FitchRatings

Transparency Report

United Arab Emirates

May 2023

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This Transparency Report is published in accordance with Section 3, Chapter 5, Article 17 of The Decision of the SCA's Chairman No. (13 / PM) of 2021 regarding the rulebook for financial activities and adjustment mechanisms. It provides information on the operations of Fitch Ratings in the United Arab Emirates (UAE) for the fiscal year ending 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.

FCA means the Financial Conduct Authority.

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.

FRIL means Fitch Ratings Ireland Limited

FRL means Fitch Ratings Ltd

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

Fitch UAE means Fitch Ratings Ltd – UAE branch.

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 those individuals (who may also be a Senior Global Group Head) who have 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 Managers
- 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.

SCA means the Securities and Commodities Authority

Senior Global Group Head means one of those individuals who have 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.

UAE means the United Arab Emirates.

UAE CRA Regulation (or "UAE CRAR") means The Decision of the SCA's Chairman No. (13 / PM) of 2021 regarding the rulebook for financial activities and adjustment mechanisms.

UK CRA Regulation means the various laws, rules and regulations governing the issuance of Credit Ratings in the United Kingdom.

1. Compliance with Credit Rating Agencies Regulations and Other Relevant Laws and Regulations

Fitch Ratings has adopted a set of bulletins, policies and procedures (collectively, the "Operational Procedures") in order to achieve the regulatory mandate based on the principles of objectivity, integrity, transparency and independence. These Operational Procedures, as codified in the Code of Conduct & Ethics, the Rating Process Manual, the Business & Relationship Management Process Manual as well as numerous other bulletins, policies and procedures address, among other issues:

- The segregation of commercial and analytical activities, and the determination of credit ratings,
- Governance relating to criteria, methodologies, and models, and
- File maintenance and recordkeeping associated with the above-mentioned activities.

Fitch Ratings also has Operational Procedures in place for (i) the recruitment, retention, training and promotion of its employees, (ii) its information technology and security operations and (iii) inter-company activities with affiliates. The Operational Procedures are designed to ensure that Fitch Ratings complies with the various rules and regulations to which it is subject, including, but not limited to, the regulations in the Kingdom of Saudi Arabia.

To support and supplement the Operational Procedures, Fitch Ratings adopted a second set of functions, policies and procedures (the "Internal Quality Control System"). The Internal Quality Control System covers all aspects of the Fitch Ratings' operations pertaining to the determination of credit ratings. Details as to the different components of the Internal Control Structure Governing the Determination of Credit Ratings are presented in point 1.2 of this section.

1.1. Legal Structure and Ownership

Legal Structure

Fitch Ratings operates in the UAE through a branch of FRL. FRL is established in England and Wales and is incorporated in accordance with applicable national law and registered with the FCA under the UK CRA Regulation.

Ownership

Fitch Ratings Ltd ("FRL") is 100% owned by Fitch Ratings, Inc., a US company ("FRI"). FRI is 100% owned by Fitch Group, Inc., a US holding company, which in turn is 100% 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 marketing 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.

1.2. 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 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 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 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, the Credit Policy Group ("CPG"), the Legal Group ("Legal"), Ratings Operations (including Regulatory Affairs, Policies and Procedures), Business & Relationship Management ("BRM"), the Global Compliance Group ("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.

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, 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 serves as an oversight function with respect to Fitch Ratings' analytical work. It includes the Chief Credit Officer, Group Credit Officers and Regional Credit Officers, as well as the Evaluating Committee Robustness ("ECR")[1] and Fitch Wire[2] functions. In fulfilling these responsibilities, CPG conducts the following activities, among others:

- Reviews current and future risks within and across rating groups, to promote analytical coordination across sectors and regions; and, to challenge credit thinking with alternative viewpoints;
- Conducts reviews to assess Credit Rating performance and comparability; and in conjunction with the Chief Criteria Officer ("CCrO"), reports 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;
- Oversees the execution of reviewing unique or complex rating 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 help identify the next potential credit market development;
- Reviews analytical complaints; and
- Carries out reviews of the committee process (packages and committees) against criteria, as part of the ECR

[1] ECR assess the analytical quality of rating committee packages and evaluates the consistency of criteria application as well as the clarity and adequacy of documentation of rating conclusions.
[2] Fitch Wire provides intra-day commentary on credit issues in the news.

program.

6.2. Criteria Review and Approval Group

CRAG serves as an oversight function with respect to Fitch Ratings' Credit Ratings criteria and related models, and includes the CCrO, Head of Model Validation, Manager of Ratings Performance Analytics, and Criteria Officers. 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 (supported by back-testing where appropriate), sensitivities, and key ratings drivers. Global analytical groups are responsible for proposing suitable criteria and changes to existing criteria for review by a Criteria Review Committee whose voting members are CRAG employees;

1. 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;
2. 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 utilized;
3. Reviews criteria change proposals and their justification and conducts model validation; and
4. 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 known as the Fitch Credit Academy, which provides a formal structure to develop and assess the knowledge and skills analysts need to be effective in evaluating credit.

6.3. Global Compliance Group

Compliance, led by the CCO, is responsible for advising on, supporting and overseeing compliance with CRA Regulations applicable in the jurisdictions in which Fitch Ratings operates, along with those requirements set forth in Fitch Ratings' Code of Conduct & Ethics, and related policies.

The CCO reports jointly to the Chief Risk Officer ("CRO") and the Independent Non-Executive Directors ("INEDs"). Compliance operates across multiple geographical locations using local Compliance officers as required by certain local regulations. The CCO informs the INEDs and the CRO, at least quarterly, 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:

6.3.1. *Regulatory Compliance*: is responsible for maintaining (either directly or in conjunction with local country management) Fitch Ratings' license or registration in all jurisdictions where it is licensed or registered as a CRA, and is overseen regionally by heads of Compliance for EMEA, APAC, and the Americas. Compliance manage all regulatory exams, other regulatory requests for documents and information, and are responsible for oversight of the processes regarding the handling and resolution of conduct-related complaints and internal investigations. Compliance undertakes regular outreach to Fitch Ratings' offices in Asia, Europe, Latin America, and the Middle East on an in-person or virtual basis.

6.3.2. *The Personal Conflicts Monitoring* ("PCM") team monitors compliance with Fitch Ratings' Global Securities Trading and Conflicts of Interest Policy, which establishes policies designed to minimize actual and potential conflicts that may arise from employees' personal trading activity, outside interests and external relationships, and gifts, business events and entertainment.

6.3.3. *The Compliance Testing & Monitoring* ("CTM") team 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 regulated activities. CTM develops annually a compliance testing plan, which details the testing schedule for the following calendar year. The annual compliance testing plan assesses Fitch Ratings' risk universe using a risk-based approach that considers, among other factors, outcomes of the compliance risk assessment, prior compliance testing, regulatory findings, and other identified issues or trends. CTM documents its findings in written reports, which include details of corrective action plans. CTM also performs email surveillance of analytical and commercial staff, as well as other areas such as CRAG, CPG, Core Operations, Ratings Desk, Middle Office and Publishing. CTM reports are distributed to Management and also summarized in quarterly Board reports received by the INEDs.

6.3.4. *The Data, Systems and Metrics* team supports Fitch Ratings' delivery of regulatory disclosures, manages systems used for reporting of compliance matters, and creates reports and metrics for monitoring the efficiency and effectiveness of compliance controls. The Data, Systems & Metrics team also manages the process by which policies or procedures are kept current and maintained, doing so in consultation with key stakeholders such as the policy owners.

The CCO also oversees Fitch Ratings' policy, procedure and internal communications framework globally. At the request and direction of the CCO, Compliance officers in various Compliance functional groups prepare and present training and other Compliance communications to employees within Fitch Ratings on a virtual and in-person basis, and coordinate and manage other Compliance communications to employees using a variety of means such as email and intranet articles.

6.4. The Technology Risk Function

For further information on the Technology Risk function, see Section 8 (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, Internal Audit ("IA") provides independent and objective assurance as to the adequacy and effectiveness of Fitch Ratings' internal control framework and governance processes.

The Head of IA reports to the INEDs with a secondary reporting line to the CRO. At least annually, the Head of IA submits an internal audit plan to the INEDs and the CRO 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 their designee) issues and distributes a written report, which the INEDs receive. The audit report details audit findings, 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 of corrective actions, and all findings remain in an "open issues file" until cleared.

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, ESMA's Guidelines on Internal Control for CRAs, and FCA guidelines. The Head of IA regularly reports to the INEDs and the CRO on its ability to fulfil the Internal Audit Charter with regards to its independent status, as well as progress and performance regarding the audit plan.

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 ("Tech Risk") function is responsible for enabling Fitch Ratings 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 the Fitch IT team to drive increased security and resilience across Fitch Ratings' environment. Tech Risk also:

- Creates, manages, and leads the implementation of Fitch Ratings' 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 teams;
- 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;
- Manages access control for all systems, ratings data and applications in compliance with confidentiality and conflict of interest policies; and
- Manages annual training and awareness activities for cybersecurity, including required annual training, regular phishing exercises, frequent messaging and awareness raising via Fitch Ratings' intranet channel, a monthly cybersecurity newsletter, a personal cybersecurity guide, and annual cybersecurity awareness month activities in October.

2. Information on Allocation of Staff

The table below details the total number of analytical staff employed by Fitch Ratings globally who were primary analysts on credit ratings for rated entities based in the UAE as of 31 December 2022.

Primary Analysts	30

The total number of analytical staff employed by Fitch Ratings globally responsible for methodology and model management appraisal as of 31 December 2022 is detailed in the table below.

Methodology Review and Validation	10
Model Review and Validation	8
Methodology Development	136
Model Development	30

Fitch UAE had 33 full-time employees as of 31 December 2022, including:

- The Category Manager (Registered Person), Managing Director of Middle East and Sub-Saharan Africa, reporting to Managing Director BRM Corporates and Structured Credit who is based in London, UK;
- The Compliance Officer (Registered Person), Compliance Director – Middle East, reporting to the Head of Compliance – EMEA , who is based in London, UK;
- Operations, Finance and HR consists of 4 Employees;
- BRM consists of 5 employees; and
- Analysts consist of 22 employees.

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

Notes:

1. Fitch Ratings does not maintain separate surveillance teams. Thus, analytical staff work on both assigning new ratings and monitoring existing ones.
2. 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.
3. Fitch Ratings has five Senior Global Group Heads that report to the Global Analytical Head.[3]

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

3. 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 UAE 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 ten 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. the solicitation status of each Credit Rating;

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

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

e. 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.

4. 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.

5. Information on Revenue

Description of Rating Activities

Fitch Ratings' 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.

Revenue

The tables below provide the revenue derived from both rating activities and ancillary services during the 12-month financial period ending 31 December 2022.

Total Revenue	
Fitch UAE (AED)	42,712,417

6. Governance Statement

Corporate Governance Code

FRL is set up in a manner consistent with applicable UK corporate law. FRL operates in accordance with its by-laws and all applicable laws and regulations.

The individual board members of FRL comprise the following:

Charles Prescott - INED
Lisa W. Haag – INED
Ian Linnell - President
Karen Skinner – Chief Operating Officer

The INEDs on the FRL Board undertake their oversight responsibilities with respect to FRL's operations, including Fitch UAE. To ensure that any entity-specific issues are adequately considered, joint board discussions in which the board members of FRL participate, are held ahead of each FRL 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 CRAG.

Management

Each of the analytical staff employed within FRL 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.

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 FRL 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.

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