

ANNUAL REPORT
OF
S&P Global Ratings Europe Limited
SOUTH AFRICA BRANCH
FOR THE FINANCIAL YEAR ENDED 31/12/2019

(Published in accordance with Section of 15 of the Credit Rating Services Act 24 of 2012)

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SECTION A: EXECUTIVE SUMMARY

Certain capitalised terms used but not defined herein have the meanings ascribed thereto in Appendix 1 hereof. Unless indicated, information provided in this Transparency Report is current as at 31st December 2019.

S&P Global Ratings operates in South Africa through S&P Global Ratings Europe Limited¹ (“SPGRE”) and in particular through its South Africa branch (“SPGRE South Africa”). S&P Global Ratings refers to the global Credit Rating Agency (“CRA”) operating through a group of affiliated companies performing Credit Rating Activities (the “Affiliated Entities”), each of which is a direct or indirect wholly owned subsidiary of S&P Global Inc. (“SPGI”). The Affiliated Entities operate in accordance with policies, procedures and ratings criteria (“Criteria”) that generally are globally applicable. S&P Global Ratings shares an integrated operating structure. SPGI is a company incorporated in the State of New York, USA and publicly listed on the New York Stock Exchange. The business activities of SPGRE South Africa include Credit Rating Services (as set out in Article 1(1) of the Act) concerning global and national scale Credit Ratings, as well as other services in accordance with Article 12(2) of the Act. A document containing descriptions of services provided by SPGRE South Africa is available on the South Africa regulatory disclosures page.²

SPGRE South Africa provides credit rating services to clients in South Africa and other sub-Saharan Africa countries. South Africa continues to be the key and most diversified market in the region with regards to rated clients. Concerning SPGRE’s credit ratings business activities, demand for new Issuer Credit Ratings continued to be modest across the region resulting on a net basis in a fairly stable number of public ratings. Relatively favourable market conditions for emerging market issuers throughout most of 2019 however underpinned a continued high volume of rated cross-border debt issuance from sub-Saharan issuers. Credit quality across the region, measured by the number of downgrades versus the number of upgrades as well as rating outlooks, remained relatively stable over most of 2019 underpinned by a favourable global economic environment and robust commodity prices. However as evidenced in the change of South Africa’s sovereign rating outlook to negative from stable in November 2019, downside risk appeared in key markets towards the end of 2019.

SPGRE South Africa had twelve full time employees at year-end 2019, including eight analysts in the Financial Institutions, Sovereign and Corporate Ratings Practices. In addition to the on-the-job training and upskilling of its local employees, SPGRE supports South Africa’s labour market transformation by offering internship opportunities for university graduates and job shadowing for matric students.

SPGRE South Africa’s contribution to financial market education in South Africa included several seminars, regular meetings and roundtable discussions with South African and international institutional investors, analysts and intermediaries, as well as frequent media outreach.

The office premises of SPGRE South Africa remain in Rosebank, Johannesburg.

SPGRE’s board of directors comprised six directors at year-end 2019: 1) John Berisford; 2) Dominic Crawley; 3) James Penrose; 4) Jan Willem Plantagie; 5) Thierry Sciard and 6) James Garvey.³

¹ Until merging into SPGRE during the course of 2018, S&P Global Ratings operated in South Africa through Standard & Poor’s Credit Market Services Europe Limited (“SPCMSE”).

² http://www.standardandpoors.com/en_EU/web/guest/regulatory/disclosures#disclosure_sa

³ Mr. Garvey was appointed to the board on 30 December 2019, following the cessation of the term of office of Joseph Strubel, his predecessor, on 29 December 2019.

SECTION B: INFORMATION AS PER SECTION 13 AND 15 OF THE ACT

1. Detailed Information on Legal Structure and Ownership

SPGRE was incorporated⁴ in the Republic of Ireland on 12 September 2017 and houses the Credit Rating Activities conducted in Ireland, and, through its branches in those countries, in the Republic of South Africa, Dubai International Finance Centre (“DIFC”, United Arab Emirates), France, Germany, Italy, Russia, Spain, Sweden, the Kingdom of Saudi Arabia and the United Kingdom. SPGRE also has branches (without locally-based Analysts) in Poland and in the Kingdom of Saudi Arabia. SPGRE is a one of several wholly-owned subsidiaries of S&P Global European Holdings Luxembourg S.à r.l (“SPGEHL”), which is in turn indirectly wholly-owned by SPGI.

The share capital of SPGRE is £3,000, made up of 3,000 shares with a par value of £1 each, all held by SPGEHL.

SPGRE has no subsidiaries or holdings in any other entity in South Africa, the Republic of Ireland or elsewhere.

Other than as set out above, no acquisitions, disposals or events changing the breakdown of voting rights have taken place since SPGRE was incorporated.

Based on public filings for the quarter ended 31 December 2019, the following entities were the only owners of 5% or more of SPGI’s common equity⁵:

Name of Shareholder	% shareholding	Country
The Vanguard Group, Inc.	8.66%	USA
BlackRock, Inc.	7.80%	USA

⁴ Registered office: 20 Canada Square, Canary Wharf, London, United Kingdom, E14 5LH. Company number: 07114748

⁵ The percent of common stock owned is shown as reported by the beneficial owner in its public filings with the U.S. Securities and Exchange Commission.

2. Description of Internal Control Mechanisms

Overview

S&P Global Ratings has established a risk management and an internal control structure to manage and mitigate regulatory, compliance, and operational risk related to the determination and dissemination of Credit Ratings, Ancillary Services and Other Services. Regulatory risk includes the failure to effectively respond to a change in laws and regulations that may impact the business of S&P Global Ratings. Compliance risk includes exposure to legal and financial risk for failure to follow laws and regulations and internal policies and procedures. Operational risk includes risk resulting from failed procedures and/or systems. In addition, S&P Global Ratings also manages other risks such as strategic and reputational risk, which may result or increase from regulatory, compliance or operational risk.

S&P Global Ratings has a balanced approach to risk management. Risk is mitigated to an acceptable level within established organisational tolerances for risk while supporting the achievement of operational and strategic goals.

In addition, risk management and the internal control structure at S&P Global Ratings ensure that S&P Global Ratings complies with laws and regulations that govern credit rating agencies, including establishing, maintaining, enforcing and documenting an effective internal control structure that governs the implementation of and adherence to policies, procedures, and methodologies for determining Credit Ratings. The internal control structure is intended to provide S&P Global Ratings' executive management and its applicable boards of directors ("Boards") with reasonable assurance that S&P Global Ratings and its employees are in compliance with laws, regulatory requirements, and internal policies and procedures.

S&P Global Ratings manages and mitigates risk through three lines of defense. The first line of defense, composed of our primary business and operations functions, owns and manages risks including the effectiveness of the internal control structure. The second line of defense, primarily provided by our risk and compliance functions, provides oversight and challenge to the first line of defense to ensure compliance with laws and regulations, internal policies or prescribed best practices and facilitates and monitors the implementation of effective risk management practices. The third line of defense, composed of internal audit and analytical rating review functions that are independent of S&P Global Ratings, reasonably provides independent assurance on the effectiveness of governance, risk management, and internal control.

Management of S&P Global Ratings conducts periodic assessment of the effectiveness of the internal control structure and is accountable for addressing issues in the internal control structure that are identified as a result of these assessments. As part of the periodic assessment process, management develops and implements action plans describing how and when issues that constitute deficiencies in the internal control structure will be addressed and provides periodic updates on the progress of remediation efforts.

As required by certain laws and regulations, S&P Global Ratings submits an annual report to applicable regulators containing management's assessment of the effectiveness of the internal control structure governing the implementation of and adherence to policies, procedures, and methodologies for determining Credit Ratings.

Oversight of risk and internal control is provided through formalised governance mechanisms including S&P Global Ratings Board(s), the S&P Global Ratings Executive Risk Committee and

the S&P Global Ratings Controls Working Group, which is composed of senior management in the three lines of defense. The S&P Global Ratings Board(s) oversee the establishment, maintenance, and enforcement of policies, procedures and methodologies for determining Credit Ratings and managing and disclosing potential conflicts of interest and monitor the effectiveness of the internal control structure. The Global Executive Risk Committee provides management oversight of the identification, measurement, monitoring, mitigation, and reporting of risks across S&P Global Ratings and promotes a strong culture of risk management, compliance and control. The Controls Working Group provides oversight of the internal control structure including making the final determination of deficiencies in the internal control structure.

S&P Global Ratings, as a division of S&P Global, Inc., escalates risk matters in accordance with the requirements of S&P Global Inc.'s risk management framework to allow for effective management and oversight at the enterprise level. S&P Global Ratings' risk management processes are aligned with the requirements of S&P Global Inc.'s risk management framework.

Description of Control Functions

The following organisational functions support S&P Global Ratings' risk management and internal control structure and are further described below:

- In-Business Control
- Compliance and Control Department
- Ratings Risk Review Function
- S&P Global Inc. Internal Audit

In-Business Control

In-Business Control ("IBC") is a group within the first line of defense that assists the Analytical practices, Operations, Data, and Technology functions in performing risk and internal control activities to mitigate risk in S&P Global Ratings. IBC ensures that controls are embedded into processes and solutions to ensure quality and adherence to regulation and internal policies and confirms that controls are designed and operating effectively through monitoring and testing. IBC works with management to identify, assess, and monitor risk in their departments by considering key risk indicators and other information, such as incidents and issues that are self-identified or identified by independent reviews. IBC ensures that management's response to risk and control issues is appropriate and mitigating actions are completed on a timely basis.

IBC works closely with the Risk and Internal Control Function within the Compliance and Control Department to provide risk reporting to senior management and the Boards; and to enhance risk processes and the internal control structure.

IBC reports to the Chief Operating Officer and is comprised of the following groups:

- In-Business Control Officers aligned with Practice Area/Function – partner with other first line departments and colleagues to implement the internal control structure; assist in day-to-day risk and internal control activities including design and implementation of control activities; perform risk and control assessments and ensure remediation of control issues.

- IBC Operations - manage key risk-related processes that span across the Ratings organization including error forums, application access management and business continuity management.
- Vendor/Affiliate Management – assess and monitor third party risk including affiliates.
- IBC Reporting/Analytics & Risk/Control Standards – develop standard risk/control assessment and reporting capabilities to support the needs of IBC teams and first line stakeholders.

Compliance and Control Department

The Compliance and Control Department is headed by the Global Chief Risk and Compliance Officer (the “GRCO”), who reports to the S&P Global Ratings President. The GRCO manages the Compliance function, the Risk and Internal Control function, and the Validation functions. These second line functions support adherence to global and local regulatory requirements as well as to S&P Global Ratings’ policies and procedures.

Compliance Function Structure and Responsibilities

The Compliance function’s structure and approach are grounded in three pillars:

- Advisory: Day-to-day advice, formal and ad hoc training, live chaperone interactions, policy violation investigations and discipline, advising on policy and reporting metrics, conducted by Covering Compliance Officers.
- Regulatory: Maintaining and managing regulatory relationships and interactions, exam management and coordination, regulatory filings, regulatory remediation oversight, and regulatory reporting, conducted by the Covering Compliance teams, Exam Management Team and Regulatory Coordination Team.
- Monitoring: Periodic and dynamic compliance examinations, continuous and periodic monitoring, surveillance, controls, and metrics reporting, conducted by the Control Room/Surveillance and Compliance Exams/Monitoring teams.

To achieve its mission, the Compliance function is organized into the following groups:

- Covering Compliance
- Compliance Examination
- Global Control Room
- Global Regulatory Coordination
- Global Matrix Office

The primary responsibilities of each group are as follows:

Covering Compliance

Covering Compliance Officers promote adherence to policies and procedures by supporting the direction and implementation of policies and procedures, reviewing and monitoring adherence to policies and procedures, and administering discipline for policy violations. Covering Compliance Officers also support surveillance and monitoring activities carried out by other parts of Compliance, participate in Compliance examinations and investigations as requested, and collaborate with other S&P Global business functions on risk management, Credit Rating quality and internal controls.

Covering Compliance consists of three regional teams: Americas, EMEA and India, and Asia Pacific. Each Regional Compliance group is responsible for Covering Compliance functions, regulatory exam management, regulatory reporting oversight and routine policy violation examinations.

The Chief Compliance Officer for EMEA and India (“CCO EMEA”) is based in Dublin and reports to the GRCO. The CCO EMEA manages a team of eleven Compliance Officers for EMEA. With reference to South Africa, compliance matters are primarily handled by the Senior Covering Compliance Officer based in London. The Senior Covering Compliance Officer reports to the Regional Covering Compliance Officer EMEA (based in London) who in turn reports to the CCO EMEA. EMEA Compliance Officers receive additional global Compliance support.

Compliance Examination

The Compliance Examination Group (“CEG”) conducts reviews of S&P Global Ratings’ adherence to compliance policies and operating procedures globally. The primary function of CEG is to conduct and report on compliance examinations and periodic monitoring reviews. In doing so, CEG evaluates the understanding and effectiveness of written compliance policies and procedures, compliance with regulatory requirements, and the adequacy and effectiveness of S&P Global Ratings’ compliance controls. In addition, the Compliance Examination Group may undertake special process and operational reviews where required.

Global Control Room

The Global Control Room administers a set of preventive and detective controls established to protect the integrity of the analytical process, manage conflicts of interest and prevent misuse of material non-public information.

To help S&P Global Ratings prevent commercial conflicts from tainting the integrity of the analytical process, the Control Room provides chaperones for communications between employees in analytical and Commercial Roles. Chaperoning ensures that such communications proceed in compliance with requirements set forth in applicable policies. In the area of protection of information, the team is responsible for maintaining insider lists, responding to regulatory and issuer requests for information on S&P Global Ratings insiders and monitoring access to work-in-progress documents. As part of its monitoring and surveillance function, the team administers S&P Global Ratings’ electronic communications surveillance program.

Global Regulatory Coordination

The Global Regulatory Coordination team ensures coordination and consistency across regions and facilitates remediation activities stemming from findings and recommendations from regulatory agencies. The team validates completion of regulatory remediation efforts and reports regulatory updates to senior management. The Global Regulatory Coordination team is also responsible for regulatory reporting. The team delivers reports to regulators and manages required regulatory disclosures on standardandpoors.com, while ensuring that regulatory registration and reporting obligations are accurate, complete and timely.

Global Matrix Office

The Global Matrix Office creates and maintains the Policy Chapters of the S&P Global Ratings Policy Manual, tracks and coordinates compliance training, oversees global compliance-related projects and presentations, and gathers data periodically on certain global compliance department activities, such as complaints, reviews and disciplinary actions.

Risk and Internal Control Function Structure and Responsibilities

The Risk and Internal Control Function is a second line of defense function that provides oversight, coordination and reporting in support of S&P Global Ratings risk management and internal control structure. The Risk and Internal Control Function works closely with In-Business Control to ensure that each department has defined and documented appropriate internal controls in policies, procedures and standard work within their respective departments. The Risk and Internal Control Function ensures that each department appropriately identifies, assesses and monitors risk, including evaluation of the effectiveness of their internal controls through monitoring and testing. Activities to mitigate risk, including the remediation of internal control deficiencies, are monitored by the Risk and Internal Control Function to ensure appropriate actions are taken on a timely basis.

The Risk and Internal Control Function facilitates the annual management assessment and attestation to the President of S&P Global Ratings for controls related to determining Credit Ratings. Periodic reporting on risk and internal control is provided to various oversight committees including the Global Executive Risk Committee, Global Risk and Compliance Committee, the Boards, S&P Global and regulators, as required. The effectiveness of the internal control structure is periodically evaluated and processes are enhanced as needed, including operationalizing the S&P Global risk management framework.

Criteria and Model Validation Function Structure and Responsibilities

The Validation function consists of the Criteria Validation Group and the Model Validation Group. The Criteria Validation Group is responsible for independently performing ex-ante validation to assess proposed new or revised Criteria and periodic Criteria reviews. The Model Validation Group is responsible for independently performing ex-ante validation to assess proposed new or revised Models and conducting periodic reviews of Models.

Ratings Risk Review Function

Ratings Risk Review (“RRR”) reports to the SPGI Chief Risk Officer (CRO) who reports directly to the SPGI Chief Executive Officer. The RRR Global Review Officer reports the function’s results on a regular basis to the SPGI Audit Committee of the Board of Directors as well as the Boards of S&P Global Ratings. The RRR staff remain subject to S&P Global Ratings’ policies and procedures.

RRR Officers are assigned to specific Analytical practices and/or regions. Among other activities, RRR conducts sector and targeted reviews as well as ongoing monitoring that includes evaluation of Credit Rating files from an analytical perspective, including (i) assessment of adherence to analytical policies and procedures for determining Credit Ratings, (ii) assessment of adherence to Criteria for key aspects of the analysis, (iii) review of the assumptions made, appropriateness of the documentation of the Credit Rating analysis, and (iv) review of the published rationales for Credit

Ratings. RRR monitors the performance of Credit Ratings and the Credit Ratings process to ensure that emerging trends and credit attributes are appropriately considered.

RRR prepares reports that summarize referrals (Criteria and guidance related or individual Credit Rating related) as well as findings associated with the outcome of its review and monitoring activities, which are issued to applicable stakeholders. RRR may refer analytical matters to the practices for a new Rating Committee when RRR believes the Credit Rating and/or published rationale does not materially reflect the appropriate analysis. RRR may also refer matters to the relevant Analytical Oversight and Consistency Council or Global Head of Methodologies where RRR identifies a substantive analytical issue, which has occurred because of either inconsistent or unclear Guidance Documents or Criteria. RRR requires the Analytical practice to address all referrals, and further, develop and deliver applicable management action plans with responsible owners and completion dates to address each finding. For management action plans and referrals that result from RRR reviews, RRR formally tracks their effectiveness and completion by the Analytical practice.

RRR presents to the SPGI Audit Committee on topics such as: the results of sector and targeted reviews and monitoring activities; overall assessments and trends by assessment point and Analytical practice; the status of management action plans; and the status of reviews against the annual review plan.

RRR also presents periodically to the S&P Global Ratings Executive Committee and to Global and Regional management of the Analytical practices. These “Practice Area Updates” are presentations that typically cover the same topics as are referenced above.

SPGI Internal Audit

The SPGI Internal Audit (“IA”) function is independent of S&P Global Ratings’ management and compliance and other control functions and incorporates S&P Global Ratings in its annual risk-based internal audit plan.

IA regularly performs compliance, regulatory, operational, information technology and financial audits on SPGI entities and segments including S&P Global Ratings. In order to prepare its annual internal audit plan, IA carries out a comprehensive risk assessment process to identify significant risks associated with S&P Global Ratings (including those that are regulatory in nature). Audits are then scoped to assess the effectiveness of the processes and the internal control environment relevant to those risks.

IA issues reports in relation to these audits and tracks the status and completion of management action plans that address IA’s findings. The completion of all management actions plans are validated by IA before they are closed. The results of IA reviews are reported to key stakeholders including status of management action plans and the progress against the annual approved internal audit plan.

IA also carries out quarterly continuous monitoring on SPGI entities, including S&P Global Ratings. This activity includes stakeholder interviews and reviews of management information and business performance. The outcomes from the continuous monitoring activity are considered quarterly by the IA leadership team and informs changes to the risk assessment process and the internal audit plan.

The S&P Global Chief Auditor reports to the Audit Committee of the SPGI Board of Directors on a functional basis, and administratively to the SPGI Chief Risk Officer. IA reports the results of audits, including the status of audit tracking to the SPGI Audit Committee and the Boards.

3. Outcome of the Annual Internal Review undertaken by Compliance Unit

The annual review of the Compliance unit covers the results and observations arising from a series of review activities for SPGRE South Africa. The key activities covered in the reviews conducted in 2019 draw on conclusions from:

1. **Compliance Examinations** – The Compliance Examination Group conducted a separate compliance review of SPGRE South Africa covering 2019. The purpose of this review was to assess compliance with documented policies and procedures, and to evaluate the adequacy and effectiveness of key compliance controls. The conclusions of the review included a number of minor exceptions to policies concerning ratings release, recordkeeping and personal securities holdings but did not raise any regulatory issues in 2019.
2. **Local compliance monitoring** – routine monitoring and surveillance covering key policy areas were undertaken for SPGRE South Africa, the outcomes of which highlighted no material weaknesses during the course of 2019.
3. **E-mail surveillance** – routine surveillance to assist in the detection, investigation and subsequent enforcement related to a breach of policy or procedure. All e-mail surveillance is undertaken in accordance with local laws and regulations. The EMEA Covering Compliance department has not identified any breaches from email surveillance during 2019.

Compliance training activities – a number of Compliance-led training initiatives were undertaken during 2019 primarily to address training on key policies and regulation. These sessions were conducted by an instructor or delivered via e-learning. They were either global or regional, depending on the subject of the training course.

In addition, EMEA Compliance hosts regular videoconferences with SPGRE South Africa. The purpose of these meetings is to have interactive discussions on compliance themes with SPGRE South Africa.

The outcome of the 2019 annual internal review undertaken by the Compliance unit concludes that there was a satisfactory level of compliance with applicable policies and regulation at SPGRE South Africa.

The Outcome of the Annual Internal Review of EMEA Compliance

In 2019, Internal Audit (“IA”) performed a review of the independent compliance function in EMEA (“EMEA Compliance”). IA’s focus was to assess the adequacy of key processes and evaluate the effectiveness of the control environment for the EMEA Compliance function based on applicable regulatory requirements. The audit areas included the following:

- Independence from the business and operations function
- Compliance oversight activities

- Management reporting
- Roles and responsibilities of the EMEA Compliance function

The audit report was issued on 21 January 2020 and, as a result of the observations made by IA, the 2019 EMEA Compliance Function received an overall rating of Satisfactory.

4. Description of Recordkeeping Policy

SPGRE South Africa has implemented globally applicable policies and procedures in relation to documentation covering all aspects of its business, in particular, all information created, received or in the possession or control of anyone working at or for SPGRE South Africa. This includes internal and external communications; records of Credit Rating actions; research notes; and Issuer materials. The policies and procedures in relation to documentation establish a framework for classifying records and documents.

Records in relation to Credit Ratings held by SPGRE South Africa subject to applicable retention periods include, but are not limited to:

- a. For each Rating Decision, the identity of the Analysts participating in the determination of the Credit Rating and the identity of the persons who have approved the Credit Rating, information as to whether the Credit Rating was solicited or unsolicited, and the date on which the Credit Rating action was taken;
- b. An account record for each rated entity, related third party or other user that has paid for the issuance or maintenance of a Credit Rating. In accordance with applicable policies, Analysts do not have access to such account records;
- c. The records documenting the established procedures and methodologies used by SPGRE South Africa to determine its Credit Ratings;
- d. The final version of internal records, including non-public information and work papers, used to form the basis of the Rating Decision taken;
- e. Records of the procedures and measures implemented to comply with the Act and the Rules; and
- f. Copies of internal and external communications, including electronic communications, received and sent by SPGRE South Africa and its employees that relate to Credit Rating Activities.

Policies and procedures applicable to S&P Global Ratings allocate responsibility for the retention of any record that is required to be retained pursuant to the Recordkeeping and Retention Policy.

SPGRE South Africa's staff retain designated records for at least five years after the records are made or received in relation to Credit Rating Activities, Ancillary Services and Other Services.

The heads of departments and functions are responsible for their respective group's compliance with the Recordkeeping and Retention Policy.

5. Revenue Sources

SPGRE SOUTH AFRICA REVENUE RESULTS FOR 2019

Revenue Source	Rands (ZAR) in thousands
Credit Rating Services	139,871
Non-Credit Rating Services	2,892
Total Revenue	142,763

SECTION C: INFORMATION AS PER BOARD NOTICE 168 OF 2013

1. Details of Methodologies, Models and Key Assumptions Reviewed

The following methodologies used by SPGRE South Africa were reviewed during the period of January 1 – December 31, 2019.

- Criteria - Insurance - General: Hybrid Capital Handbook: September 2008 Edition - September 15, 2008
- Criteria - Insurance - General: Insurers: Rating Methodology - May 07, 2013
- Criteria | Corporates | General: Corporate Methodology - November 19, 2013
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments - April 01, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments - November 19, 2013
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers - December 16, 2014
- Criteria | Corporates | General: Recovery Rating Criteria For Speculative-Grade Corporate Issuers - December 07, 2016
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings - March 28, 2018
- Criteria | Corporates | General: The Treatment Of Non-Common Equity Financing In Nonfinancial Corporate Entities - April 29, 2014
- Criteria | Corporates | Industrials: Key Credit Factors For The Building Materials Industry - December 19, 2013
- Criteria | Corporates | Industrials: Key Credit Factors For The Business And Consumer Services Industry - November 19, 2013
- Criteria | Corporates | Industrials: Key Credit Factors For The Metals And Mining Upstream Industry - December 20, 2013
- Criteria | Corporates | Industrials: Key Credit Factors For The Oil And Gas Exploration And Production Industry - December 12, 2013
- Criteria | Corporates | Industrials: Key Credit Factors For The Operating Leasing Industry - December 14, 2016
- Criteria | Corporates | Industrials: Key Credit Factors For The Railroad And Package Express Industry - August 12, 2014
- Criteria | Corporates | Industrials: Key Credit Factors For The Retail And Restaurants Industry - November 19, 2013
- Criteria | Corporates | Industrials: Key Credit Factors For The Telecommunications And Cable Industry - June 22, 2014
- Criteria | Corporates | Industrials: Key Credit Factors For The Transportation Cyclical Industry - February 12, 2014
- Criteria | Corporates | Industrials: Key Credit Factors For The Transportation Infrastructure Industry - November 19, 2013
- Criteria | Corporates | Industrials: Methodology: Investment Holding Companies - December 01, 2015
- Criteria | Corporates | Recovery: Methodology: Jurisdiction Ranking Assessments - January 20, 2016

- Criteria | Corporates | Utilities: Key Credit Factors For The Regulated Utilities Industry - November 19, 2013
- Criteria | Financial Institutions | Banks: Assessing Bank Branch Creditworthiness - October 14, 2013
- Criteria | Financial Institutions | Banks: Bank Hybrid Capital And Nondeferrable Subordinated Debt Methodology And Assumptions - January 29, 2015
- Criteria | Financial Institutions | Banks: Bank Rating Methodology And Assumptions: Additional Loss-Absorbing Capacity - April 27, 2015
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions - November 09, 2011
- Criteria | Financial Institutions | Banks: Banks: Rating Methodology And Assumptions - November 09, 2011
- Criteria | Financial Institutions | Banks: Commercial Paper I: Banks - March 23, 2004
- Criteria | Financial Institutions | Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions - July 17, 2013
- Criteria | Financial Institutions | General: Methodology For Assigning Financial Institution Resolution Counterparty Ratings - April 19, 2018
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology - July 20, 2017
- Criteria | Governments | Sovereigns: Sovereign Rating Methodology - December 18, 2017
- Criteria | Insurance | General: Enterprise Risk Management - May 07, 2013
- Criteria | Insurance | General: Insurers Rating Methodology - July 01, 2019
- Criteria | Insurance | General: Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model - June 07, 2010
- General Criteria: Country Risk Assessment Methodology And Assumptions - November 19, 2013
- General Criteria: Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings - October 01, 2012
- General Criteria: Group Rating Methodology - July 01, 2019
- General Criteria: Guarantee Criteria - October 21, 2016
- General Criteria: Hybrid Capital: Methodology And Assumptions - July 01, 2019
- General Criteria: Methodology For Companies With Noncontrolling Equity Interests - January 05, 2016
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings - April 07, 2017
- General Criteria: Methodology For National And Regional Scale Credit Ratings - June 25, 2018
- General Criteria: Methodology: Criteria For Determining Transfer And Convertibility Assessments - May 18, 2009
- General Criteria: Methodology: Industry Risk - November 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities - November 13, 2012
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers - November 13, 2012

- General Criteria: Methodology: Timeliness Of Payments: Grace Periods, Guarantees, And Use Of 'D' And 'SD' Ratings - October 24, 2013
- General Criteria: Post-Default Ratings Methodology: When Does S&P Global Ratings Raise A Rating From 'D' Or 'SD'? - March 23, 2015
- General Criteria: Principles For Rating Debt Issues Based On Imputed Promises - December 19, 2014
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions - March 25, 2015
- General Criteria: Rating Implications Of Exchange Offers And Similar Restructurings, Update - May 12, 2009
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions - November 19, 2013
- General Criteria: Stand-Alone Credit Profiles: One Component Of A Rating - October 01, 2010
- General Criteria: Use Of CreditWatch And Outlooks - September 14, 2009

The following models used by SPGRE South Africa were reviewed during the period of January 1 – December 31, 2019.

- Risk-Adjusted Capital for Non-US Banks & Non-US NBFI & Non-US PSFAs
- Corporate Criteria Scoring Template
- GRE Database Criteria Evaluation Engine
- ESP (Expected Scenario Projector) including Liquidity Template
- Arrow Basic
- Financial Institutions RSR
- Insurance Framework RSR
- Notching Analysis
- Sovereign Stress Test - Insurance
- Sovereign RSR
- Additional Loss Absorbing Capacity
- Investment Holding Company Scoring Tool (IHCST)
- Risk Based Capital for Insurers - GAAP/IFRS Global Version
- Recovery Template
- Bank Scoring Template for Simplify (BST for Simplify)
- Ratings Cascade Engine
- Corporate Criteria Scoring Template for Simplify (CCST for Simplify)
- Sovereign RSR for Simplify
- Insurance RSR

2. Details of Analyst Rotation

SPGRE South Africa applies the Analyst Rotation Policy which sets out the standards applicable in South Africa and elsewhere on the rotation of Analysts.

The rotation requirement extends to related third parties to the Issuer's transactions with whom the Primary Analyst has had an analytical interaction.

Analysts are rotated on an individual basis so that the composition of the analytical teams and the composition of the Rating Committee changes gradually over time.

Each Practice Area is responsible for assigning Analysts to perform Credit Rating Services⁶ in a manner that adheres to the Analyst Rotation Policy, its related guidelines and applicable regulation.

To meet applicable regulatory requirements and in order to implement required periodic rotation and cooling-off periods, the following approaches have been established in relation to Credit Ratings issued by SPGRE South Africa:

- Primary Analysts (a) must not be involved in Credit Rating Services for an Issuer for a period exceeding four years and (b) must wait for at least two years before being involved again in any Credit Rating Services for that Issuer.
- Analysts who are involved in making Rating Decisions with respect to an Issuer (a) must not be involved in Credit Rating Services for that Issuer for a period exceeding five years and (b) must wait for at least two years before being involved again in any Credit Rating Services for that Issuer. For these purposes, being involved in making Rating Decisions refers to the activity of voting in the relevant Rating Committees and regularly attending routine management meetings.
- Rating Committee chairpersons – the individuals who approve the Rating Decision or determination of the Rating Committee with respect to an Issuer (a) must not be involved in Credit Rating Services for that Issuer for a period exceeding seven years and (b) must wait for at least two years before being involved again in any Credit Rating Services for that Issuer.

⁶ As defined in the Act.

3. Details of Staff Allocated to Ratings

Table 1 – Total number of Analysts

	SPGRE South Africa	SPGRE total
Corporate	3	137
Financial Services	4	105
Infrastructure	0	29
Sovereign/IPF	1	52
Structured Finance	0	85
Other Divisional ⁷	0	48
Total	8	456

Table 2 – Analytical management and general management of SPGRE and SPGRE South Africa

	SPGRE South Africa	SPGRE total
Analytical Managers	0	29
General Management ⁸	0	2
Total	0	31

S&P Global Ratings is committed to the highest standards of analytical excellence. Consistent with this core value, regulatory requirements, and S&P Global Ratings' goal of issuing high-quality Credit Ratings, S&P Global Ratings has established standards of training, experience and competence for all employees who participate in determining Credit Ratings.

The standards of training and competence, which apply to employees who participate in the determination of Credit Ratings and certain other employees, consists of required training and periodic testing elements.

As to standards of experience, S&P Global Ratings has established work experience standards associated with certain roles, including those that entail participating in the determination of Credit Ratings.

In establishing these standards of training, experience and competence applicable to an employee, S&P Global Ratings has considered an employee's role and responsibilities.

⁷ Other Divisional consists of Analysts in the graduate trainee programme.

⁸ General Managers are employees engaged in the management of S&P Global Ratings' business and operational activities.

Qualifications for credit analysts are generally as follows and as to professional experience may vary by region:

	Junior Credit Analysts	Mid- Level Credit Analysts	Senior Level Credit Analysts
Preferred Minimum Education	BA or BS in business related field.	BA or BS in business related field. Advanced degree preferred.	BA or BS in business related field. Advanced degree preferred.
Preferred Minimum Experience / Skills	Typically 2 years or more of credit, analytical or related financial services experience preferred. For entry-level positions, in light of the nature and supervision of these positions, there is no additional minimum experience requirement.	Typically 3-5 years of credit, analytical or related financial services experience preferred.	Typically 7 or more years of credit, analytical or related financial services experience preferred.

Additional qualifications for credit analyst supervisors are generally as follows:

	Mid-Level Credit Analyst Supervisors	Senior-Level Credit Analyst Supervisors
Preferred Minimum Education	BA or BS in business related field. Advanced degree preferred.	BA or BS in business related field. Advanced degree preferred.
Preferred Minimum Experience / Skills	Typically 7 or more years of credit, analytical or related financial services experience	Typically 10 or more years of credit, analytical or related financial services experience, including prior experience in an Analytical Manager or equivalent role.

All Analysts fulfilled the Fit and Proper requirements as set out in FSB Board Notice 166 of 2013.

4. Information On Credit Ratings By Category

Credit Ratings⁹ issued by SPGRE South Africa

	Affirmation	Downgrade	New	Upgrade	Withdrawal	Total
Credit Rating actions at Issuer level	232	28	8	2	10	280
Credit Rating actions at instrument level	126	26	6	1	4	163
Grand Total:	358	54	14	3	14	443

Number of Issuers rated by SPGRE South Africa by sector:

Corporate Ratings	23
Financial Institutions Ratings	21
Insurance Ratings	12
Sovereigns And International Public Finance	6
Total	62

SPGRE South Africa declined to proceed with a newly requested credit rating due to concerns about the quality of information provided in accordance with our “Sufficient Information (Quality of Information)” policy.

Please see the document entitled “*S&P Global Ratings Definitions*” for a description of the types of Credit Ratings provided by S&P Global Ratings. This document can be found at

http://www.standardandpoors.com/en_EU/web/guest/article/-/view/sourceId/504352.

5. List of Ancillary Services

No ancillary services or other permissible services have been provided to entities rated by SPGRE South Africa. A document containing descriptions of services provided by SPGRE South Africa is available on the South Africa regulatory disclosures page at

http://www.standardandpoors.com/en_EU/web/guest/regulatory/disclosures.

⁹ This table contains the number of Credit Ratings at Issuer level and the number of Credit Ratings at issue or transaction level issued during the year 2019. The numbers may include multiple Credit Ratings and Credit Rating actions on a single entity.

6. List of Members of the Board of Directors and Senior Management

Full Name and Surname	Qualifications and Experience	Committee Membership	Date Appointed
John Berisford	President of S&P Global Ratings BS, Political Science, West Liberty College, West Virginia, USA MS, Labor and Industrial Relations, West Virginia University, USA	Executive Director – SPGRE Board	1 st January 2016
Jan Willem Plantagie	Managing Director and Head of EMEA Ratings, S&P Global Ratings Business Administration, Financial Sector at the Vrije Universiteit Amsterdam	Executive Director – SPGRE Board	1 st June 2016
James Penrose	Head of S&P Global Ratings Legal and Regulatory Affairs, EMEA MA in Law – Cambridge University, UK LLM – Columbia Law School, USA	Executive Director – SPGRE Board	1 st December 2016
Dominic Crawley ¹⁰	B.Sc. Economics, Cardiff University Advanced management programme, Wharton Business School, University of Pennsylvania, USA	Non-Executive Director – SPGRE Board	1 st July 2015
Thierry Sciard ¹¹	Non-Executive Director at VTB Capital plc, VTB Holdco and Mizuho International plc. ¹² Formerly senior executive at Calyon, Lehman Brothers Inc., StormHarbour Partners and Fortis Investments and Non-Executive Director at BlackTree Investment Partners and Liquidnet Europe Limited. MBA, Ecole Supérieure de Commerce de Paris	Non-Executive Independent Director – SPGRE Board	1 st July 2015
James Garvey	Formerly senior executive at Lloyds Banking Group, Goldman Sachs, West Merchant Bank and the Union Bank of Switzerland. Non-Executive Director at	Non-Executive Independent Director – SPGRE Board	30 th December 2019

¹⁰ Mr. Crawley's appointment expires on 30 June 2020.

¹¹ Mr. Sciard's appointment expires on 30 June 2020. He will be replaced by Ms. Ursula Schliessler.

¹² Mr. Sciard resigned as a non-executive board member for Mizuho International plc on 1 January 2020.

	<p>Martello Financial Services Ltd. Experienced in structured finance activities.</p> <p>Wharton Business School EDP, PA USA</p>		
Joseph Strubel ¹³	<p>Senior Advisor and Non-Executive Director - SphereInvest Group Limited, SphereInvest Global UCITS SICAV P.L.C. and Ontario Graphite Ltd. Formerly Senior Adviser at Millennium Group Holdings Limited.</p> <p>MBA, the William E. Simon Graduate School of Business, Finance and Applied Economics, NY, USA</p>	<p>Non-Executive Independent Director -- SPGRE Board</p>	<p>31st December 2014</p>

Other senior management

Konrad Reuss	<p>Managing Director, SPGRE South Africa</p> <p>Master of Economics – Bayerische Julius Maximilians University, Germany</p>
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¹³ Mr. Strubel resigned on 29 December 2019. He was replaced by Mr. James Garvey.

7. Details of Policies and Initiatives in Adopting the King Code

SPGRE subscribes to the principles and practices of effective corporate governance as contemplated in the King Code (and with the corporate governance standards contained in applicable Irish and EU legislation and regulation). Because SPGRE is privately held, it is not subject to any corporate governance code in Ireland.

As a wholly owned indirect subsidiary of SPGI, SPGRE follows the SPGI Code of Business Ethics as well as SPGI's other publicly disclosed policies covering many of the topics referenced in the King Code and which bind employees of all its subsidiaries worldwide.

SPGI is strongly committed to the highest standards of corporate governance. SPGI has standing Audit, Compensation and Leadership Development, and Nominating and Corporate Governance Committees. The Chairman of each Committee reports to the Board as appropriate. Each Committee has a Charter that is reviewed by the Nominating and Corporate Governance Committee on a regular basis. In addition to these three standing Committees, the Board has an Executive Committee and a Financial Policy Committee.

S&P Global Ratings is committed to the highest standards of analytical excellence. To achieve these standards, it has established (i) a governance hierarchy and committee framework to implement policies, procedures and methodologies for determining credit ratings and an independent governance and control structure aimed at adhering to its policies, procedures, and methodologies. S&P Global Ratings evaluates the effectiveness of its internal control structure and makes changes to its organisational structure and processes when appropriate.

S&P Global Ratings has established the S&P Global Ratings Code of Conduct ("the S&P Global Ratings Code") to reflect the high-level principles that govern the conduct of its Credit Rating Activities. The S&P Global Ratings Code also reflects the high-level principles underlying regulatory requirements in the jurisdictions where S&P Global Ratings conducts its activities. S&P Global Ratings implements the principles set out in the S&P Code through policies and procedures as well as through its operational and control infrastructures.

Taken together, these corporate governance arrangements are consistent with the King Code.

8. Status Report on the Investor Education Initiatives

SPGRE South Africa routinely reaches out to market participant to discuss Criteria, Credit Ratings, Credit Rating actions, and other market-relevant information and events. The outreach occurs through conferences, seminars, roundtables, online webinars and face-to-face meetings. Analysts and the Office Head are also frequently contacted by investors, intermediaries and other parties directly to discuss particular Criteria or matters related to Credit Ratings. In addition, senior representatives of SPGRE South Africa routinely speak to the media on Credit Ratings-related matters so as to promote a good understanding of Credit Rating issues in the media and to facilitate a broader public understanding of Credit Ratings-related matters.

The outreach included S&P Global Ratings conferences in April 2019 which were held in Johannesburg and Cape Town, respectively, with presentations from the Chief Economist for EMEA and senior representatives from the sovereign, corporate, and bank ratings Practice Areas as well as external expert panellists. In September 2019, an Insurance Credit Ratings seminar was held focusing on insurance industry regulation and developments in the South African insurance sector. The seminar was an event accredited by the Insurance Institute of South Africa (IISA). Over 250 attendees were registered at the three events. A number of ratings education seminars were also held in other African markets including Cote d'Ivoire, Ghana, Kenya and Nigeria.

S&P Global Ratings staff also provided regular briefings to professional bodies, associations, government departments, investors, multilateral institutions and others on ratings criteria, methodology, and general credit trends. This included a South Africa economist roundtable with over twenty of the country's leading economists as well as various roundtables in Johannesburg and Cape Town. In particular S&P senior bank analysts also continued to be involved in a number of discussions around bank resolution in South Africa with the Reserve Bank and the Prudential Authority.

Senior representatives from SPGRE South Africa also presented on matters relating to Credit Ratings at a large number of external conferences and held regular individual meetings with international and South African asset managers and intermediaries in Cape Town and Johannesburg. In 2019, S&P Global Ratings was one of the lead sponsors of GFC Media Group's Bonds, Loans and Sukuk series of conferences in Cape Town, Nairobi and Lagos. Senior staff from S&P Global Ratings participated in a number of panel discussions and roundtables at these conferences. S&P Global Ratings also provides extensive information and educational content through a website (<https://www.spglobal.com/ratings/en/>), which offers the public an easily accessible way to keep up with S&P Global Ratings' thought leadership on credit topics such as global aging, sovereign ratings, and global credit conditions. This free public website contains original videos and audio podcasts, selected articles and analyses, news and research summaries, and S&P Global Ratings live event listings, together with links to a Credit Rating lookup and Criteria. It can be accessed from the web, mobile devices, and tablets.

Information required to be disclosed in accordance with applicable regulation including public Credit Ratings and related information is available on

http://www.standardandpoors.com/en_EU/web/guest/regulatory/disclosures#disclosure_sa.

9. Historical Default Rates of the Past 10 Years per Category

Please see Appendix 2.

10. Adherence to the Prescribed Code Of Conduct

S&P Global Ratings requires all of its employees to comply with the S&P Global Ratings Code. Each year all S&P Global Ratings employees are required to read the S&P Global Ratings Code and affirm their compliance with it by signing an affirmation statement. All employees are given the opportunity at the time of affirmation to make S&P Global Ratings aware of any known conflicts of interest to which they or other employees may be subject. Failure to comply with the S&P Global Ratings Code may result in disciplinary action, up to and including termination of employment.

The S&P Global Ratings Code aligns with principles established by the International Organization of Securities Commissions (“IOSCO”) in its Code of Conduct Fundamentals for Credit Rating Agencies, published in December 2004 and amended in May 2008 and March 2015, and IOSCO’s “Statement of Principles Regarding the Activities of Credit Rating Agencies”, published in September 2003.

A copy of the S&P Global Ratings Code is available on the South Africa regulatory disclosures page at

http://www.standardandpoors.com/en_EU/web/guest/regulatory/disclosures#disclosure_sa.

SECTION D: APPENDICES

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Appendix 1: Glossary of Terms Used

“Act”: The Credit Rating Services Act, 2012 (Act No. 24 of 2012)

“Analyst”: an employee who is directly involved in S&P Global Ratings Activities, but not part of the Criteria organisation or the Compliance or Legal Departments.

“Ancillary Service”: a product or service that S&P Global Ratings provides or sells that is not a Credit Rating or Credit Rating Activity and is either a market forecast, an estimate of economic trends, a pricing analysis, other general data analysis, or distribution services related to a Credit Rating, a market forecast, an estimate of economic trends, a pricing analysis or general data analysis.

“Commercial Role”: the role of an employee engaged in Sales or Marketing Activities.

“Credit Rating”: a forward looking opinion about the creditworthiness of an Issuer, an issuance, a specific class of an issuance, or a specific financial program, issued using S&P Global Ratings established and defined symbology. A Rating Outlook is not a Credit Rating but is subject to the same S&P Global Ratings policies and procedures applicable to a Credit Rating.

“Credit Rating Activities”: an activity engaged in by S&P Global Ratings that leads to or directly supports the issuance or surveillance of a Credit Rating including:

- the evaluation, approval, issuance, or review of Credit Ratings;
- analysis of data and information related to Credit Ratings;
- a Credit Rating Action or Rating Decision; and
- the development or approval of Criteria, including the development or approval of qualitative and quantitative models.

Examples include:

- Participating and/or voting in Rating Committees;
- Attending management meetings that are for the purpose of gathering information and for determining the basis of a rating recommendation;
- Communicating with rated entities and related third parties to determine a Credit Rating Action;
- Managing Analysts, as applicable, in their analytical work;
- Developing Criteria (including attending Criteria committees);
- Conducting surveillance of a Credit Rating;
- Developing analytical models to support Criteria in which the results are used by a Rating Committee as part of determining a Credit Rating.

In addition, Credit Rating Activities also include:

- Advanced Analytics
- Mappings
- Rating Agency Confirmation (RAC)
- Rating Evaluations Service (RES)

- Recovery Ratings

Any other activity engaged in by S&P Global Ratings, such as data analysis that does not lead to, or directly support the issuance or surveillance of, a Credit Rating is either an Ancillary or Other Service.

For the purposes of this definition, (i) legal counselling by the Legal Department is not a Credit Rating Activity and (ii) Sales or Marketing Activities are not Credit Rating Activities.

"CreditWatch": CreditWatch highlights S&P Global Ratings' opinion regarding the potential direction of a short-term or long-term Credit Rating. It focuses on identifiable events and short-term trends that cause Credit Ratings to be placed under special surveillance by S&P Global Ratings' analytical staff. A CreditWatch listing, however, does not mean a Credit Rating change is inevitable, and when appropriate, a range of potential alternative Credit Ratings will be shown.

"Criteria": Criteria are the published analytic framework for determining Credit Ratings. Criteria include fundamental factors, analytical principles, methodologies, and /or key assumptions that we use in the ratings process to produce our Credit Ratings. Criteria, like our Credit Ratings, are forward-looking in nature. Criteria are intended to help users of our Credit Ratings understand how S&P Global Ratings Analysts generally approach the analysis of Issuers or issuances in a given sector. Criteria include those material methodological elements identified by S&P Global Ratings as being relevant to credit analysis. However, S&P Global Ratings recognises that there are many unique factors / facts and circumstances that may potentially apply to the analysis of a given issuer or issuance. Accordingly, S&P Global Ratings Criteria is not designed to provide an exhaustive list of all factors applied in our rating analyses. Analysts exercise analytic judgement in the application of Criteria through the Rating Committee process to arrive at Credit Rating determinations.

"Issuer": an entity that issues debt or equity securities, as well as a bank or insurance companies, and their employees and agents acting on its behalf. An Issuer includes the Rated Entity and its Related Third Parties.

"Model": S&P Global Ratings considers a model to be a quantitative method, system or approach that applies statistical, economic, financial or mathematical theories, techniques, and assumptions to process input data into quantitative estimates. A model also includes quantitative approaches whose inputs are partly or wholly qualitative or based on expert judgment, provided that the outputs are quantitative in nature. A model consists of three components: i. An information input component, which delivers assumptions and data to the model; ii. A processing component, which transforms inputs into estimates; and iii. A reporting component, which translates the estimates into useful business information.

"Other Service": a product or service that S&P Global Ratings provides or sells that is neither an Ancillary Service nor part of its Credit Rating Activities.

"Practice Area": an analytical group within S&P Global Ratings that is responsible for a particular type of credit sector or geographic area.

"Primary Analyst": the Analyst who has been assigned primary responsibility for (a) determining a Rating Recommendation (b) presenting that Rating Recommendation to a Rating Committee and (c) Communicating with an Issuer with respect to a specific Credit Rating Action. A Primary Analyst means the "lead rating analyst" pursuant to the Rules.

“Rating Committee”: the committee that determines a Credit Rating.

“Rating Decision”: a Credit Rating that is determined by a Rating Committee prior to its Release.

“Rated Entity”: an entity whose creditworthiness is assessed in a Credit Rating.

“Rating Outlook” or “Outlook”: an assessment as to the potential direction of a long-term Credit Rating over the intermediate term (typically six months to two years). In determining a Rating Outlook, consideration is given to any changes in economic and/or fundamental business conditions. A Rating Outlook is not necessarily a precursor of a rating change or future CreditWatch action.

“Rule”: A numbered “Rule” refers to the Credit rating agency Rules, prescribed under section 24(1) of the Act, published in Board Notice 228 of 2013.

“Sales or Marketing Activities”: activities that are directed at increasing, improving, maintaining, obtaining, securing or defending the sales, revenues, marketing, business development, market share or market position of S&P Global Ratings, any Affiliate of S&P Global Ratings, or any of their respective products or services, including, without limitation, all efforts to solicit business from, or “pitch” products or services to, an Issuer or prospective Issuer, any other efforts directed at selling or marketing the products or services of S&P Global Ratings or any Affiliate of S&P Global Ratings to existing or prospective clients, and soliciting, negotiating, discussing, or arranging for the establishment, payment or collection of fees for any product or service of S&P Global Ratings or any Affiliate of S&P Global Ratings. Sales or Marketing Activities do not include Credit Rating Activities or activities aimed at ratings transparency and educational objectives or at increasing the quality, efficiency and/or timeliness of Credit Rating Activities.

Appendix 2: Historical Default Rates of the Past 10 Years per Category

S&P Global Ratings one-year default rates for each of the last 10 years by Credit Rating category and for Investment Grade (“IG”) and Non-Investment Grade (“NIG”) by segment.

Non-Financial Institutions 1 Year Default Rates (%)

Year	AAA	AA	A	BBB	BB	B	CCC/C	IG	NIG
2010	0.00	0.00	0.00	0.00	0.00	0.88	22.51	0.00	2.88
2011	0.00	0.00	0.00	0.00	0.00	1.47	17.09	0.00	1.83
2012	0.00	0.00	0.00	0.00	0.25	1.70	29.92	0.00	2.81
2013	0.00	0.00	0.00	0.00	0.12	1.72	27.48	0.00	2.61
2014	0.00	0.00	0.00	0.00	0.00	0.82	20.28	0.00	1.60
2015	0.00	0.00	0.00	0.00	0.21	2.39	27.34	0.00	2.86
2016	0.00	0.00	0.00	0.00	0.61	3.81	33.33	0.00	4.54
2017	0.00	0.00	0.00	0.00	0.10	0.96	27.52	0.00	2.70
2018	0.00	0.00	0.00	0.00	0.00	0.90	27.93	0.00	2.25
2019	0.00	0.00	0.00	0.15	0.00	1.48	29.32	0.10	2.69
Average	0.00	0.00	0.00	0.02	0.13	1.61	26.27	0.01	2.68

Financial Institutions 1 Year Default Rates (%)

Year	AAA	AA	A	BBB	BB	B	CCC/C	IG	NIG
2010	0.00	0.00	0.00	0.00	3.55	0.94	22.73	0.00	4.09
2011	0.00	0.00	0.00	0.34	0.00	2.36	9.09	0.12	1.41
2012	0.00	0.00	0.00	0.00	0.65	0.74	12.50	0.00	1.30
2013	0.00	0.00	0.00	0.00	0.00	1.31	6.67	0.00	0.85
2014	0.00	0.00	0.00	0.00	0.00	0.57	6.06	0.00	0.73
2015	0.00	0.00	0.00	0.00	0.00	2.60	25.00	0.00	2.59
2016	0.00	0.00	0.00	0.00	0.00	4.08	35.00	0.00	3.27
2017	0.00	0.00	0.00	0.00	0.00	1.05	17.39	0.00	1.32
2018	0.00	0.00	0.00	0.00	0.00	2.07	18.75	0.00	1.59
2019	0.00	0.00	0.00	0.00	0.00	2.05	36.36	0.00	1.82
Average	0.00	0.00	0.00	0.03	0.42	1.78	18.96	0.01	1.90

Insurance 1 Year Default Rates (%)

Year	AAA	AA	A	BBB	BB	B	CCC/C	IG	NIG
2010	0.00	0.00	0.00	0.00	0.00	0.00	28.57	0.00	2.56
2011	0.00	0.00	0.00	0.00	0.00	8.00	16.67	0.00	3.75
2012	0.00	0.00	0.00	0.00	0.00	0.00	16.67	0.00	1.28
2013	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2014	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2015	0.00	0.00	0.00	0.00	0.00	2.50	0.00	0.00	1.08
2016	0.00	0.00	0.00	0.58	0.00	0.00	0.00	0.13	0.00
2017	0.00	0.00	0.00	0.00	0.00	1.82	0.00	0.00	0.97
2018	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2019	0.00	0.00	0.00	0.00	0.00	0.00	100.00	0.00	1.02
Average	0.00	0.00	0.00	0.06	0.00	1.23	16.19	0.01	1.07

Sovereigns 1 Year Default Rates (%)

Year	AAA	AA	A	BBB	BB	B	CCC/C	IG	NIG
2010	0.00	0.00	0.00	0.00	0.00	0.00	33.33	0.00	1.89
2011	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2012	0.00	0.00	0.00	0.00	0.00	6.06	100.00	0.00	5.36
2013	0.00	0.00	0.00	0.00	0.00	3.33	100.00	0.00	5.17
2014	0.00	0.00	0.00	0.00	0.00	0.00	100.00	0.00	1.75
2015	0.00	0.00	0.00	0.00	0.00	0.00	50.00	0.00	1.79
2016	0.00	0.00	0.00	0.00	0.00	5.41	0.00	0.00	3.33
2017	0.00	0.00	0.00	0.00	0.00	5.41	100.00	0.00	8.06
2018	0.00	0.00	0.00	0.00	0.00	0.00	25.00	0.00	1.67
2019	0.00	0.00	0.00	0.00	0.00	2.44	0.00	0.00	1.69
Average	0.00	0.00	0.00	0.00	0.00	2.27	50.83	0.00	3.07

International Public Finance 1 Year Default Rates (%)

Year	AAA	AA	A	BBB	BB	B	CCC/C	IG	NIG
2010	0.00	0.00	0.00	0.00	1.37	0.00	14.29	0.00	1.85
2011	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2012	0.00	0.00	0.00	0.00	6.35	0.00	0.00	0.00	4.76
2013	0.00	0.00	0.00	0.00	1.79	4.76	0.00	0.00	2.56
2014	0.00	0.00	0.00	0.00	0.00	5.56	0.00	0.00	1.32
2015	0.00	0.00	0.00	0.00	0.00	0.00	9.09	0.00	1.28
2016	0.00	0.00	0.00	0.00	1.61	0.00	0.00	0.00	1.20
2017	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2018	0.00	0.00	0.00	0.00	0.00	4.35	0.00	0.00	1.35
2019	0.00	0.00	0.00	0.00	0.00	0.00	50.00	0.00	1.39
Average	0.00	0.00	0.00	0.00	1.11	1.47	7.34	0.00	1.57

Structured Finance 1 Year Default Rates (%)

Year	AAA	AA	A	BBB	BB	B	CCC/C	IG	NIG
2010	0.14	0.50	0.71	1.84	2.59	5.25	23.31	0.53	17.50
2011	0.10	0.12	0.07	0.43	1.02	5.46	28.61	0.14	21.41
2012	0.04	0.13	0.05	0.32	0.66	1.46	31.38	0.10	23.06
2013	0.00	0.05	0.07	0.22	0.64	1.32	20.83	0.07	14.52
2014	0.00	0.04	0.00	0.02	0.17	1.33	13.87	0.01	9.22
2015	0.00	0.11	0.08	0.08	0.48	1.43	13.51	0.06	8.74
2016	0.00	0.27	0.07	0.19	0.22	1.26	10.90	0.12	6.90
2017	0.01	0.08	0.23	0.36	1.11	1.37	7.41	0.14	4.94
2018	0.00	0.00	0.00	0.06	0.26	1.05	7.36	0.01	4.71
2019	0.00	0.10	0.04	0.15	0.42	1.47	8.02	0.06	5.11
Average	0.03	0.14	0.13	0.37	0.76	2.14	16.52	0.12	11.61

S&P Global Ratings Europe Limited South Africa Branch Annual Report 2019

S&P Global Ratings three year cumulative default rates for each of the last 10 years by Credit Rating category and for Investment Grade (“IG”) and Non-Investment Grade (“NIG”) by segment.

Non-Financial Institutions 3 Year Cumulative Default Rates (%)

Year	AAA	AA	A	BBB	BB	B	CCC/C	IG	NIG
2010	0.00	0.00	0.00	0.41	4.73	19.87	58.54	0.24	15.53
2011	0.00	0.00	0.17	0.10	1.47	16.27	65.03	0.12	14.64
2012	0.00	0.00	0.00	0.00	0.75	6.25	32.98	0.00	7.05
2013	0.00	0.00	0.00	0.00	0.80	7.17	35.04	0.00	6.43
2014	0.00	0.00	0.00	0.00	0.99	6.16	43.31	0.00	6.41
2015	0.00	0.00	0.00	0.00	0.87	6.67	42.75	0.00	6.69
2016	0.00	0.00	0.00	0.26	2.20	8.62	33.57	0.17	7.76
2017	0.00	0.00	0.00	0.08	2.47	10.18	41.73	0.05	9.09
2018	0.00	0.00	0.00	0.25	0.91	9.01	46.89	0.16	8.55
2019	0.00	0.00	0.00	0.16	0.58	5.58	42.66	0.11	6.62
Average	0.00	0.00	0.02	0.13	1.58	9.58	44.25	0.09	8.88

Financial Institutions 3 Year Cumulative Default Rates (%)

Year	AAA	AA	A	BBB	BB	B	CCC/C	IG	NIG
2010	0.00	0.45	1.59	5.68	5.84	13.13	30.77	2.44	10.04
2011	0.00	0.00	0.24	3.77	3.01	14.00	33.33	1.31	9.27
2012	0.00	0.00	0.00	0.33	4.26	1.89	27.27	0.12	5.20
2013	0.00	0.00	0.00	0.34	2.07	5.51	27.27	0.12	4.59
2014	0.00	0.00	0.00	0.00	1.29	2.94	18.75	0.00	2.93
2015	0.00	0.00	0.00	0.00	1.09	3.92	40.00	0.00	3.99
2016	0.00	0.00	0.00	0.28	0.00	8.62	21.21	0.12	5.33
2017	0.00	0.00	0.00	0.00	0.48	10.94	29.17	0.00	6.82
2018	0.00	0.00	0.00	0.00	0.00	8.67	35.00	0.00	5.23
2019	0.00	0.00	0.00	0.00	0.00	5.24	34.78	0.00	3.96
Average	0.00	0.05	0.18	1.04	1.80	7.49	29.76	0.41	5.74

Insurance 3 Year Cumulative Default Rates (%)

Year	AAA	AA	A	BBB	BB	B	CCC/C	IG	NIG
2010	2.63	1.73	0.29	0.56	2.22	6.90	0.00	0.82	3.85
2011	0.00	0.00	0.53	1.07	0.00	7.14	37.50	0.53	5.81
2012	0.00	0.00	0.00	0.56	0.00	9.09	42.86	0.14	6.41
2013	0.00	0.00	0.00	0.56	0.00	8.00	16.67	0.13	3.75
2014	0.00	0.00	0.00	0.00	0.00	0.00	16.67	0.00	1.28
2015	0.00	0.00	0.00	0.00	0.00	3.23	0.00	0.00	1.11
2016	0.00	0.00	0.00	0.54	0.00	2.78	0.00	0.14	1.27
2017	0.00	0.00	0.00	0.54	0.00	5.00	0.00	0.13	2.15
2018	0.00	0.00	0.00	0.58	0.00	2.22	0.00	0.13	1.02
2019	0.00	0.00	0.00	0.00	0.00	3.64	0.00	0.00	1.94
Average	0.26	0.17	0.08	0.44	0.22	4.80	11.37	0.20	2.86

Sovereigns 3 Year Cumulative Default Rates (%)

Year	AAA	AA	A	BBB	BB	B	CCC/C	IG	NIG
2010	0.00	0.00	0.00	0.00	0.00	10.71	0.00	0.00	5.88
2011	0.00	0.00	0.00	0.00	0.00	3.57	0.00	0.00	1.92
2012	0.00	0.00	0.00	5.56	0.00	7.41	33.33	1.43	5.66
2013	0.00	0.00	4.76	0.00	4.35	9.38	0.00	1.41	7.27
2014	0.00	0.00	0.00	4.17	0.00	12.12	0.00	1.39	8.93
2015	0.00	0.00	0.00	0.00	0.00	10.00	0.00	0.00	8.62
2016	0.00	0.00	0.00	0.00	0.00	9.38	0.00	0.00	7.02
2017	0.00	0.00	0.00	0.00	0.00	11.76	100.00	0.00	10.71
2018	0.00	0.00	0.00	0.00	0.00	13.51	50.00	0.00	10.00
2019	0.00	0.00	0.00	0.00	0.00	10.81	0.00	0.00	11.29
Average	0.00	0.00	0.48	0.97	0.44	9.87	18.33	0.42	7.73

International Public Finance 3 Year Cumulative Default Rates (%)

Year	AAA	AA	A	BBB	BB	B	CCC/C	IG	NIG
2010	0.00	0.00	0.00	0.00	2.27	7.41	0.00	0.00	3.48
2011	0.00	0.00	0.00	0.00	1.32	3.70	0.00	0.00	2.88
2012	0.00	0.00	0.00	0.00	9.59	3.57	14.29	0.00	8.33
2013	0.00	0.00	0.00	0.00	9.23	0.00	0.00	0.00	6.25
2014	0.00	0.00	0.00	0.00	9.52	5.00	0.00	0.00	8.33
2015	0.00	0.00	0.00	0.00	1.79	14.29	0.00	0.00	5.13
2016	0.00	0.00	0.00	2.00	0.00	11.11	0.00	0.43	2.63
2017	0.00	0.00	0.00	2.17	0.00	0.00	9.09	0.43	1.28
2018	0.00	0.00	0.00	0.00	1.61	0.00	0.00	0.00	1.20
2019	0.00	0.00	0.00	0.00	0.00	5.00	0.00	0.00	1.28
Average	0.00	0.00	0.00	0.42	3.53	5.01	2.34	0.09	4.08

Structured Finance 3 Year Cumulative Default Rates (%)

Year	AAA	AA	A	BBB	BB	B	CCC/C	IG	NIG
2010	5.73	20.79	25.56	31.40	43.63	62.30	77.20	14.07	55.76
2011	4.17	10.10	15.10	23.63	39.54	61.00	82.95	9.32	67.30
2012	0.65	1.74	2.85	7.58	13.37	27.31	66.49	2.17	52.74
2013	0.29	0.67	0.83	2.60	6.60	18.32	65.35	0.78	50.37
2014	0.17	0.35	0.71	1.19	3.43	7.43	53.37	0.45	40.25
2015	0.13	0.23	0.38	0.71	2.01	5.27	40.66	0.33	28.91
2016	0.00	0.37	0.31	0.55	1.14	4.86	32.60	0.29	22.10
2017	0.03	0.51	0.55	0.85	1.39	4.69	27.34	0.45	18.12
2018	0.03	0.39	0.37	0.80	1.49	3.95	21.99	0.36	14.41
2019	0.01	0.18	0.31	0.67	1.87	4.06	18.95	0.25	12.56
Average	1.12	3.53	4.70	7.00	11.45	19.92	48.69	2.85	36.25