FitchRatings

Singapore Annual Public Disclosure Report

April 2022

FitchRatings

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This Annual Public Disclosure Report is published in accordance with Provisions 10.1 and 10.4 of the Code of Conduct for Credit Rating Agencies ("MAS CRA Code"), as issued by the Monetary Authority of Singapore, pursuant to section 321 of the Securities and Futures Act (Cap. 289). It provides information on the operations of Fitch Ratings Singapore Pte Ltd for the fiscal year ended 31 December 2021.

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1. Code of Conduct and Ethics

Fitch Ratings supports the high-level principles outlined by IOSCO in its Statement of Principles Regarding the Activities of Credit Rating Agencies, together with the more expansive IOSCO Code of Conduct Fundamentals for Credit Rating Agencies ("IOSCO Code").

The Fitch Ratings Code of Conduct and Ethics applies to all of Fitch's global credit rating agencies including Fitch Ratings Singapore Pte Ltd. All Fitch Ratings policies and procedures reflect Fitch Ratings' Code of Conduct and Ethics, which is based upon the global best practices outlined in the IOSCO Code, 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, including the MAS CRA Code.

2. Legal Structure and Ownership

Legal Structure

Fitch Ratings operates in Singapore through its Singapore-incorporated subsidiary, Fitch Ratings Singapore Pte Ltd. The company is incorporated in accordance with applicable laws and licensed under the Securities and Futures Act.

Ownership

Fitch Ratings Singapore Pte Ltd is 100% owned by Fitch Ratings Limited ("FRL"). FRL is 100% owned by Fitch Ratings, Inc., ("FRI"). FRI is 100% owned by Fitch Group, Inc. ("Fitch Group"), a holding company, which in turn is 100% indirectly owned by The Hearst Corporation of the US.

The Hearst Corporation is a privately held diversified media and information company with headquarters in the US. Its major interests in addition to owning 100% of Fitch Group, Inc. include ownership of magazines, newspapers, cable networks, television broadcasting, internet and market services businesses, TV production, newspaper features distribution, and real estate. It 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., a single purpose subsidiary.

3. Information on Revenue

Fitch Ratings Singapore Pte Ltd's business activities are based on the provision of independent analysis and rating opinions regarding a variety of risks in the financial markets. Fitch Ratings Singapore Pte Ltd does not provide any ancillary services. Thus, all revenue received by Fitch Ratings Singapore Pte Ltd is derived from rating activities.

The table below provides, for Fitch Ratings Singapore Pte Ltd, the total revenue during the 12-month fiscal period ended 31 December 2021.

Total Revenue – 12 month period ending 31 December 2021	
Fitch Ratings Singapore Pte Ltd (SGD, 000)	**42,376**

4. Internal Control Mechanisms Ensuring the Quality of Credit Rating Activities

(1) Introduction

This section describes FRI's and FRL's internal controls related to the issuance of credit ratings (including any of FRI's and FRL's subsidiaries that issue credit ratings under the trade name of Fitch Ratings).

(2) Board Oversight

The Board of Directors of FRI (the "FRI Board") and FRL (the "FRL Board") (collectively, the "Boards"), oversee all Fitch Ratings credit rating activity in the Fitch Group. The Boards operate under defined oversight procedures in which they consider different substantive areas of oversight at each of their quarterly Board meetings. In addition, where necessary pursuant to applicable local law, the local boards of directors of other Fitch Ratings credit rating subsidiaries may perform additional oversight activities.

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

The Boards oversee, among other matters:

- The process for the issuance of credit ratings;
- The publishing of new and materially amended criteria and methodologies pertaining to determining credit ratings;
- The implementation of new and materially amended policies pertaining to determining credit ratings;
- The program designed to manage conflicts of interest;
- The maintenance of internal controls related to determining credit ratings;
- The compensation and promotion processes; and
- The compliance and governance processes, including the efficiency of the Criteria Review and Approval Group ("CRAG").

(3) Policy Framework

All Fitch Ratings' policies and procedures reflect Fitch Ratings' Code of Conduct and Ethics, which is based upon the global best practices outlined in the IOSCO Code, 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 Group, the Credit Policy Group ("CPG"), the Legal Group, Ratings Operations (including Regulatory Affairs, Policies and Procedures), the Business and Relationship Management Group ("BRM"), the Compliance Department ("Compliance"), and any others as may be appropriate. Once a new or amended policy is finalised, it is subject to review and approval in accordance with Fitch Ratings' internal protocols. Certain of Fitch Ratings' policies are also subject to review and, in some cases require prior approval by the Boards.

(4) Three Lines of Defence

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 consists of three lines of defence, and is ultimately overseen by the Boards:

- First Line of Defence: the Global Analytical Groups, BRM and Ratings Operations (see below in 5);
- Second Line of Defence: CPG, CRAG and Compliance (see below in 6); and
- Third Line of Defence: Internal Audit ("IA") (see below in 7) and external or outsourced third-party audits, as needed.

Each of the three lines of defence is further supported by the Global IT Structure and Systems ("IT") and the Technology Risk team ("Tech Risk") (see below in 8 and 9).

(5) First Line of Defence

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 defence.

a. 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 (iii) the Regional Group Heads covering certain geographical areas.

b. Business and Relationship Management

Fitch Ratings maintains a separate BRM Group which carries out ratings-related commercial and marketing activities independently of the Global Analytical Group. The segregation of commercial (BRM) activities from analytical activities 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 by BRM, finance and accounting staff, members of the Legal

Group or others, outside the Global Analytical Group. 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 credit rating agency regulation.

c. 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 Group, BRM, Compliance, CPG, Human Resources, Legal Group and IT to identify risks and implement procedural, training and/or technical solutions in support of Fitch Ratings' control framework and analysts' compliance with the firm's 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 Defence

Fitch Ratings' core control functions of CPG, CRAG and Compliance comprise the second line of defence. These functions operate at a global, rather than local level, with staff based in Fitch Ratings' New York, Chicago, UK (and EU 27), Hong Kong and Singapore offices providing support and oversight to all Fitch Ratings offices globally.

a. The Credit Policy Group

CPG is independent of the Global Analytical Group and includes the Chief Credit Officer, Group Credit Officers, Regional Credit Officers, Evaluating Committee Robustness ("ECR") and Fitch Wire staff. The Chief Credit Officer reports to the Chief Risk Officer of Fitch Group ("CRO"). The Chief Credit Officer and Regional Credit Officers leverage participation in various committees and discussions to ensure new or developing issues are shared and addressed across 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 coordination across sectors and regions;
- Conducts reviews for assessing ratings performance and ratings comparability;
- Links rating trends with current fundamentals, macro-economic developments and analytically defined expectations by industry or sector;

- Monitors 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;
- Develops and publishes areas of topical research that 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 ECR program.

b. 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. CRAG serves as an oversight function with respect to Fitch Ratings' ratings criteria and related models.

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

- Oversees the rating criteria (and related models and key assumptions) review and approval process (analytical groups are responsible for proposing suitable criteria that support ratings and supported by back testing);
- Conducts regular transition and default studies to monitor the performance of Fitch Ratings' ratings over time and across analytical sectors and geographical regions;
- Manages a database of criteria and models to measure compliance with the requirements to review such criteria and models;
- Reviews criteria back-testing and conducts model validation; and
- Maintains a log of analytical errors.

In addition to oversight responsibilities, 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.

c. The Compliance Department

Compliance is responsible for advising on, supporting and overseeing compliance with the various laws, rules and regulations governing the issuance of credit ratings ("CRA Regulation") promulgated in the jurisdictions in which Fitch Ratings operates, along with those requirements set forth in Fitch Ratings' Code of Conduct & Ethics and related policies regarding complaints, conflicts of interest and confidentiality (collectively, "Conduct Policies").

Compliance supports Fitch Ratings' compliance with CRA Regulation and the Conduct Policies on an on-going basis through the 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 Global Chief Compliance Officer (the "CCO"), who reports jointly into the CRO, and the Independent Directors of the Board of FRI (the "Independent Directors"). In addition to its New York and UK-based staff, Compliance is staffed by local Compliance Officers based in Fitch Ratings' Chicago office, as well as in its offices in Brazil, Chile, Colombia, Germany, Hong Kong, Japan, Mexico, Russia, Singapore and Spain. The CCO periodically reports to the Independent Directors and the CRO on the goals, strategy and status of Compliance, the compliance program, and certain other compliance processes and controls including those undertaken by the Department's four core functions, which are as follows:

(i) **Regulatory Compliance**: Regulatory Compliance is responsible for maintaining (either directly or in conjunction with local country management) Fitch Ratings' licence or registration in all jurisdictions where Fitch Ratings is licensed or registered as a credit rating agency. This includes making periodic (e.g. monthly, annual, etc.) reporting and filings and any additional "as needed" reporting, along with making any necessary public or regulatory disclosures of issues or events. 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 through in-person visits or conference calls. Moreover, Regulatory Compliance is 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 Latin America, Asia, Europe, and the Middle East through either on-site visits or teleconferences. Regulatory Compliance is overseen by Regional Heads of Regulatory Compliance for EMEA, APAC, Latin America and North America. The Regulatory Compliance team heads in each jurisdiction are responsible for implementing new procedures or disclosures as required by changing regulations. Regulatory Compliance team heads in each region are responsible for disseminating information of regulatory change to members of their own teams and to Regulatory Compliance Officers in other regions as well.

(ii) **Personal Conflicts Monitoring**: The Personal Conflicts Monitoring team ("PCM") administers Fitch Ratings' Global Securities Trading and Conflicts of Interest Policy ("Bulletin 13"). Bulletin 13 establishes policies designed to minimise actual and potential conflicts that may arise from employees' personal trading activity, outside interests and external relationships, and gifts, business events and entertainment. PCM utilises 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. Further, PCM is responsible for administering the exceptions and recusals that arise as a result of a potential conflict related to Bulletin 13.

(iii) **Compliance Testing and Monitoring**: The Compliance Testing and 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 activities. CTM develops annually a risk-based compliance test plan, which is 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 ageing of previously identified issues, and escalates overdue issues as appropriate. Further, CTM is responsible for performing surveillance of 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.

(iv) **Compliance Communications and Data Systems and Metrics**: Compliance officers sitting outside of the above three functional teams provide support to those teams with respect to managing Fitch Ratings' policy, procedure, and compliance training framework globally, delivering regulatory disclosures, and creating reports and metrics for monitoring the effectiveness of compliance controls.

(7) Third Line of Defence – Internal Audit

IA 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' risk framework, controls and governance processes. The Head of IA reports to the Independent Directors and the CRO. At least annually, the Head of IA submits to the Independent Directors 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 prioritisation of the audit universe using a risk-based methodology, including input from the Independent Directors, 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 Independent Directors 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 Independent Directors 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 done semi-annually and supporting the assessment of the effectiveness of internal controls under the US SEC Dodd Frank control act.

(8) Global IT Structure 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 centres required for ongoing operations;
- Plays a material role in developing 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

(9) Technology Risk

Fitch's Tech Risk is responsible for enabling the firm to deliver against its strategic goals by reducing the risk of significant security incidents and data breaches. The team is focused on understanding the risk environment so that measures can be taken to eliminate the risk or to reduce the likelihood and potential impact when an incident arises from a risk. Led by the Chief Information Security Officer, Tech Risk works with IT to drive increased security and resiliency across the Fitch Ratings environment, manage data security and access control for files, folders and applications in compliance with confidentiality and conflict of interest policies, and manage risk and enable secure business collaboration and rated entity engagement. Tech Risk also works closely with other risk stakeholders, including Legal Group, Compliance, Operational Risk and Human Resources to improve awareness and understanding of the risk environment.

5. Record Keeping Policy

Fitch Ratings has global file maintenance and recordkeeping 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 regulations in Singapore. There are two main recordkeeping policies that apply: the File Maintenance and Recordkeeping Policy for Analytical Groups and Core Operations, and the File Maintenance and Recordkeeping Procedures in the BRM Process Manual.

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 Analytical Groups and Core Operations (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 Singapore Pte Ltd maintains records for a period of at least six years that cover the following:

- 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;
- Electronic or written communications received or sent by Fitch Ratings and its employees concerning fee negotiations;
- Records of the solicited and unsolicited status of each credit rating;
- Records documenting the established procedures and methodologies used by Fitch Ratings to determine credit ratings;
- Records of the procedures and measures implemented by Fitch Ratings to comply with any applicable regulation; and
- External and internal communications, including emails received and sent by Fitch Ratings and its employees that relates to initial determining, maintaining, monitoring, changing or withdrawing a credit rating.

6. Management and Representative Rotation Policy

Management

Fitch Ratings operates in Singapore through its Singapore-incorporated subsidiary, Fitch Ratings Singapore Pte Ltd, which is 100% owned by FRL, a UK company.

The individual board members of Fitch Ratings Singapore Pte Ltd as at 31 December 2021 are Sing Chan Ng and Hyejin Yoon.

The organisation of Fitch Ratings' analytical management is not structured around the corporate organisation. Each of the analytical staff employed within Fitch Ratings Singapore Pte Ltd. reports to a Regional Group Head, in some cases through a series of line managers. The Regional Group Heads report ultimately to a Senior Global Group Head. Currently, three of Fitch Ratings' five Senior Global Group Heads are based in New York, one is based in London and one is based in Hong Kong. All five analytical 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, Ian Linnell, who is based in London.

Representative Rotation Policy

Fitch Ratings has a policy governing analyst rotation designed to meet local regulatory requirements in the relevant jurisdictions. The rotation policy was developed to be consistent with the EU and the UK endorsement regimes. Rotation requirements apply to analysts working on endorsed credit ratings which include analysts employed by Fitch Ratings Singapore Pte Ltd. The rotation policy is available on Fitch Ratings' website at https://www.fitchratings.com/ethics.