior managers and all members of the first line of defense.

5.1 Global Analytical Group

The senior managers of the Global Analytical Group are: (i) the Senior Global Group Heads; (ii) the Global Group Heads, each covering the analytical groups; and (ii) the Regional Group Heads covering certain geographical areas.

5.2 Business Relationship Management

Fitch Ratings maintains a separate function (BRM) which carries out ratings-related commercial and marketing activities independently of the Global Analytical Groups. This structure helps ensure that analytical staff are not influenced by business considerations. All discussions with an issuer, originator, arranger, sponsor, servicer or any other party that interacts with Fitch Ratings on behalf of the issuer concerning rating fees, fee arrangements or billings are handled either by BRM, finance and accounting staff, members of the Legal Department, or others who are employed by Fitch Ratings to handle billing or fee collection matters, outside the Global Analytical Groups. BRM staff also follow policies and procedures designed to ensure compliance with anti-money laundering laws, international sanctions, and anti-bribery and corruption laws, as well as other aspects of CRA regulation.

5.3 Ratings Operations

Ratings Operations is responsible for developing, implementing and monitoring procedures and controls with respect to the Credit Rating process in response to regulation, Fitch Ratings policy, and senior management guidance. Ratings Operations works with members of the Global Analytical Groups, BRM, Compliance, CPG, Human Resources, Legal and IT to identify risks and implement procedural, training and/or technical solutions in support of the internal control framework and analysts' compliance with Fitch Ratings' policies and procedures. Ratings Operations also produces management reports and analysis to support the Global Analytical Groups' compliance with the various procedures outlined in the Ratings Process Manual.

6. Second Line of Defense

Fitch Ratings' core control functions of CPG, CRAG, Compliance and the Technology Risk function comprise the Second Line of Defense. These functions operate at a global, rather than local level, with staff based in certain Fitch Ratings' offices around the world providing support and oversight to all Fitch Ratings' offices globally.

6.1 The Credit Policy Group

CPG is independent of the Global Analytical Groups and includes the Chief Credit Officer, Group Credit Officers, Evaluating Committee Robustness and Fitch Wire. The Chief Credit Officer reports to the CRO . The Chief Credit Officer and Group Credit Officers leverage participation in various committees and discussions to ensure new or developing issues are shared and addressed across Global Analytical Groups. CPG therefore serves as an oversight function with respect to Fitch Ratings' analytical work. In fulfilling these responsibilities, CPG conducts the following activities, among others:

- Aggregates risks across ratings by focusing on risk identification and promoting coordination across sectors and regions; and may challenge credit thinking with alternative viewpoints;

- Conducts reviews for assessing ratings performance and ratings comparability; and in conjunction with the Chief Criteria Officer report on the effectiveness of Ratings to the Boards;
- Links rating trends with current fundamentals, macro-economic developments and analytically defined expectations by industry or sector;
- Monitors Global Analytical Groups to ensure consideration of new developments with an appropriate sense of urgency and rigor and reports on and makes recommendations in certain cases;
- Oversees the execution of reviewing unique or complex ratings proposals by Global Analytical Groups;
- Develops and publishes areas of topical research that address current credit market issues, and/or can be used to frame priorities or identify the next potential credit market development;
- Reviews analytical exceptions, incidents and complaints; and
- Carries out reviews of Committee Papers against Criteria as part of the Evaluating Committee Robustness program.

6.2 Criteria Review and Approval Group

CRAG is independent of the Global Analytical Groups and includes the Chief Criteria Officer, Head of Model Validation, Manager of Ratings Performance Analytics and Criteria Officers. The Chief Criteria Officer reports to the CRO of Fitch Group. CRAG serves as an oversight function with respect to Fitch Ratings' Credit Ratings criteria and related models.

In fulfilling these responsibilities, CRAG undertakes the following activities, among others:

- Oversees the rating criteria (and related models and key assumptions) review and approval process recommending approval to the Boards , including ensuring inclusion of appropriate qualitative and quantitative assumptions, sensitivities and key ratings drivers. Global Analytical Groups are responsible for proposing suitable criteria and changes to existing criteria to CRAG for review and for the justification of the change proposals;
- Conducts regular transition and default studies and develops other quantitative ratings performance indicators to monitor the performance of Fitch Ratings' Credit Ratings over time and across analytical sectors and geographical regions to review the consistency of application of criteria;
- Manages a database of criteria and models to measure compliance with the requirements to review such criteria and models and to ensure only validated models are controlled;
- Reviews criteria change proposals and their justification and conducts model validation; and
- Oversees the identification, review, resolution, and reporting of errors related to models and criteria.

In addition to their oversight activities, both CPG and CRAG contribute to the development of a training program, the Fitch Credit Academy, to provide a formal structure to develop and assess the knowledge and skills analysts need to be effective in evaluating credit. Analysts are trained on fundamental credit concepts, and in some cases specialized curricula designed to provide relevant knowledge and skills appropriate for each Global Analytical Group, sector and region, as applicable.

6.3 The Compliance Department

The Global Compliance Group is responsible for advising on, supporting and overseeing compliance with CRA Regulations promulgated in the jurisdictions in which Fitch Ratings operates, along with those requirements set forth in Fitch Ratings' Conduct Policies. Compliance supports, monitors and reports on Fitch Ratings' compliance with CRA Regulations and the Conduct Policies on an ongoing basis through the four core functions described below, as well as by analysing information obtained via Fitch Ratings' Ethics Hotline and internal incident reporting systems.

Compliance is led by the CCO , who reports jointly into the CRO, and the INEDs. Compliance is present in multiple geographical locations with local Compliance officers as required by certain local regulations. The CCO periodically informs the INEDs and the CRO on the goals, strategy and status of the Compliance Department, the compliance program, and certain other Compliance processes and controls including those undertaken by Compliance's four core functions, which are as follows:

6.1.1 *Regulatory Compliance:* Regulatory Compliance is responsible for maintaining (either directly or in conjunction with local country management) Fitch Ratings' license or registration in all jurisdictions where Fitch Ratings is licensed or registered as a CRA. This includes making periodic (e.g. monthly, annual, etc.) and ad hoc reporting and filings , along with making any necessary disclosures of issues or events to regulators, and/or the public via Fitch Ratings' public website (www.fitchratings.com). In addition, this team manages all regulatory exams and other regulatory requests for documents and information. Further, the team helps coordinate Fitch Ratings' responses to all exam findings and recommendations, and tracks and monitors Fitch Ratings' completion of agreed management actions. The team regularly liaises with regulators on a global basis on an in-person or virtual basis. Regulatory Compliance is also responsible for oversight of the processes regarding the handling and resolution of conduct complaints, as defined in Fitch Ratings' Complaints Handling policy. Finally, Regulatory Compliance conducts outreach to Fitch Ratings' offices in Asia, Europe, Latin America, and the Middle East on an in-person or virtual basis. Regulatory Compliance is overseen in each region by a regional head who is responsible for, amongst other things, ensuring the adherence to new disclosure or reporting requirements in response to regulatory change, and for communicating information regarding these changes to both their team members, and Regulatory Compliance officers in other regions.

6.3.2 *Personal Conflicts Monitoring:* The Personal Conflicts Monitoring team ("PCM") administers Fitch Ratings' Global Securities Trading and Conflicts of Interest Policy, which establishes policies designed to minimize actual and apparent conflicts that may arise from employees' personal investment activity, outside interests and external relationships, and gifts, business events and entertainment. PCM utilizes a third-party trade surveillance platform to monitor Fitch Ratings employees' trading activity. PCM also administers the initial securities holdings certification and compliance questionnaire for new hires, as well as an annual compliance recertification of securities holdings and compliance questions for existing staff. PCM also administers a certification sent to the INEDs on an annual basis. Further, PCM is responsible for administering the exceptions and recusals that may be required as a result of a potential conflict.

6.3.3 *Compliance Testing & Monitoring:* The Compliance Testing & Monitoring team ("CTM") conducts testing throughout Fitch Ratings to assess compliance with Fitch Ratings' policies and procedures, and the effectiveness of internal controls implemented with respect to its Credit Rating and related regulatory activities. CTM develops annually a risk-based compliance test plan derived from, among other factors, outcomes of compliance risk assessments, previous CTM findings and risks identified through regulatory findings or other issues, incidents or trends. CTM conducts its testing throughout the year and presents its reports, including corrective action plans for issues identified, to senior management. CTM also monitors the aging of previously identified issues, and escalates overdue issues as appropriate. Further, CTM is responsible for performing surveillance of the Global Analytical Group and BRM employees' email communications. In particular, CTM flags email that could represent breaches or violations of Fitch Ratings' policies or procedures for review and follow-up, and where appropriate triggers disciplinary or remedial action.

6.3.4 *Compliance Communications and the Data, Systems and Metrics teams:* These two functional teams manage Fitch Ratings' policy, procedure and training framework globally, support the delivery of regulatory disclosures, and create reports and metrics for monitoring the effectiveness of Compliance controls. Compliance officers sitting outside of these two teams provide additional support to them.

6.4 The Technology Risk Function

For further information on the Technology Risk function, see Section 8 that follows (Global IT and Global Information Security Structures and Systems).

7. Third Line of Defence

7.1 Internal Audit

Internal Audit ("IA") is the third line of defense and assists senior management and the Boards in protecting the assets and reputation of Fitch Ratings. In particular, IA provides independent and objective assurance as to the adequacy and effectiveness of Fitch Ratings' internal controls framework, controls and governance processes.

The Head of IA reports to the INEDs and the CRO. At least annually, the Head of IA submits to the INEDs and the CRO an internal audit plan for review and approval. The internal audit plan consists of a work schedule for the following fiscal year. It is developed based on a prioritization of the audit universe using a risk-based methodology, including input from the INEDs, the CRO and other members of Fitch Ratings' senior management. The Head of IA reviews and adjusts the plan, as necessary, in response to changes in Fitch Ratings' business, risks, operations, programs, systems and controls. Any significant deviation from the approved internal audit plan is communicated to the INEDs and the CRO through periodic reporting or direct communication, as applicable.

After the conclusion of an internal audit engagement, the Head of IA (or his or her designee) issues and distributes a written report. The audit report includes management's response and corrective action with regard to the specific findings and recommendations. Management's response includes a timetable for anticipated completion of corrective actions. IA is also responsible for appropriate follow-up, and all findings remain in an "open issues file" until cleared. The Head of IA periodically reports to the INEDs and the CRO on the purpose, authority and responsibility of IA as well as progress and performance regarding the audit plan.

IA also oversees the testing of internal controls supporting the ratings process. The testing is undertaken globally and at least semi-annually, supporting the assessment of the effectiveness of internal controls under the US SEC Dodd-Frank Control Act and ESMA's Guidelines on Internal Control for CRAs.

8. Global IT and Global Information Security Structures and Systems

Fitch Group's IT function manages the technology infrastructure for Fitch Ratings globally. IT is headed by Fitch Group's Chief Technology Officer. In addition to typical IT tasks and responsibilities, IT also:

- Maintains and monitors infrastructure including desktops, networks and data applications and process for ongoing operations;
- Plays a supporting role in business continuity plans, including those related to the issuance and publication of Credit Ratings;
- Manages and tests disaster recovery plans; and
- Together with Ratings Operations, develops custom applications required to support core ratings activities such as workflow systems, analysis and surveillance systems, and publishing and document management systems, and maintains those applications and systems.

Fitch Group's Technology Risk function manages the information security infrastructure for Fitch Ratings globally. The Technology Risk function is headed by the CISO, who reports to the CRO. Technology Risk:

- Creates, manages, and leads the implementation of Fitch Group's information security program;
- Identifies and addresses the risks associated with Fitch Ratings' technology processes used in the issuance of Credit Ratings, along with IT and senior members of the business, legal and Compliance;
- Provides advice on developing operational resilience plans, including those related to the issuance and publication of Credit Ratings;
- Implements and manages foundational security controls designed to prevent and detect information security threats, and designs and tracks objective metrics tied to those controls; and
- Manages access control for all systems, ratings data and applications in compliance with confidentiality and conflict of interest policies.

4. Information on Allocation of Staff

The tables below detail the total number of employees for FRIL as at the end of the financial year ending December 31, 2022, identifying:

a. The number of analytical staff employed within the ratings groups who work on new Credit Ratings and Credit Rating reviews (including supervisors);

b. The total number of staff employed within CRAG including those responsible for methodology or model appraisal;

c. The total number of analytical supervisors (defined below);

d. The total number of Senior Global Group Heads (the senior-most managers of each analytical group, including the Global Analytical Head that these individuals report into); and

e. The total number of support staff.

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Staff employed within CRAG		**4**
Analytical staff employed within rating groups:		
Of which Corporates	68	
Of which Financial Institutions	48	
Of which Structured Finance	51	
Of which Sovereign and International Public Finance	34	
Of which analytical supervisors (i.e. Senior Director or above)	41	
Of which Global Group Heads	0	
Total Analytical Staff		201
Total Support Staff		102
Total Staff		303

Further information on senior management can be found in section 7 of this report under the title “Management”.

Notes:

1. Analytical supervisors are defined as those analytical employees holding a title of Senior Director or above. Quorum requirements for ratings committees require at least one analyst with a title of Senior Director or above to be present.

2. Fitch Ratings does not maintain separate surveillance teams in the EU. Thus, analytical staff work on both assigning new ratings and monitoring existing ones.

3. New methodologies or models, and amendments to existing methodologies or models that would have a material impact on a given set of ratings are required under Fitch Ratings’ policy to be reviewed by a Criteria Review Committee. While senior analysts from across the analytical groups participate in this process, only staff drawn from the CRAG are permitted to vote on the final outcome.

4. Fitch Ratings has five Senior Global Group Heads that report to the Global Analytical Head.[2]

[2] Another Senior Global Group Head with responsibility for Sovereign Ratings, based in Hong Kong, reports directly to the Global Analytical Head.

5. Record Keeping Policy

Fitch Ratings has global file maintenance and record-keeping policies and practices that are designed, collectively, to ensure that it maintains adequate records in accordance with all applicable laws and regulations including, but not limited to, the EU CRA Regulation. There are two main record-keeping policies that apply: the File Maintenance and Recordkeeping Policy for Analysts, and the File Maintenance and Recordkeeping Policy for BRM.

Additional details regarding the exact content of the information that must be included in certain documents referenced in the File Maintenance and Recordkeeping Policy for Analysts (such as rating committee minutes) are contained in internal manuals that provide detailed procedural guidance on the rating process. Other non-analytical groups, such as the Accounts Group, maintain separate internal recordkeeping policies.

Collectively, these policies and procedures require that, among other things, Fitch Ratings maintains records for a period of at least five years that cover:

a. documents including internal records and working papers used or created in support of determining and assigning any type of Credit Rating, assessment, opinion, score or other Fitch Ratings credit product;

b. electronic or written communications received or sent by Fitch Ratings and its employees concerning fee negotiations;

c. the solicitation status of each Credit Rating;

d. the established procedures and methodologies used by Fitch Ratings to determine Credit Ratings;

e. the procedures and measures implemented by Fitch Ratings to comply with any applicable regulation; and

f. external and internal communications, including emails received and sent by Fitch Ratings and its employees that relates to initiating determining, maintaining, monitoring, changing or withdrawing a Credit Rating.

6. Outcome of the Annual Internal Review of the Compliance Function

Internal Audit conducted its annual audit of the Global Compliance Group by conducting a review of the Compliance Testing & Monitoring team's testing process. The audit identified certain control issues that have subsequently been remediated in line with management commitments detailed in the audit report.

7. Management and Rating Analyst Rotation Policy

Management

Fitch Ratings complies with all local corporate law requirements as well as applicable corporate governance requirements. As such, FRIL is set up in a manner consistent with applicable local corporate law. The individual board members of FRIL are identified in Section 9 of this report.

Separate from the board members, each branch of FRIL has an Operations Manager who has day-to-day responsibility for the smooth functioning of the office. All of the Operations Managers report into the Regional Operations Head, who is based in Frankfurt. None of these Operational Managers has any analytical responsibilities.

The organisation of Fitch Ratings' analytical management is not structured around our corporate organisation. Each of the analytical staff employed within FRIL's EU branches report to a regional group head, in some cases through a series of line managers. The regional rating group heads report ultimately to a Global Group Head.

Currently one of Fitch Ratings' five Senior Global Group Heads is based in the UK, one is based in Hong Kong and three are based in the United States. All five Senior Global Group Heads report to the Global Analytical Head who is based in New York. This individual reports to the President of Fitch Ratings, who is based in the UK.

Analyst Rotation

Fitch Ratings' analyst Rotation Policy applies to its EU operations, as well as those in third countries that issue Credit Ratings which FRIL endorses for use in the EU. It was developed to be consistent with EU CRA Regulation and ESMA's Guidance on the application of the endorsement regime for CRAs. It establishes, with respect to any EU or third country CRA that issues endorsed ratings, the maximum permissible time periods for covering a rated entity.

Extracts from the current version of Fitch Ratings' analyst Rotation Policy that are applicable to Fitch Ratings' EU operations and to Endorsed ratings at 31 December 2022 are reproduced in full in Appendix 1.

8. Information on Revenue

Description of Rating Activities

Fitch Ratings' EU business activities are based on the provision of independent analysis and rating opinions regarding a variety of risks in the financial markets. Such rating activities include the development and provision of analytical opinions using a number of rating scales, ratings-related data and peer analysis tools, rating models, surveillance products, research products and other analytical services. These scales, products and services all reflect Fitch Ratings' independent risk analysis.

Fitch Ratings' rating opinions do not comment on the suitability of any particular type of investment or the appropriate level of risk for any user of these rating opinions. In preparing its rating opinions, Fitch Ratings is indifferent to the rating or assessment levels achieved and neither suggests nor cautions against individual 'target' levels of rating or assessment. Consequently, Fitch Ratings does not provide advisory or consulting services to any entity.

FRIL does not provide any ancillary services as defined by the EU CRA Regulations. Thus, all revenue received by FRIL within the EU is derived from rating activities.

FRIL revenue is allocated depending on the jurisdiction to which it is invoiced, subject to adjustments made pursuant to Fitch Ratings transfer pricing methodology. FRIL does not make any charges (internal or external) or revenue adjustments under its transfer pricing methodology in relation to the endorsement of third country ratings for use in the EU.

Revenue

The table below provides, for FRIL, the revenue derived from rating activities during the 12 month financial period ending 31 December 2022.

Total Revenue	Total	Corporate Finance	Sovereign/IPF	Structured Finance
Fitch Ratings Ireland Limited (EUR, 000)	117,025	71,614	23,796	21,615

Revenue Per Statutory Accounts	Revenue derived in the EU	Total Revenue
Fitch Ratings Ireland Limited (EUR, 000)	111,698	117,025

9. Governance Statement

Corporate Governance Code

FRIL is set up in a manner consistent with applicable local corporate law. FRIL operates in accordance with its by-laws and all applicable laws and regulations, including the EU CRA Regulation.

The individual board members of FRIL comprise the following:

Charles Prescott - INED

Lisa W. Haag – INED

Ian Linnell - President

Karen Skinner – Chief Operating Officer

The INEDs on the FRIL board undertake their oversight responsibilities with respect to Fitch Ratings' EU operations. To ensure that any entity-specific issues are adequately considered, joint board discussions in which the board members of FRIL participate, are held ahead of each FRIL board meeting. These discussions cover the topics scheduled for discussion within the board procedures.

The oversight responsibilities of the Boards are as documented and reviewed in the Board Procedures. A summary of the board oversight responsibilities is detailed below.

The Boards operate under defined oversight procedures. Each of the Boards performs its oversight activities on behalf of Fitch Ratings globally.

Among other matters, the Boards are responsible for the oversight and management of FRI, FRL or FRIL, as the case may be, in accordance with their fiduciary responsibilities and standards established by the laws of the jurisdictions in which FRI, FRL and FRIL are organized. The Boards have delegated responsibility for the day-to-day running of FRI, FRL and FRIL to a senior management team with sufficient skill and experience to ensure the sound and prudent management of FRI, FRL and FRIL.

The Boards oversee, among other matters :

a. The process for the issuance of Credit Ratings;

b. The publishing of new and materially amended criteria and methodologies pertaining to determining Credit Ratings;

c. The implementation of new and materially amended policies pertaining to determining Credit Ratings;

d. The program designed to manage conflicts of interest;

e. The maintenance of internal controls related to determining Credit Ratings;

f. The compensation and promotion processes; and

g. The compliance and governance processes, including the effectiveness of the CRAG.

Internal Controls and Risk Management Pertaining to Financial Reporting

The Finance Group, headed by the International Controller reporting to the Chief Financial Officer of the Fitch Group, is responsible on a day-to-day basis for ensuring that the production of all relevant financial reports and accounts of FRIL are in accordance with all statutory requirements and that controls are in place to ensure operational risks (such as error and fraud) are addressed appropriately.

The adequacy and operation of controls over financial reporting are reviewed on an on-going basis by the senior Finance staff. These controls are further considered by Fitch Ratings' external auditors during the annual external audit process and formally considered by the Directors as part of their approval of the audited financial statements. In addition, the adequacy and operation of controls is reviewed by way of audit activity, undertaken by the parent entity Internal Audit function and an external global audit firm.

Information Pertaining to Voting Rights, Shareholders Meetings, Powers and Rights and the Composition on the administrative, Management and Supervisory Bodies

Please refer to Appendix 2 for this information.

Appendix 1: Rotation Policy

EXECUTIVE SUMMARY

Objective: To communicate Fitch Ratings' policy governing Analyst rotation

Application: Fitch Ratings Analysts participating in the assignment of Credit (and in some cases, Non-Credit) Ratings by Fitch Ratings' subsidiaries operating in the UK, Russia, the EU, Japan, Mexico, Costa Rica, Honduras, Panama and El Salvador, as well as Analysts located in certain other jurisdictions, as set forth below

Effective Date: 21 March 2023

Version: 18.1, replacing Bulletin 34: Rotation Policy, Policy Version 18.

1. OVERVIEW

Fitch Ratings has established this Policy, which governs Analyst rotation, pursuant to certain jurisdictional regulatory requirements.

This policy only applies to Analysts performing Credit Rating Activities, except in respect of the Costa Rican, Salvadoran, Dominican Republic and Mexican National Scale Rating of those jurisdictions rotation requirements, where it also applies to Analysts performing Non-Credit Rating Activities.

The type and nature of the rotation requirements differ depending on the Rating group to which the Analyst belongs, the role of the Analyst (i.e., primary, secondary, rating committee chair or voting member), or the relevant jurisdiction, as is set forth in further detail in the country-specific sections below and in Appendix B. Note that, for purposes of this Policy, covered bond ratings are not considered to be structured finance ratings.

NB: Extraterritorial Reach. With respect to the following countries, rotation requirements apply not just to the Analysts located in the relevant country, but also to Analysts located outside of the country where the Analyst is rating a Rated Entity located within the relevant country, as described below. Analysts are encouraged to review the following table when conducting ratings issued by Fitch Ratings affiliates located outside of their own jurisdiction.

Country with Extraterritorial Requirements	Extraterritorial Requirements
Costa Rica	Rotation requirements apply to Costa Rican National Scale Public Ratings (both Credit Ratings and Non-Credit Ratings) with respect to any Rated Entity (and/or its securities) requested in a fee agreement entered into by Fitch Costa Rica Calificadora de Riesgo, S.A, regardless of where the Analyst is located.
El Salvador	Rotation requirements apply to Salvadoran National Scale Public Ratings and Private Ratings (both Credit Ratings and Non-Credit Ratings) with respect to any Rated Entity (and/or its securities) requested in a fee agreement entered into by Fitch Centroamérica, S.A., regardless of where the Analyst is located.
Honduras	Rotation requirements apply to Honduran National Scale Public Credit Ratings with respect to any Rated Entity (and/or its securities) requested in a fee agreement entered into by Fitch Centroamérica, S.A., regardless of where the Analyst is located.
Japan	Rotation requirements apply to international scale Public Credit Ratings endorsed by FRJ [1], regardless of the where the Analyst is located.

[1] A Credit Rating is deemed "endorsed" by FRJ if it has formally progressed through the internal FRJ endorsement process and actually been endorsed.

Mexico	Rotation requirements apply to Mexican National Scale Public Ratings (both Credit Ratings and Non-Credit Ratings) with respect to any Rated Entity (and/or its securities) , requested in a fee agreement entered into by Fitch Mexico, regardless of where the Analyst is located.
Panama	Rotation requirements apply to Panamanian National Scale Public Credit Ratings and Private Credit Ratings with respect to any banking institution (and/or its securities), requested in a fee agreement entered into by Fitch Centroamérica S.A. or Fitch Costa Rica Calificadora de Riesgo S.A regardless of where the Analyst is located.
Dominican Republic	Rotation requirements apply to Dominican Republic National Scale Public Ratings and Private Ratings (both Credit Ratings and Non-Credit Ratings) with respect to any Rated Entity (and/or its securities) requested in a fee agreement entered into by Fitch Republica Dominicana S.R.L., Sociedad Calificadora de Riesgos, regardless of where the Analyst is located.

2. DEFINITIONS

Analysts means those individuals who perform Credit Rating Activities; however, individuals who perform Non-Credit Rating Activities are also included within the definition of "Analysts" under the Mexican rotation requirements. Analysts can include primary Analysts, secondary Analysts, rating committee chairs and persons who vote in committees, based on which roles are subject to local law rotation requirements, as set forth in further detail in the jurisdiction-specific sections below and in **Appendix B**.

Consecutively Participating Analyst is a term used exclusively for purposes of the Japan rotation requirements. It pertains to international scale Public Credit Ratings of insurance companies and non-financial corporates (and their securities) assigned or endorsed by FRJ. A Consecutively Participating Analyst is a voting committee member who voted in <u>all</u> rating committees held during the prior FRJ fiscal year (which is currently the calendar year) with respect to such an entity (and, if applicable, its securities), where the rating committee assigned new international scale Public Credit Ratings, or affirmed, reviewed (i.e., reviewed – no action, downgraded, upgraded) or withdrew existing international scale Public Credit Ratings.[2] An Analyst who did not vote in <u>all</u> committees held with respect to the relevant Rated Entity (and, if applicable, its securities) during the prior financial year of FRJ is not considered a Consecutively Participating Analyst.

Cooling Off Period means the time period during which the relevant Analyst is prohibited from engaging in specified Credit Rating Activities (or Non-Credit Rating Activities, in the case of Mexico), as set forth in **Appendix B**.

Credit Rating means a Rating that assesses the creditworthiness of an issuer or an issuance.

Credit Rating Activities include data and information analysis and the evaluation, approval, issuance and review of Credit Ratings, including acting as the chairperson or voting member of a Credit Rating committee. Credit Rating Activities do not include general analytical management activities and oversight (including discussing issues with Analysts under direct supervision), attendance at management meetings or participating as an observer (i.e., non-voting member) in a credit rating committee.

[2] For purposes of determining a Consecutively Participating Analyst, rating committees where a Rated Entity was placed on Rating Watch with no other rating action taken are not included.

Endorsed CRA means any of Fitch Ratings, Inc., Fitch Australia Pty Ltd., Fitch Ratings Brasil Ltda., Fitch (Hong Kong) Ltd., Fitch Mexico S.A. de C.V. or Fitch Singapore Pte. Ltd. (or any branch of one of these entities, wherever located).[3][4]

Endorsed Rating means an international scale Public Credit Rating where the relevant primary Analyst is an Endorsed Rating Analyst.

Endorsed Rating Analyst means an Analyst employed by an Endorsed CRA.

EU Analyst means an Analyst employed by an EU CRA.

EU CRA means means Fitch Ratings Ireland Limited (including any of its branches (wherever located)).

EU CRA Regulation means Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended from time to time).

European CRA means an EU CRA or a UK CRA.

European CRA Analyst means an Analyst based in a European CRA.

Fitch Central America means Fitch Centroamerica S.A.

Fitch Ratings means Fitch Ratings, Inc. and each of its credit rating affiliates that issues Ratings under the trade name "Fitch Ratings".

FRJ means Fitch Ratings Japan Limited.

Fitch Mexico means Fitch Mexico S.A. de C.V.

IPF means International Public Finance.

National Scale means, when used to describe a Rating, that that Rating is assigned or maintained using a national rating scale, as set forth in Fitch Ratings' Ratings Definitions on its public website, www.fitchratings.com.

Non-Credit Rating means a Rating which assesses attributes other than or in addition to the creditworthiness of an entity (e.g., Investment Management Quality Ratings, Servicer Ratings, etc.).

Non-Credit Rating Activities include data and information analysis and the evaluation, approval, issuance and review of Non-Credit Ratings, including acting as the chairperson of a committee. Non-Credit Rating Activities do not include general analytical management activities and oversight (including discussing issues with Analysts under direct supervision), attendance at management meetings or participating as an observer (i.e., non-voting member) in a committee.

Private Credit Ratings are Credit Ratings that have not been published by Fitch Ratings on its public website, www.fitchratings.com.

Private Ratings are Ratings that have not been published by Fitch Ratings on its public website, www.fitchratings.com.

Public Credit Ratings are Credit Ratings that have been published by Fitch Ratings on its public website, www.fitchratings.com.

Public Ratings are Ratings that have been published by Fitch Ratings on its public website www.fitchratings.com.

[3] Although international scale Public Credit Ratings where the relevant primary Analyst is employed by Fitch Ratings Japan Ltd. are also endorsed, they are not included in this definition given that there are separate Japanese rotation requirements.
[4] Subsequent to 31 December 2020, international public Credit Ratings where the relevant primary Analyst is employed by an EU CRA or a UK CRA will also be endorsed for the purposes of the UK CRA Regulation and EU CRA Regulation respectively. However, such ratings are not defined as Endorsed Ratings for the purpose of this Bulletin because the EU rotation requirements will be replicated in the UK CRA Regulation.

Rated Entity means (i) the issuer or obligor with respect to any Security that has received a Credit Rating (or as applicable, a Non-Credit Rating) from Fitch Ratings or (ii) an entity to which Fitch Ratings has assigned a Credit Rating (or as applicable, a Non-Credit Rating).

Rating shall have the meaning set forth in *Bulletin 7: Credit Products – Defined; Ratings, Assessment, Opinions and Scores.*

Rotation Clock Start Date, with respect to an Analyst, is the date on which the Rotation Period for that Analyst is deemed to start, based on the jurisdictional requirements and the Rating group to which the Analyst belongs, as set forth in **Appendix B**.

Rotation Party is the entity or entities around which Analysts must rotate, as set forth in **Appendix B**.

Rotation Period is the period of time that an Analyst is permitted to be involved in Credit Rating Activities (or, as applicable, Non-Credit Rating Activities) with respect to the relevant Rotation Party before rotation is required.

Security means any security, programme or other financial instrument.

SF Rotation Party means the following (which includes related third parties[5]):

(i) For sole originator[6] structured finance transactions, the originator of the transaction; or

(ii) For multi-originator structured finance transactions, the arranger/sponsor[7] of the transaction;

provided, that, if the same originator and arranger participate together on three different sole-originator transactions with respect to new Public Credit Ratings in a twelve-month period for which the same EU Analyst has been assigned as either primary Analyst or secondary Analyst, that Analyst must be rotated away from such originator (unless the originator and the arranger are the same entity), regardless of whether the Rotation Period has expired. In such cases, this EU Analyst is not permitted to participate in Credit Rating Activities with respect to transactions involving the originator for a minimum of two consecutive years.

UK Analyst means an Analyst employed by a UK CRA.

UK CRA means each of Fitch Ratings Ltd. and Fitch Ratings CIS Ltd. (including any of their branches (wherever located)). **UK CRA Regulation** means Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019 (as amended from time to time).

3. EU AND UK ROTATION REQUIREMENTS

3.1. The EU and UK rotation requirements, as set forth in detail in Appendix B and detailed in the EU CRA Regulation and the UK CRA Regulation, apply only to European CRA Analysts performing Credit Rating Activities in respect of international scale Public Credit Ratings.

For the avoidance of doubt:

- or Analysts formerly employed by Fitch Deutschland GmbH, Fitch France S.A.S., Fitch Italia S.p.A., Fitch Ratings España, S.A.U (including its branch in Stockholm) and Fitch Polska S.A. to whom the EU rotation requirements applied immediately prior to their transfer to Fitch Ratings Ireland Limited, rotation clocks applicable to primary Analysts, secondary Analysts or Rating committee chairs (as the case may be) with respect to the same Rotation Party will continue.
- for Analysts who continue to be employed by a UK CRA after 31 December 2020 to whom the EU rotation requirements applied immediately prior to this date, rotation clocks applicable to primary Analysts, secondary

[5] The definition of a "related third party" is "the originator, arranger, sponsor, servicer or any other party that interacts with a credit rating agency on behalf of a rated entity, including any person directly or indirectly linked to that rated entity by control".
[6] For any structured credit transaction that does not have an originator – for example, managed CLOs and CDOs – the originator for purposes of this definition is the asset manager.
[7] For sake of clarity, the terms "arranger" and "sponsor" used in this definition each refer to the lead structurer of the relevant transaction. If there is more than one structurer of a transaction, the structurer that has the most interaction with Fitch Ratings will be deemed the lead structurer for purposes of this definition.

Analysts or Rating committee chairs (as the case may be) with respect to the same Rotation Party will continue. Similarly, for UK Analysts who transfer to an EU CRA and EU Analysts who transfer to a UK CRA, rotation clocks applicable to primary Analysts, secondary Analysts or Rating committee chairs (as the case may be) with respect to the same Rotation Party will continue.

3.2. Additionally, the following principles apply in respect of the EU and UK, and override the rules set forth in **Appendix B**. European CRA Analysts should therefore consult **Appendix B** first, and then determine whether any of the following principles apply.

– **Multiple Roles**. If a European CRA Analyst serves as more than one of the primary Analyst, secondary Analyst and Rating committee chair for the same Rotation Party, without taking a consecutive two-year break between each of these roles, the Rotation Period shall be counted from the first role held by that European CRA Analyst, and shall be for the shortest period applicable (of four or five years) of the roles undertaken, aggregating all time spent in each of the roles. For example, if a European CRA Analyst served as a secondary Analyst for two years, and then became the primary Analyst for the same Rotation Party, he/she may only serve for an additional two years as the primary Analyst. Likewise, if an EU Analyst served for three years as a Rating committee chair for a Rotation Party and then became the primary Analyst, he/she would be able to serve as primary Analyst for only one year.

– **Rating Switches Between Public and Private**. Where a European CRA Analyst is subject to EU or UK rotation requirements with respect to an international scale Public Credit Rating which is then converted into a Private Credit Rating (**1st Conversion**), time spent by that European CRA Analyst on Credit Rating Activities on that Private Credit Rating after the date of the 1st Conversion will not count towards the Rotation Periods in Appendix B, but will count towards the Cooling Off Periods in Appendix B. If that Private Credit Rating is later converted back into an international scale Public Credit Rating (**2nd Conversion**) before the relevant Cooling Off Period has expired, then all the time spent by that European CRA Analyst on Credit Rating Activities after the 2nd Conversion must be added to the time spent on Credit Rating Activities on that Public Credit Rating prior to the 1st Conversion when calculating that European CRA Analyst's Rotation Period. If a Credit Rating that has always been a Private Credit Rating is converted into an international scale Public Credit Rating that is subject to EU or UK rotation requirements, the Rotation Clock Start Date will be the date this Public Credit Rating is published.

– **European CRA Analyst Moves Between European CRA and Endorsed CRA**. When a European CRA Analyst transfers between a European CRA and an Endorsed CRA, she or he carries her/his rotation clock to the new location, subject to the following principles:

(i) Where a European CRA Analyst is employed by a European CRA subject to the EU or UK rotation requirements and is transferred, prior to 1 January 2019, to become an employee of an Endorsed CRA (**Transfer 1A**), any time spent on an international scale Public Credit Rating after Transfer 1A but prior to 1 January 2019 does not count towards:

- the Rotation Period with respect to the relevant Rotation Party;
- the Cooling Off Period, unless and until the Analyst ceases Credit Rating Activities with respect to that Rotation Party for the time period specified under the rules applicable in that Endorsed CRA; and
- unless this Analyst has successfully completed such a Cooling Off Period prior to 1 January 2019, that Analyst's rotation clock restarts on 1 January 2019 with respect to that Public Credit Rating (with time on the rotation clock equal to the time at Transfer 1A), and the rotation rules of that Endorsed CRA apply.

(ii) Where a European CRA Analyst is employed by a European CRA subject to the EU or UK rotation requirements and is transferred, on or after 1 January 2019, to become an employee of an Endorsed CRA (**Transfer 1B**), and continues Credit Rating Activities on an international scale Public Credit Rating she/he was working on prior to Transfer 1B, her/his clock continues but is now subject to the rotation rules applicable to the Endorsed CRA.

If the Analyst subsequently transfers to become an employee of a European CRA subject to EU or UK rotation requirements (**Transfer 2**), the EU or UK rotation rules again apply with respect to that Public Credit Rating. The Analyst carries her/his rotation clock to the European CRA, unless the Analyst ceased Credit Rating activities with respect to the relevant Rotation Party for two continuous years – which would reset the rotation clock to zero. If that is not the case, the Analyst may be subject to immediate rotation at the time of Transfer 2.

– **Early Start to Cooling Off Period**. If, at any time prior to the start of the applicable Cooling Off Period, a European CRA Analyst ceases Credit Rating Activities with respect to a Rotation Party, for a consecutive period of two or more years, his or her rotation clock with respect to that Rotation Party will be reset to zero. For example, because serving as a chair of a Rating committee, or voting in a Rating committee, is a point-in-time event, if on the day following such service, and for two years thereafter, the European CRA Analyst undertakes no other Credit Rating Activity with respect to that Rotation Party, his/her rotation clock for that Rotation Party is reset to zero. Conversely, if the European CRA Analyst does engage in any Credit Rating Activity with respect to that Rotation Party at any time after such service but before the two years have elapsed, he/she loses any accrued "cooling off" time, and his/her rotation clock continues uninterrupted.

– **Long-Term Leave**. In the event a European CRA Analyst takes long-term leave – e.g., maternity leave or sick leave – his/her rotation clock(s) will continue. Should such a European CRA Analyst return to work at Fitch Ratings two or more years after starting long-term leave, his/her rotation clock(s) will be reset to zero.

– **Employee Leaves and then is Re-hired by Fitch Ratings**[8]. Where a European CRA Analyst leaves the employment of a European CRA (**prior employment**) and then, after a period of time, returns to the employment of a European CRA and is asked to perform Credit Rating Activities with respect to an entity which was a Rotation Party for that European CRA Analyst in his/her prior employment (and subject also to the principle above with respect to moving between offices, if applicable):

(i) if during their absence that European CRA Analyst has refrained from any Credit Rating Activities with respect to that Rotation Party for a period exceeding two years, their Rotation Period is reset with respect to that Rotation Party and will commence running again if and when they commence Credit Rating Activities with respect to that Rotation Party;

(ii) if during their absence that European CRA Analyst has refrained from any Credit Rating Activities with respect to that Rotation Party for a period of less than two years, their Rotation Period is paused with respect to that Rotation Party and will continue to run if and when they commence Credit Rating Activities with respect to that Rotation Party; and

(iii) if that European CRA Analyst specifies that during their absence they conducted Credit Rating Activities with respect to that Rotation Party (albeit at another credit rating agency), the time spent on such Credit Rating Activities (as indicated by that European CRA Analyst) during their absence will be counted in assessing how much of their Rotation Period remains under section 3 of this Policy.

– **Sale or Merger Involving Rated Entity**[9]

(i) **In the context of a share acquisition**: if the shares of a Rated Entity are transferred to a new parent company, the Rated Entity remains the same and therefore the Rotation Period(s) continue to run and will not restart for that Rated Entity.

[8] In each such case, Human Resources shall promptly contact Core Operations, who will in turn contact the relevant employee to obtain the information necessary to implement this principle. Core Operations will then provide the relevant information to IT for incorporation into the applicable systems.

[9] If, as a result of a sale or merger involving a Rated Entity, there is a change in the Rotation Party or any other aspect of the rotation-related information stored in Fitch's systems, the relevant European CRA Analyst must email Core Operations with any such changes. Any European CRA Analyst who needs guidance with respect to the application of this section should contact the Legal Department.

(ii) **In the context of a business/asset transfer**:

- if all or part of the business of a Rated Entity is transferred to a different entity (the **Purchasing Entity**), the Purchasing Entity is not the same legal person as the Rated Entity and therefore there is no continuity or connection between the Rotation Period(s) which apply to the Rated Entity and any Rotation Period(s) which apply to the Rating of the Purchasing Entity. The rotation periods for the Rated Entity and the Purchasing Entity remain separate.

- notwithstanding the sub-paragraph immediately above, if all, or substantially all of the business of a Rated Entity is transferred to a different entity (the **Purchasing Entity**) and the business or assets transferred become all or substantially all of the Purchasing Entity's business (i.e. the Purchasing Entity was a shell or had nominal assets and liabilities prior to the transfer), for the purposes of this Policy, the Purchasing Entity will be considered the same as the Rated Entity and the Rotation Period(s) which applied to the Rated Entity should continue with respect to the Purchasing Entity.

(iii) **In the context of a merger:** Where a Rated Entity merges with another entity (the **Merger Partner**), the Rotation Period(s) which apply to the resultant entity of the merger (the **Merger Entity**) are separate from any Rotation Periods which applied to either the Rated Entity or the Merger Partner, unless the business of the Rated Entity which has transferred to the Merger Entity now forms all or substantially all of the business of the Merger Entity (i.e. the Merger Partner was a shell or had nominal assets and liabilities prior to the merger), in which case the Rotation Period(s) applicable to the Rated Entity continue to apply with respect to the Merger Entity.

- **Switching Solicitation Status**. If a Rotation Party switches between solicited and unsolicited status, the relevant rules applicable to the new status, as set forth in **Appendix B**, shall apply.

- **Analyst Changes Rating Groups**. In the event a European CRA Analyst changes rating groups, and continues to perform Credit Rating Activities with respect to any Rotation Party from the prior rating group, he/she carries his/her rotation clock to the new rating group.

- **Withdrawn Rating Re-Assigned**. If an international scale Public Credit Rating that is subject to European CRA rotation requirements is withdrawn, the Rotation Period(s) related to that Public Credit Rating will pause for so long as that Public Credit Rating is withdrawn. If an international scale Public Credit Rating is assigned again to the relevant Rated Entity or securities, as the case may be, within two years of the withdrawal, these Rotation Period(s) will continue to run. If an international scale Public Credit Rating is assigned again to that Rated Entity or securities, as the case may be, after two years or more since the withdrawal, then these Rotation Period(s) reset and start again.

4. ROTATION REQUIREMENTS FOR ENDORSED RATINGS

4.1. Primary Analysts, secondary Analysts and Rating committee chairs with respect to Endorsed Ratings are subject to the rotation requirements set out in **Appendix B**.

4.2. Additionally, the following principles apply in respect of Endorsed Ratings, and override the rules set forth in **Appendix B**. Endorsed Rating Analysts should therefore consult **Appendix B** first, and then determine whether any of the following principles apply.

- **Multiple Roles**. If an Endorsed Rating Analyst serves as more than one of the primary Analyst, secondary Analyst and Rating committee chair for the same Rotation Party in the course of 2019, the Rotation Period shall be counted from the first role held by that Endorsed Rating Analyst, and shall be for the period applicable to that first role (of seven, eight or nine years).

- **Rating Switches Between Public and Private**. Where an Endorsed Rating Analyst is subject to rotation requirements with respect to an Endorsed Rating which is then converted into a Private Credit Rating (**1st Conversion**), time spent by that Endorsed Rating Analyst on Credit Rating Activities on that Private Credit Rating after the date of the 1st Conversion will not count towards the Rotation Periods in Appendix B, but will count towards the Cooling Off Periods in Appendix B. If that Private Credit Rating is later converted back into an Endorsed Rating (**2nd Conversion**) before the relevant Cooling Off Period has expired, then all the time spent by that Endorsed Rating Analyst on Credit Rating Activities after the 2nd Conversion must be added to the time spent on Credit Rating Activities on that Endorsed Rating prior to the 1st Conversion when calculating that Endorsed Analyst's Rotation Period. If a Credit Rating that has always been a Private Credit Rating is converted into an Endorsed Rating, the Rotation Clock Start Date will be the date this Endorsed Rating is published.

- **Endorsed Rating Analyst Moves Between Offices Applying Rotation with respect to Endorsed Ratings**. When an Endorsed Rating Analyst transfers between Endorsed CRAs, he or she carries his/her rotation clock to the new location.

- **Endorsed Rating Analyst Moves Between Endorsed CRA and European CRA**. When an Endorsed Rating Analyst transfers, on or after 1 January 2019, between an Endorsed CRA and a European CRA, she or he carries her/his rotation clock to the new location and will be subject to the rules applicable to that European CRA, subject to the following principles:

  (i) If that European CRA is exempt from rotation (**Transfer 1A**), any time spent on an international scale Public Credit Rating after Transfer does not count towards:

    - the Rotation Period with respect to the relevant Rotation Party; and

    - the Cooling Off Period, unless and until the Analyst ceases Credit Rating Activities with respect to that Rotation Party for the time period specified under the rules applicable in that Endorsed CRA, however

    - note that all European CRAs are subject to rotation requirements with respect to Rating committee chairs, therefore Rating committee chair rotation clocks with respect to the same Rotation Party would continue in the event of any transfer to a European CRA.

  (i) If the European CRA is subject to rotation (**Transfer 1B**), and the Analyst continues Credit Rating Activities on an international scale Public Credit Rating she/he was working on prior to Transfer 1B, her/his clock continues but is now subject to the rotation rules applicable to the European CRA. Note that, given the shorter Rotation Periods applicable in the EU and the UK, the Analyst may be subject to immediate rotation at the time of Transfer 1B.

  If the Analyst subsequently transfers to become an employee of an Endorsed CRA (**Transfer 2**), the rotation rules applicable to that Endorsed CRA again apply with respect to that Public Credit Rating. The Analyst carries her/his rotation clock to the Endorsed CRA, unless the Analyst ceased Credit Rating activities with respect to the relevant Rotation Party for 12 continuous months – which would reset the rotation clock to zero.

- **Early Start to Cooling Off Period**. If, at any time prior to the start of the applicable Cooling Off Period, an Endorsed Rating Analyst ceases Credit Rating Activities with respect to a Rotation Party, for a consecutive period of 12 months or more, his or her rotation clock with respect to that Rotation Party will be reset to zero. For example, because serving as a chair of a Rating committee, or voting in a Rating committee, is a point-in-time event, if on the day following such service, and for 12 months thereafter, the Endorsed Rating Analyst undertakes no other Credit Rating Activity with respect to that Rotation Party, his/her rotation clock for that Rotation Party is reset to zero. Conversely, if the Endorsed Rating Analyst does engage in any Credit Rating Activity with respect to that Rotation Party at any time after such service but before the 12 months have elapsed, he/she loses any accrued "cooling off" time, and his/her rotation clock continues uninterrupted.

– **Long-Term Leave.** In the event an Endorsed Rating Analyst takes long-term leave – e.g., maternity leave or sick leave – his/her rotation clock(s) will continue. Should such an Endorsed Rating Analyst return to work at Fitch Ratings 12 or more months after starting long-term leave, his/her rotation clock(s) will be reset to zero.

– **Employee Leaves and then is Re-hired by Fitch Ratings**[10]. Where an Endorsed Rating Analyst subject to rotation leaves the employment of an Endorsed CRA (**prior employment**) and then, after a period of time, returns to the employment of an Endorsed CRA and is asked to perform Credit Rating Activities with respect to an entity which was a Rotation Party for that Endorsed Rating Analyst in his/her prior employment (and subject also to the principle above with respect to moving between offices, if applicable):

(i) if during their absence that Endorsed Rating Analyst has refrained from any Credit Rating Activities with respect to that Rotation Party for a period exceeding 12 months, their Rotation Period is reset with respect to that Rotation Party and will commence running again if and when they commence Credit Rating Activities with respect to that Rotation Party;

(ii) if during their absence that Endorsed Rating Analyst has refrained from any Credit Rating Activities with respect to that Rotation Party for a period of less than 12 months, their Rotation Period is paused with respect to that Rotation Party and will continue to run if and when they commence Credit Rating Activities with respect to that Rotation Party; and

(iii) if that Endorsed Rating Analyst specifies that during their absence they conducted Credit Rating Activities with respect to that Rotation Party (albeit at another credit rating agency), the time spent on such Credit Rating Activities (as indicated by that Endorsed Rating Analyst) during their absence will be counted in assessing how much of their Rotation Period remains under section 4 of this Policy.

– **Sale or Merger Involving Rated Entity**[11].

(i) **In the context of a share acquisition**: if the shares of a Rated Entity are transferred to a new parent company, the Rated Entity remains the same and therefore the Rotation Period(s) continue to run and will not restart for that Rated Entity.

(ii) **In the context of a business/asset transfer**:

- if all or part of the business of a Rated Entity is transferred to a different entity (the **Purchasing Entity**), the Purchasing Entity is not the same legal person as the Rated Entity and therefore there is no continuity or connection between the Rotation Period(s) which apply to the Rated Entity and any Rotation Period(s) which apply to the Rating of the Purchasing Entity. The rotation periods for the Rated Entity and the Purchasing Entity remain separate.

- notwithstanding the sub-paragraph immediately above, if all, or substantially all of the business of a Rated Entity is transferred to a different entity (the **Purchasing Entity**) and the business or assets transferred become all or substantially all of the Purchasing Entity's business (i.e. the Purchasing Entity was a shell or had nominal assets and liabilities prior to the transfer), for the purposes of this Policy, the Purchasing Entity will be considered the same as the Rated Entity and the Rotation Period(s) which applied to the Rated Entity should continue with respect to the Purchasing Entity.

(iii) **In the context of a merger:** Where a Rated Entity merges with another entity (the **Merger Partner**), the Rotation Period(s) which apply to the resultant entity of the merger (the **Merger Entity**) are separate from any Rotation Periods which applied to either the Rated Entity or the Merger Partner, unless the

[10] In each such case, Human Resources shall promptly contact Core Operations, who will in turn contact the relevant employee to obtain the information necessary to implement this principle. Core Operations will then provide the relevant information to IT for incorporation into the applicable systems.
[11] If, as a result of a sale or merger involving a Rated Entity, there is a change in the Rotation Party or any other aspect of the rotation-related information stored in Fitch's systems, the relevant Endorsed Rating Analyst must email Core Operations with any such changes. Any Endorsed Rating Analyst who needs guidance with respect to the application of this section should contact the Legal Department.

business of the Rated Entity which has transferred to the Merger Entity now forms all or substantially all of the business of the Merger Entity (i.e. the Merger Partner was a shell or had nominal assets and liabilities prior to the merger), in which case the Rotation Period(s) applicable to the Rated Entity continue to apply with respect to the Merger Entity.

– **Switching Solicitation Status**. This has no impact on the Rotation Periods set forth in **Appendix B**.

– **Analyst Changes Rating Groups**. In the event an Endorsed Rating Analyst changes rating groups, and continues to perform Credit Rating Activities with respect to any Rotation Party from the prior rating group, he/she carries his/her rotation clock to the new rating group.

– **Withdrawn Rating Re-Assigned**. If an Endorsed Rating is withdrawn, the Rotation Period(s) related to that Endorsed Rating will pause for so long as that Endorsed Rating is withdrawn. If an international scale Public Credit Rating is assigned again by an Endorsed CRA to the relevant Rated Entity or securities, as the case may be, within 12 months of the withdrawal, these Rotation Period(s) will continue to run. If an international scale Public Credit Rating is assigned again by an Endorsed CRA to that Rated Entity or securities, as the case may be, after 12 months or more since the withdrawal, then these Rotation Period(s) reset and start again.

5. JAPANESE ROTATION REQUIREMENTS

The Japanese rotation requirements apply to international scale Public Credit Ratings assigned or endorsed by FRJ,[12] which means that these requirements apply not only to Analysts employed by FRJ, but also to Analysts located outside Japan if they work on Ratings endorsed by FRJ[13]. These rotation requirements also differ between international scale Public Credit Ratings of insurance companies, non-financial corporates (and their securities) and structured finance transactions, and all other international scale Public Credit Ratings. See Appendix B for the details.

6. QUESTIONS

For questions concerning this policy, please contact Regulatory Affairs, Policies and Procedures or Core Operations.

Owner:	Susan Launi, Regulatory Affairs, Policies and Procedures
Appendices:	Appendix A – Summary of Changes
	Appendix B – Table of Rotation Requirements
Supplements:	Bulletin 2: The Rating Process Manual

[12] A Credit Rating is deemed "assigned" by FRJ when the primary Analyst is an employee of FRJ. A Credit Rating is deemed "endorsed" by FRJ if it has formally progressed through the internal FRJ endorsement process and actually been endorsed.
[13] Currently, FRJ endorses only certain Japanese insurance companies and non-financial corporates. If FRJ actually endorses any issuer (and/or their securities) other than insurance companies or non-financial corporates (and/or their securities), local Compliance will contact the relevant lead Analyst and discuss the related rotation requirements.

Appendix 2: Tables to Governance Statement – Fitch Ratings Ireland Limited (the "Company")

Note: A reference in the fourth column of this table to an "Article" is to an Article of the Constitution of the Company, as of 16 November 2018

NO.	DIRECTIVE & ARTICLE NO.	ARTICLE WORDING	PROVISION FROM CONSTITUTIONAL DOCUMENTS AND/OR RESOLUTIONS (IF APPROPRIATE)
		The following information shall be included in the Transparency Report:	
(a)	Fourth Council Directive 78/660/EEC of 25 July 1978 ("**78/660/EEC**"), Article 46(a)(1)(d)	The information required by Article 10(1), points (c), (d), (f), (h) and (i) of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids ("**2004/25/EC**"), where the Company is subject to that Directive.	See sections 2 to 6 below.
(b)	2004/25/EC, Article 10(1)(c)	Significant direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) within the meaning of Article 85 of Directive 2001/34/EC ("**2001/34/EC**").	Not applicable. The Company does not fall within the scope of Article 85 of Directive 2001/34/EC as it does not have shares which are officially listed on a stock exchange or exchanges situated or operating within one or more Member States.
(c)	2004/25/EC, Article 10(1)(d)	The holders of any securities with special control rights and a description of those rights.	None.
(d)	2004/25/EC, Article 10(1)(f)	Any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the Company's cooperation, the financial rights attaching to securities are separated from the holding of securities.	None.
(e)	2004/25/EC, Article 10(1)(h)	The rules governing the appointment and replacement of board members and the amendment of the articles of association.	*Article 13.2* Any Director who serves on any committee or who devotes special attention to the business of the Company or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Directors may determine.

NO.	DIRECTIVE & ARTICLE NO.	ARTICLE WORDING	PROVISION FROM CONSTITUTIONAL DOCUMENTS AND/OR RESOLUTIONS (IF APPROPRIATE)
			Article 13.3 The Directors shall have the power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors shall not at any time exceed the number fixed in accordance with this Constitution (if any). A Director so appointed shall not require re-election at the next following annual general meeting and Section 144(3)(c) of the Act shall be modified accordingly. Article 13.4 The Directors may establish and maintain or procure the establishment and maintenance of any non-contributory or contributory pension or superannuation funds for the benefit of and give or procure the giving of donations, gratuities, pensions, allowances or emoluments to any persons who are or were at any time in the employment or service of the Company or of any company which is a subsidiary of the Company or is allied to or associated with the Company or with any such subsidiary or who are or were at any time Directors or officers of the Company or of any such other company aforesaid and hold or have at any time held any salaried employment or office in the Company or such other company and the wives, widows, families and dependents of any such persons and also establish and subsidise or subscribe to any institutions, associations, clubs or funds calculated to be for the benefit of or to advance the interests and well-being of the Company or any such other company as aforesaid or of any such persons as aforesaid and make payments for or towards the insurance of any such persons as aforesaid and subscribe or guarantee money for any charitable or benevolent objects or for any exhibition or for any public general or useful object and do any of the matters aforesaid either alone or in conjunction with any such other company as aforesaid. Any Director who holds or has held any such employment or office shall be entitled to participate in and retain for his own benefit any such donation, gratuity, pension, allowance or emolument to the extent and upon such terms as may for the time being be permitted or required by law.

NO.	DIRECTIVE & ARTICLE NO.	ARTICLE WORDING	PROVISION FROM CONSTITUTIONAL DOCUMENTS AND/OR RESOLUTIONS (IF APPROPRIATE)
			NOTICES Article 15.1 Every person who, by operation of law, transfer, or other means shall become entitled to any share shall be bound by every notice or other document which, previous to his name and address being entered on the register in respect of such share, shall have been given to the person in whose name the share shall have been previously registered. Article 15.2 Any notice or document sent by post to the registered address of any member in pursuance of these presents shall, notwithstanding that such member be then deceased, and whether or not the Company have notice of his decease, be deemed to have been duly served in respect of any shared held by such member (whether solely or jointly with other person or persons} until some other person or persons be registered in his stead as the holder or joint holders thereof, and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his or her executors or administrators, and all persons (if any) jointly interested with him or her in any such share. Article 15.3 Any notice may be served on a member or returned by a member by use of electronic means in accordance with Section 218(3) of the Act. Article 15.4 The signature to any notice to be given by the Company may be written or printed. Article 16 INDEMNITY

NO.	DIRECTIVE & ARTICLE NO.	ARTICLE WORDING	PROVISION FROM CONSTITUTIONAL DOCUMENTS AND/OR RESOLUTIONS (IF APPROPRIATE)
			Subject to the Act, every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto. Article 17 SECRECY No member shall be entitled to require discovery of or any information respecting any detail of the trading of the Company or any matter which is or may be in the nature of a trade secret, mystery of trade, or secret process which may relate to the conduct of the business of the Company, and which, in the opinion of the Directors, it would be inexpedient in the interests of the members of the Company to communicate to the public.
(f)	2004/25/EC, Article 10(1)(i)	The powers of board members, and in particular the power to issue or buy back shares.	ALLOTMENT OF SHARES Article 7.1 The Directors are generally, indefinitely and unconditionally authorised to exercise all powers of the Company to allot relevant shares (as defined for the purpose of Section 69 of the Act) to such persons, at such times and on such terms as they think proper. Article 7.2 The pre-emption provisions of sub-Section (6) of Section 69 of the Act shall not apply to any allotment by the Company of shares to which Section 69 of the Act applies. PURCHASE/ACQUISITION OF OWN SHARES Article 8.1 Subject to the provisions of and to the extent permitted by the Act, to any rights conferred on the holders of any class of shares and to the following

NO.	DIRECTIVE & ARTICLE NO.	ARTICLE WORDING	PROVISION FROM CONSTITUTIONAL DOCUMENTS AND/OR RESOLUTIONS (IF APPROPRIATE)
			paragraphs of this Regulation, the Company may purchase any of its shares of any class and may cancel any shares so purchased and hold them as treasury shares (within the meaning of Section 106 of the Act) with liberty to re-issue any such share or shares as shares of any class or classes. Article 8.2 The Company shall not be required to select the shares to be purchased on a pro rata basis or in any particular manner as between the holder of the shares of the same class or as between the holders of shares of different classes. Article 8.3 Subject to the provisions of and to the extent permitted by the Act and to any rights conferred on the holders of any class of shares the Company may acquire any of its shares of any class by transfer or surrender to the Company otherwise than for valuable consideration pursuant to Section 102 of the Act and will cancel any shares so acquired and such shares shall not constitute treasury shares (within the meaning of the Act). TRANSFER OF SHARES Article 11.1 No transfer of any share in the capital of the Company (whether on a sale of such shares or transmission thereof by operation of law or otherwise howsoever) shall be registered unless such transfer is approved by resolution of the Directors. Section 95 of the Act shall be modified accordingly.
(g)	78/660/EEC, Article 46(a)(1)(e)	Unless the information is already fully provided for in national laws or regulations, the operation of the shareholder meeting and its key powers, and a description of shareholders' rights and how they can be exercised.	*Article 12.1* GENERAL MEETING In Section 189(2)(b) the words "one Member" shall be substituted for the words ''three Members". *Article 12.2*

NO.	DIRECTIVE & ARTICLE NO.	ARTICLE WORDING	PROVISION FROM CONSTITUTIONAL DOCUMENTS AND/OR RESOLUTIONS (IF APPROPRIATE)
			It shall not be necessary to give any notice of any adjourned meeting and Section 187(6) shall be modified accordingly. Article 12.3 The lodgement of a proxy (and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority) shall be deposited at the Company's registered office, or at such other place within the state specified in the notice, at any time prior to the commencement of the meeting detailed on the notice and Section 183(6) of the Act shall be modified accordingly. Article 12.4 Where any meeting of the Company is held at short notice pursuant to Section 181 (2) Article 13.1 A Director present at a meeting of the Directors shall in addition to his own vote be entitled to one vote in respect of each other Director not present at the meeting who shall have authorised him in respect of such meeting to vote for such other Director in his absence. Any such authority may relate generally to all meetings of the Directors or to any specified meeting or meetings and must be in writing which must be presented to the Secretary for filing prior to or be produced at the first meeting at which a vote is to be cast pursuant thereto.

NO.	DIRECTIVE & ARTICLE NO.	ARTICLE WORDING	PROVISION FROM CONSTITUTIONAL DOCUMENTS AND/OR RESOLUTIONS (IF APPROPRIATE)
(h)	78/660/EEC, Article 46(a)(1)(f)	The composition and operation of the administrative, management and supervisory bodies and their committees.	The directors of the Company are Ian Linnell, Karen Skinner, Lisa Haag (INED) and Charles Prescott (INED). Article 14.1 A meeting of the Directors or of a committee of Directors may consist of a conference between some of all of the Directors or, as the case may be, members of the committee who are not all in one place, but each of whom is able to speak to each other and to be heard by each of the others and a director or member of the committee taking part in such a conference shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in the quorum accordingly and such a meeting shall be deemed, subject to Regulation 14.2, to take place (i) where the largest group of participating Directors is physically assembled at the same location or (ii) where there is no such group, where the chairperson is. Article 14.2 Notwithstanding Regulation 14.1 the Directors, at any meeting of the Board, shall have absolute discretion to determine the location of that meeting of the Directors subject only to the requirement that at least one of that number should be physically at that location.

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