



Singapore Annual Public Disclosure Report

April 2024

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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 2023.

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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 Ltd (“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% 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.

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. 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.

Fitch Ratings Singapore Pte Ltd does not provide any ancillary services. 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 from rating activities during the 12-month fiscal period ended 31 December 2023.

Total Revenue – 12 month period ending 31 December 2023	
Fitch Ratings Singapore Pte Ltd (SGD, 000)	28,090

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

(1) Introduction

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

(2) Board Oversight

The Board of Directors of FRI (the "FRI Board") and FRL (the "FRL Board") (collectively, the "Boards") govern the most senior Credit Rating Agencies ("CRAs") within 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 and FRL in accordance with their fiduciary responsibilities and standards established by the laws of the jurisdictions in which FRI and FRL are organised, 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 and FRL to a senior management team with sufficient skill and experience to ensure the sound and prudent management of FRI 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:

- The process and maintenance of internal controls for the determination and issuance of credit ratings;
- The publishing of new and materially amended criteria and methodologies pertaining to determining credit ratings;
- The approval of new and materially amended policies pertaining to determining credit ratings;
- The program designed to manage conflicts of interest;
- The compensation and promotion processes; and
- The compliance and governance processes, including the effectiveness 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 (“Legal”), Ratings Operations (including Regulatory Affairs, Policies and Procedures), the Business Relationship Management Group (“BRM”), the Global Compliance Group (“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 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 follows the model of the three lines of defence, and is ultimately overseen by the Boards:

- First Line of Defence: the Global Analytical Group, BRM and Ratings Operations (see below in 5);
- Second Line of Defence: CPG, CRAG, Compliance, the Technology Risk function and the Operational Risk team (see below in 6); and
- Third Line of Defence: Internal Audit (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 Information Technology Group (“IT”) (see below in 8).

(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 five 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 Relationship Management

BRM is a separate function which carries out ratings-related commercial and marketing activities independently of the Global Analytical Group. 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, Legal, or others who are employed by Fitch Ratings to handle billing or fee collection matters, 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 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 Group's compliance with the various procedures outlined in the Rating Process Manual.

(6) Second Line of Defence

Fitch Ratings' core control functions of CPG, CRAG, Compliance, Technology Risk and the Operational Risk team comprise the second line of defence. 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.

a. The Credit Policy Group

CPG is independent of the Global Analytical Group and includes the Chief Credit Officer, Group Credit Officers, Evaluating Committee Robustness and Fitch Wire. The Chief Credit Officer reports to the Chief Risk Officer of Fitch Group ("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 the Global Analytical Group. 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 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 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.

b. Criteria Review and Approval Group

CRAG is independent of the Global Analytical Group 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' 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. 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 specialised curricula designed to provide relevant knowledge and skills appropriate for each Analytical Group, sector and region, as applicable.

c. Global Compliance Group

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

Compliance supports, monitors and reports on Fitch Ratings' compliance with CRA Regulations and the Conduct Policies on an on-going basis through the core functions described below. It also manages the Fitch Ratings' Ethics Hotline and internal incident reporting systems and follows up on incidents where this is required.

Compliance is led by the global Chief Compliance Officer (the "CCO"), who reports jointly into the CRO, and the Independent Non-Executive Directors of the Boards (the "INEDs"). Compliance is represented in multiple

geographical locations by local compliance officers as may be required by local regulations. The CCO periodically informs the INEDs 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 Compliance's core functions. The core functions are as follows:

- (i) **Regulatory Compliance:** 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 submitting 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 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. 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, organising adherence to new disclosure or reporting requirements by Fitch Ratings in response to regulatory change, and for communicating information regarding these changes to both their team members and Regulatory Compliance officers in other regions.

- (ii) **Personal Conflicts Monitoring ("PCM"):** responsible for administering Fitch Ratings' Global Securities Trading and Conflicts of Interest Policy, which establishes policies designed to minimise actual and apparent conflicts that may arise from employees' personal investment 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. 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.

- (iii) **Compliance Testing and Monitoring ("CTM"):** responsible for assessing adherence to policies, procedures and applicable regulations; evaluating the effectiveness of corresponding controls; reporting identified exceptions to senior management; and ensuring corrective action plans are developed and validated on closure. An Annual Compliance Testing Plan is created using a risk-based approach and focuses on the results from the annual Compliance Risk Assessment. Other factors considered include prior compliance testing, regulatory findings, identified issues and trends. CTM also performs communication surveillance on analytical and commercial staff, as well as certain other areas such as Core Operations and Middle Office.

Communication surveillance covers Fitch Ratings email, Microsoft Teams and Bloomberg email and messaging. Communications sent and received on these channels by employees are flagged by dedicated software when the content indicates a potential violation of policies and procedures. CTM reviews all flagged communications to determine whether a violation occurred and, where appropriate, refers items for investigation under the Employee Accountability Procedure.

(iv) Compliance Data, Systems and Metrics: responsible for assisting the CCO in various centralized Compliance tasks and activities. These include completion of compliance risk assessments, reporting on monitoring the effectiveness of compliance controls, project management of workplan items, management of both the Ethics Hotline and internal complaint log system, as well as exception and incident management through the Exception Management System; and management of the internal governance, risk, and compliance system.

d. The Technology Risk Function

For further information on the Technology Risk function, see section 8 below.

e. The Operational Risk Team

The Operational Risk manager reports to the CRO and oversees the policies, procedures and controls designed to manage all aspects of operational risk, including, but not limited to: fraud, regulatory risks, legal risks, physical risks, people risks, information technology risks and third party risk.

In fulfilling these responsibilities, the Operational Risk team:

- Develops, implements and manages Fitch's risk framework;
- Facilitates Risk and Control Self-Assessment activity;
- Works with first line stakeholders to identify new and emerging risks; and
- Coordinates risk management and internal control activities.

(7) Third Line of Defence – Internal Audit

Internal Audit ("IA") is the third line of defence and provides independent and objective assurance as to whether the design and effectiveness of Fitch Ratings' risk framework, controls and governance processes are adequate.

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 calendar year. It is developed based on prioritisation 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, IA issues and distributes a written audit report. The audit report includes management's responses and corrective actions with regard to any specific audit findings and recommendations. Management's responses include a timetable for anticipated completion of corrective actions. IA is also responsible for appropriate follow-up, and all audit findings remain in an "open issues file" until cleared. In addition, 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 relative to the audit plan.

IA also conducts independent testing of key controls supporting the rating process. This testing is undertaken globally to support 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

The Technology Risk ("Tech Risk") and IT Functions are responsible for managing the technology infrastructure and enabling Fitch Ratings to deliver against its strategic goals by reducing the risk of significant security incidents and data breaches.

Group IT

Fitch Group's IT function manages the technology infrastructure for Fitch Ratings globally. IT is led by Fitch Group's Chief Information Officer ("CIO"), and has both Fitch Group's Chief Technology Officer ("CTO") and the Chief Software Officer ("CSO") reporting into him. In addition to typical IT tasks and responsibilities, the CTO:

- Maintains and monitors infrastructure including desktops, networks and data applications and process for ongoing operations;
- Plays a material role in supporting business continuity plans, including those related to the issuance and publication of credit ratings; and
- Manages and tests disaster recovery plans

Together with Ratings Operations, the CSO 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.

Tech Risk

The Tech Risk 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 ("CISO"), Tech Risk works with the Fitch IT team to drive increased security and resilience across the Fitch Group environment. Tech Risk also:

- Creates, manages, and leads the implementation of the information security program;
- Identifies and addresses the risks associated with the 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 the Fitch Group intranet channel, a monthly cybersecurity newsletter, a personal cybersecurity guide and annual cybersecurity awareness month activities.

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 regulations in Singapore. There are two main record keeping policies that apply: the File Maintenance and Record Keeping Policy for Analysts, and the File Maintenance and Record Keeping 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 Record Keeping 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 record keeping 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:

- Documents including internal records and working papers used or created in support of determining and assigning any credit rating;
- Electronic or written communications received or sent by Fitch Ratings and its employees concerning fee negotiations;
- The solicitation status of each credit rating;
- The established procedures and methodologies used by Fitch Ratings to determine credit ratings;
- 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 initiating determining, maintaining, monitoring, changing or withdrawing a credit rating.

6. Management and Rating Analyst 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 2023 are Sing Chan Ng and Patrick Chong.

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 the US, one is based in the UK and one is based in Hong Kong. All five Senior Global Group Heads report to the Global Analytical Head who is based in the US. This individual reports to the President of Fitch Ratings who is based in the UK.

Rating Analyst Rotation Policy

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