FITCH SOLUTIONS LTD YEAR ENDED 31 DECEMBER 2019

Section 172 statement

From the perspective of the board, as a result of the governance structure for both the Fitch Solutions business of the Fitch Group and of the Fitch Group itself, the matters that it is responsible for considering under Section 172 of the Companies Act 2006 ("s172") have been considered to an appropriate extent by the Fitch Solutions business and Fitch Group senior management in relation to both the Fitch Solutions business of the Fitch Group and to this Company. Such consideration is included in the statements set out below, noting the directors' duty under s172 to act in good faith to promote the success of the Company for the benefit of its shareholders but having regard amongst other matters to the following:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

Stakeholder engagement

Fitch Solutions is committed to high standards of business conduct and integrity. The key stakeholders have been identified as customers, employees and shareholders.

(i) Customers

Fitch Solutions is a leading provider of proprietary credit intelligence to the global markets. It provides one of the largest databases of bank fundamentals in the market, economic data on sovereigns, as well as fundamental financials on insurers and corporates, all of which is delivered to subscribers via its Fitch Connect platform.

Fitch engages in coordinated outreach to issuers, investors and research subscribers through a combination of our own hosted events and analyst participation at external industry forums, targeted campaigns led by our marketing and investor development teams as well as "thought leadership" media commentary.

The outcomes from this outreach are discussed on a regular basis by senior management, forming a key component of the Fitch's annual budget and strategy review.

(ii) Employees

Fitch's employees are its most important asset. Ongoing training programmes, including sales, product and system training specific to Fitch Solutions and through the Fitch Management Fundamentals and Academy programmes, seek to ensure that staff build on their skills and capabilities. Internal communications are designed to ensure that all employees are informed about the business and development of the Company. These include regular briefing meetings and the use of e-mail and the Company's intranet site.

Applications for employment by disabled persons have always been and continue to be fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Increasing diversity and improving inclusiveness is critical to our company's success. By leveraging the unique backgrounds and experiences of our global workforce, we can succeed in our objective to become the first-choice provider of credit ratings, analysis, solutions and training to the global financial markets. Having more diverse teams makes us stronger, more collaborative and effective, and it also increases our employees' sense of fulfilment in their roles. At Fitch, we are fostering a culture in which we engage and inspire all of our employees to reach their fullest potential, and we can positively reflect on the successful implementation of a number of initiatives during the past few years.

As a result of the success of activities during the year, including the learning and development programmes and the Winner's Circle award programme, Fitch will continue to invest in such activities.

(iii) Shareholders

Fitch Solutions senior management are committed to openly engaging with senior management of the Fitch Group who in turn engage with the Company's shareholders, being the Hearst Corporation as its ultimate parent entity. It is important that the shareholders understand the Fitch Group strategy and objectives, so these are clear, feedback can be received and any issues or questions raised can be properly considered. The Hearst Corporation receives regular reports on the Fitch Group, including on the Fitch Solutions business, and meets on a regular basis with Fitch Group's senior management. Hence Hearst representatives engage in discussions which include strategy, operational performance, investments and financial structure, enabling direct feedback into decisions taken by Fitch.

Developments during the period

Subscription services provided by the Fitch Group, primarily now derived from distribution of credit rating data, credit research and fundamental data through one platform, Fitch Connect, were branded as Fitch Solutions, irrespective of the legal entity contracting with third party customers. As part of this restructure and to streamline processes, one sales and contract system was developed such that, effective 1 January 2019, Fitch Solutions Group Limited, a fellow subsidiary of the Fitch Group, became the billing and collections agent for the Company as well as for other Fitch Group entities providing these services. In addition to one system, from an operational perspective the management, sales, product and other operational teams were organised as one team across all legal entities. These changes provide the benefits of one brand to customers encompassing all Solutions products and processing efficiencies.

Community and the environment

Fitch's corporate and social responsibility ("CSR") policy has continued to evolve, including the recent appointment of a Head of CSR, with the current principal focus on our people and communities:

- (i) Our people our ability to harness the ideas, experiences and talents of Fitch's diverse and global workforce is integral to our continued success. We are committed to supporting our employees, increasing diversity and strengthening our inclusive culture where all members of the Fitch community can thrive. Our Diversity & Inclusion Steering Group, chaired by Fitch's CEO, drives programming that supports this strategy. These are focused on Inclusive Culture, Leadership Development and Diverse Recruitment.
- (ii) Our communities in our communities we have developed a program that aims to empower individuals from underprivileged backgrounds to access and succeed in a broad range of learning and development opportunities. A recent UNICEF report highlights "as much as 44% of girls and 34% of boys from the poorest quintile never attended any school or dropped out in primary education". Our vision is to tackle this problem and increase those accessing education, building their skills to succeed, raising their aspirations and working with them to carve out their future pathways to success.

Fitch seeks to minimize the impact of our operations on the environment through the pursuit of good business practices and is committed to:

- continually making improvements by designing and implementation environment management systems in its offices to reduce, reuse and recycle general waste;
- prioritise sourcing sustainable office space, including the use of renewable energy, appropriate choices in our fit-outs, re-using office furniture and switching to LED lighting where possible; and
- working collaboratively with contractors and local suppliers to reduce emissions and sourcing locally across our offices and address any issues, such as use of plastic packaging and where possible implement the best sustainable solution.