DBRS is a full-service credit rating agency established in 1976. Privately owned and operated without affiliation to any financial institution, DBRS is respected for its independent, third-party evaluations of corporate and government issues, spanning North America, Europe and Asia. DBRS's extensive coverage of securitizations and structured finance transactions solidifies our standing as a leading provider of comprehensive, in-depth credit analysis.

All DBRS ratings and research are available in hard-copy format and electronically on Bloomberg and at DBRS.com, our lead delivery tool for organized, Web-based, up-to-the-minute information. We remain committed to continuously refining our expertise in the analysis of credit quality and are dedicated to maintaining objective and credible opinions within the global financial marketplace.
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Introduction from Dan Curry, CEO of DBRS


DBRS is a full-service credit rating agency (CRA) established in 1976 in Canada. It currently operates its ratings business through DBRS Limited (an Ontario, Canada corporation), DBRS, Inc. (a Delaware, United States corporation) and DBRS Ratings Limited (a company incorporated in England and Wales).

As used herein, the term DBRS refers collectively to DBRS Limited, DBRS, Inc. and DBRS Ratings Limited.

Privately owned and operated, DBRS is respected for its independent analysis of financial institution, corporate and government issues in North America, Europe and Asia. These, together with its coverage of securitisations and structured finance transactions, solidify DBRS's standing as a leading provider of comprehensive, in-depth credit analysis.

DBRS is subject to regulations for CRAs in the European Union, the United States and Canada. DBRS also complies with the International Organization of Securities Commissions (IOSCO) Code of Conduct Fundamentals for CRAs (IOSCO Code). DBRS sets high standards to ensure the objectivity, independence and quality of the ratings it issues. As a global CRA, DBRS tries to establish global policies, procedures and processes to the extent rules in these jurisdictions are the same. DBRS welcomes the measures in CRA III, which encourage more competition providing investor choice and enhances regulatory safety and soundness.

Unless otherwise stated, this report covers the DBRS financial year from 1 December 2013 to 30 November 2014 and relates specifically to DBRS Ratings Limited.

1. EC No 1060/2009 was amended by Regulation (EU) No 513/2011 and No 462/2013 on CRAs (CRA3).
Section 1

LEGAL STRUCTURE AND OWNERSHIP OF DBRS RATINGS LIMITED

The following is a statement on DBRS Ratings Limited’s legal structure and ownership during the period from 1 December 2013 until 30 November 2014, including information on holdings within the meaning of Articles 9 and 10 of Directive 2004/109/EC of the European Parliament, and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market.

DBRS Ratings Limited is a wholly owned subsidiary of DBRS Holdings Limited, a private company incorporated in Ontario, Canada.

The shares of DBRS Holdings Limited are owned by the Walter Schroeder Family Trust and 741246 Ontario Inc. (741246), with 741246 holding the majority of voting shares. The shares of 741246 are owned by Walter Schroeder.

DBRS Ratings Limited is a company incorporated in England and Wales and along with DBRS Limited (an Ontario, Canada corporation) and DBRS, Inc. (a Delaware, United States corporation) forms the DBRS group of companies (DBRS).

After 1 December 2014, the ultimate shareholders of DBRS Ratings Limited reached an agreement to sell their shareholdings to a consortium led by The Carlyle Group and Warburg Pincus, LLC, with such purchase transaction expected to close during the first quarter of 2015.
Section 2

A Description of the Internal Control Mechanisms Ensuring Quality of DBRS Credit Rating Activities

OVERVIEW OF THE INTERNAL CONTROL MECHANISMS
DBRS believes in delivering credit rating opinions that are timely, objective and free from all political and commercial influences and from any form of conflict of interest. The DBRS Internal Control Framework provides a general overview of the organisational structure, macro- and micro-level internal control mechanisms, administrative and accounting procedures and control and safeguard arrangements for information processing systems that DBRS has designed and implemented, which DBRS monitors and evaluates on a periodic basis, in accordance with the global DBRS Business Code of Conduct and regulatory requirements for credit rating organisations.

The DBRS group of companies consists of DBRS Limited, DBRS, Inc. and DBRS Ratings Limited, which operate in Canada, the United States and Europe, respectively. Walter Schroeder maintains voting control of each of DBRS Limited, DBRS, Inc. and DBRS Ratings Limited. Walter Schroeder currently holds the role of chairman of DBRS, and his son, David Schroeder, holds the role of deputy chairman. Dan Curry, as chief executive officer (CEO), has global operational responsibilities for DBRS.

DBRS has adopted a global approach to the management of all of its jurisdictions, and this document outlines the key global controls it has implemented.

(1) Organisational Structure
Each of the DBRS businesses is overseen by a board of directors (BoD) comprising both executive and independent non-executive members. On the DBRS Ratings Limited BoD, Walter Schroeder, David Schroeder and Dan Curry serve as directors, Sir George Mathewson serves as a non-executive director (NED), and Juan Carlos Garcia Centeno and W. Geoffrey Beattie serve as independent non-executive directors (INEDs). The INEDs were appointed based on their expertise in financial services, and at least one INED has structured finance expertise, as required under Canadian and EU Regulations.

The role of the BoDs is underpinned by the DBRS Senior Leadership Team, which is overseen by Dan Curry, DBRS’s global president CEO. The Senior Leadership Team comprises the head of each business line, support function (operational management) and control function, and it meets on a regular basis to discuss the management of the business globally and any issues affecting it. A formal separation of analytical and commercial lines is enforced at these meetings to avoid any conflicts of interest or any compromising of the independence and judgment of analytical personnel. Mr. Curry acts as the main conduit between the Senior Leadership Team and the BoDs. However, the Compliance, Enterprise Risk Management, Independent Review and Internal Audit Functions all have direct access to the BoDs and its members during and in between BoD meetings.

The BoD has also established a Group Audit Committee (GAC) and a Compensation Committee comprising members of the BoD, which provide an efficient manner to supplement the work and direction of the BoD.

The GAC has been delegated responsibility for overseeing the financial reporting process, the system of internal control, risk management and audit processes. The GAC includes three non-executive directors, two of which are independent. The Audit Committee meets as often as necessary to discharge its duties, normally at least two times per year.

The Compensation Committee has been delegated responsibility for overseeing matters concerning the total compensation and promotion philosophy of DBRS. The Compensation Committee includes three non-executive directors, two of which are independent. The Compensation Committee meets as often as necessary to discharge its duties, normally at least two times per year.

Biographies of the Board of Directors

Walter Schroeder became chairman of DBRS in 2008, having held the position of president since founding DBRS in 1976. Prior to this, Mr. Schroeder worked for a major Canadian investment dealer as a research analyst from 1969 to 1971, after which time he set up and established the company’s credit analysis department, which he led until 1976. Mr. Schroeder holds an MBA from McMaster University and a Bachelor of Commerce (Honours) from the University of Manitoba and also holds both CFA and CMA designations.

David Schroeder became deputy chairman in December 2013, having served as CEO since 2008 and chief operating officer since 2006. Mr. Schroeder joined DBRS in 1993 and oversaw the Consumer Products, Food Retail, Merchandising and Grain groups. He holds a Bachelor of Arts in Economics from McMaster University.

Daniel Curry became CEO in December 2013, having served as global president of DBRS since May 2012 and having held the role of president of DBRS, Inc. upon joining DBRS in December 2008. Prior to joining DBRS, Mr. Curry was a group managing director at Moody’s, where he co-managed the related corporate finance group for the Americas, overseeing the ratings and research on over 2,500 non-financial companies, spanning both investment-grade and high-yield areas. Mr. Curry also managed the structured finance rating groups for Europe and Asia while at Moody’s. He holds an MBA from Columbia University Graduate Business School and a Bachelor of Arts in Economics from Rutgers University.

Sir George Mathewson is an NED at DBRS Ratings Limited and the former chairman of the Royal Bank of Scotland Group plc (RBS). He joined RBS in 1987, was appointed group chief executive in 1992 and became chairman in 2001. Sir George presided over a major restructuring of RBS, followed later by the successful takeover of National Westminster Bank in 2001. Sir George retired from RBS in 2006. In addition to his role at DBRS, Sir George currently holds chairman positions with Stagecoach Group plc, Shawbrook Bank Limited, Old Oak Holdings Limited and Arrow Global Limited. He is also a member of the Financial Services Advisory Board.

Juan Carlos Garcia Centeno is an INED at DBRS Ratings Limited and the managing director of Sigrun Partners, an independent consultancy firm that focuses on financial advisory, debt restructuring/refinancing, risk management and investment and divestment advisory. Prior to founding Sigrun Partners, Mr. Garcia was the Spain, Portugal and Latin America head for the Royal Bank of Scotland plc. While at RBS, he advised and arranged major deals for RBS Iberia and Latin America in property finance, project finance, leveraged finance, corporate banking and financial markets (including Cedulas, RMBS, CMBS and CLOs). Mr. Garcia will advise DBRS on all structured finance matters. Mr. Garcia is currently chairman of Sigrun Partners and a director of Transmol and Taranis Investments. Mr. Garcia sits in the IESE Alumni Board in Madrid and he is lic.Rer.Pol by the University of Berne, Switzerland.
Geoffrey Beattie is an INED at DBRS Ratings Limited and the CEO of Generation Capital, a private investment company, and chairman of Relay Ventures, a venture capital company. Between 1997 and 2013, Mr. Beattie was the CEO of the Woodbridge Company, the investment company for the Thomson family, and Deputy Chairman of Thomson Reuters. Mr. Beattie is a director of General Electric Company, Royal Bank of Canada and Maple Leaf Foods and a trustee of the University Health Network. Mr. Beattie has a JD from the University of Western Ontario.

Individually and collectively, the above-mentioned board members provide DBRS with extensive experience in specific credit rating expertise, financial services and corporate governance. The BoD meets regularly throughout the year and maintains regular communication channels with senior management and key control functions, including Compliance, Credit Policy and Internal Audit.

(2) Internal Control Mechanisms

2.1 Macro-Level Internal Control Mechanisms

At an organisational macro-level, DBRS has established global Compliance, Enterprise Risk Management, Internal Audit, Policy Approval Group, Operations and Internal Review and Regulatory Affairs functions.

DBRS operates a standard “Three Lines of Defence” model for the oversight and management of risk and internal control processes:

- As a first line of defence, operational management has ownership and responsibility for assessing, controlling and mitigating risks together with maintaining effective internal controls.
- As a second line of defence, oversight functions made up of Compliance and Risk Management set and police policies, define work practices and oversee management with regard to risk and compliance.
- As a third line of defence, Internal Audit provides independent assurance on the effectiveness of governance, risk management and internal controls, including the manner in which the first and second lines of defence achieve risk management and control objectives.

The Compliance function comprises compliance officers in each jurisdiction, centrally coordinated by the global chief compliance officer (CCO). This function ensures adherence to regulatory requirements in each jurisdiction through the provision of advice, assurance and the development and monitoring of internal control structures, and reports to the BoD and INEDs on the effectiveness of internal controls.

The Enterprise Risk Management function (ERM) works with the business, support and control functions to identify, manage and mitigate operational and strategic risks. ERM conducts risk assessments using a matrix that measures both the significance of potential failures or shortcomings against the probability of the events occurring; the outputs from these Heat Maps are used to drive the improvements in controls across DBRS. The BoD is updated on an ongoing basis as specific remediation actions are completed. The overall risk appetite for DBRS is discussed at the GAC and ultimately decided by the BoD.

Internal Audit is an independent assurance function responsible for examining and reviewing the adequacy and effectiveness of DBRS’s governance, risk management and internal controls. The function, consisting of three staff members, is led by the head of Internal Audit, who reports functionally to the GAC and administratively to Dan Curry. On an annual basis, the head of Internal Audit prepares an audit plan following a risk assessment of DBRS’s key business activities and operational and financial processes. This plan is reviewed and approved by the GAC, which is updated regularly on internal audit activity, key audit findings, progress by management on addressing audit action points and delivery of the audit plan.

The Policy Approval Group (PAG) consists of senior management representatives of key business and support areas. The PAG is coordinated through the Compliance function, which is responsible for assisting in the review, development and implementation of all new and existing policies and procedures while ensuring appropriate business input and ownership.
The Operations function is responsible for coordinating back-end functions, including information technology and systems development. In overseeing these key processes, Operations implements appropriate controls, safeguards and information barriers to protect data protection and security, confidentiality and the independence of the credit rating process. Additional information is outlined under Information Processing Systems.

The Internal Review function (IRF) is responsible for the independent review, challenge and approval of new and existing methodologies. The IRF serves to ensure that the methodologies are rigorous, systematic and continuous and are subject to validation based on historical experience, including back-testing. This function is led by the credit policy officer (CPO), who reports on methodologies to the BoD.

The Global Regulatory Affairs function assists senior management and the compliance department in shaping and interpreting new and revised legislation and regulations, developing policy responses, obtaining new and maintaining existing registrations and recognitions and related data requirements.

2.2 Micro-Level Internal Control Mechanisms

At an organisational micro-level, DBRS has established internal control mechanisms within the rating process to protect the quality and independence of the credit rating.

- DBRS avoids potential conflicts created by an “issuer pays” model by creating formal separation of business development and analytical activities, which provides assurance that analytical personnel do not allow commercial factors to influence the credit rating process.
- DBRS controls access to the information generated internally and/or provided by external sources through a confidential information framework and a selection of conflict of interest policies designed to prevent the misuse of confidential and material non-public information (e.g., personal trading and investments and outside business interests).
- DBRS recognises that the review and challenge of rating analysis is a core component of ensuring the quality and independence of the rating. DBRS generally places a lead and back-up analyst on each credit rating. This analysis is then presented to a Rating Committee, which determines the credit rating through a deliberative process in which it reviews and challenges the analysis, ensures the integrity of the rating, provides additional expertise and considers the application of related methodologies, policies and procedures.
- DBRS believes in providing a thorough analysis of all credit ratings issued. In order to ensure accuracy and to comply with regulations, however, DBRS will first inform the issuer of the credit rating and provide a draft copy of the press release. This provides the issuer with the opportunity to review and challenge the content of the information, to highlight any factual errors or inaccuracies and to alert DBRS regarding the inadvertent disclosure of non-public information.
- DBRS believes that transparency is key to ensuring that credit ratings are understood and that investors are aware of the factors used to determine such ratings. To ensure transparency and to comply with regulations, DBRS publicly discloses the methodologies used to determine ratings and also highlights all features of the rating required under regulation. To ensure investors understand the regulatory regime, DBRS has recently amended its global website to clearly indicate the jurisdictions the ratings are issued from.

2.3 Internal Controls for Analytical Personnel and DBRS Staff Directly Involved in Credit Rating Activities

DBRS ensures analytical independence in the credit rating process through a variety of means, including the following:

- Analytical personnel are not compensated or evaluated on the basis of the amount of revenue that DBRS derives from issuers that the analytical personnel rate or with which the analytical personnel regularly interact.
- Analytical personnel are prohibited from entering into business relationships with issuers, other than arm’s-length relationships conducted in the ordinary course of business.
- Analytical personnel are prohibited from holding memberships of any administrative or supervisory board of a rated entity or a related third party.
• Analytical personnel and staff directly involved in credit rating activities are prohibited from initiating, arranging, negotiating or participating in discussions regarding fees or payments for ratings with issuers.
• Analytical personnel are prohibited from providing recommendations about the corporate or legal structure, assets, liabilities or activities of the issuer of securities.
• Analytical personnel and staff directly involved in credit rating activities and their immediate family members are prohibited from buying, selling or engaging in any transaction in any security issued, guaranteed or otherwise supported by any rated entity, their subsidiaries or affiliates, within their primary area of responsibility, other than holdings in exempt securities.
• Analytical personnel and staff directly involved in credit rating activities and members of their immediate families are not permitted to accept gifts, including entertainment, from anyone with whom DBRS does ratings-related business. This includes, but is not limited to, rated entities, issuers, underwriters, sponsors of securities and/or their representatives.
• Analytical personnel are not permitted to participate in or otherwise influence the determination of a credit rating of any particular rated entity if that person has had recent employment, business or other relationships with the rated entity or related entity.
• Analytical personnel are required, subject to applicable laws, to disclose to his or her supervisor any personal relationships that create the potential for any real or apparent conflict of interest (including, for example, any personal relationship with an employee of a rated issuer or agent of such issuer within his or her area of analytical responsibility).

2.4 Rating Methodology Development, Review and Approval

DBRS has established and implemented a rigorous and formal IRF in each jurisdiction in which it conducts its rating business, which is responsible for periodically reviewing and approving new and existing methodologies, models and any significant changes made thereto. The IRF reports to the BoD that has been established in the jurisdictions in which DBRS operates.

The IRF is independent of business lines that are responsible for credit rating activities. Its review is based upon a methodology’s underlying concepts, key assumptions and, to the degree possible, the performance of that methodology in light of historical experience and the industry ratings environment. The application of standard rating methodologies during the rating analysis results in the production of consistent and reliable credit ratings. The quality of rating methodologies is maintained through the use of analytical expertise in the development process and by its criteria committee and independent review functions.

Rating methodologies are developed by analytical groups, with the line managing director assigning highly experienced analytical personnel to initiate methodology development, including updates to existing methodologies. Rating methodologies, including those for new asset classes or products, are reviewed by either the Corporate Finance Criteria Committee (CFCC) or the Structured Finance Criteria Committee (SFCC), which then makes its recommendations to the IRF. The IRF considers the CFCC or SFCC recommendations and determines whether the new or revised rating methodology will be formally adopted.

(3) Administrative and Accounting Procedures

DBRS maintains a centralised global finance function and has designed internal control procedures and segregation of duties over Revenue, Expenditures, Payroll, Income Taxes, Planning, Financial Reporting and Administrative functions in order to protect the integrity of the company’s financial reports.

DBRS prepares interim quarterly financial statements, which are presented to the BoD. Annually, the financial statements are prepared in accordance with U.S. generally accepted accounting principles and are audited by leading external auditors, Grant Thornton LLP, using U.S. generally accepted auditing standards (U.S. GAAS). The audited financial statements are approved by the BoD. Should any issues be identified by external auditors, they are presented to the BoD and steps are taken to ensure that identified issues are remediated on a timely basis. U.S. GAAS includes review of internal controls regarding financial reporting. In addition, key processes within the finance function are identified as part of the
internal audit universe and included in the annual audit plan based on their inherent risks as well as the long-term audit plan, which is approved by the BoD. If any deficiencies are identified during the audit process, they are included in the internal audit report, which is provided to the BoD. Periodical updates are obtained from control owners on open deficiencies, and their status is reported to the BoD.

(4) **Information Processing Systems**

The controls and safeguards surrounding information processing systems are managed by a centralised Global Operations department, which is responsible for implementing consistent and uniform standards for data integrity and security in all DBRS offices. DBRS stores data, including confidential financial information received from issuers, on several file servers across the organisation. Access rights to these folders are based on job function and are managed by a formal Change Management process.

DBRS's core ratings system is called the Bond Rating Application (BRAPP), and it is in the process of being replaced in all offices by an internal solution known as Insight. Insight provides granular controls for managing access to data, which may be limited by both job function (e.g., business unit, asset class, etc.) and level of access (e.g., full access, limited edit rights, etc.). As with file servers, this access will be managed by a formal Change Management process. Managing directors are sent reports to review individual user access for their lines of business, with detailed audit logs of actions available as needed.

**DBRS POLICY FRAMEWORK**

DBRS policies and procedures are consistent with the DBRS Code of Business Conduct, which incorporates best practices globally as outlined in the IOSCO Code and also includes applicable CRA regulations.

DBRS operates on the principle that its policies and procedures are applied consistently across its jurisdictions and endeavours to create a single global policy and procedure where possible. Where there is a specific legal or regulatory need, policies and procedures are customised to reflect geographical or jurisdictional differences.

All policies and procedures are developed by a team of subject matter experts, who are formed to be representative of the affected business lines and jurisdictions. All policies and procedures are subsequently reviewed and approved by a PAG comprising members of the Global Senior Management Team.

(1) **Analytical Process**

The following section sets forth DBRS Ratings Limited’s framework for its credit rating activities, focusing on the internal control mechanisms that ensure the quality of its credit ratings. It sets out the fundamental aspects of the rating process, including the role of third parties and rating committees, and the performance of surveillance to maintain rating accuracy.

**Rating Process**

Ratings analysts work within specific industries and product groups in the business sectors of Financial Institutions, Sovereigns and Structured Finance. Each rated entity is normally covered by a lead and back-up analyst, who work together on the rating, attend meetings with the issuer’s management and make a recommendation with regard to a rating action for the entity or security to a rating committee.
The rating process includes the following key steps:

(a) Issuer Contact
Typically, the issuer contacts DBRS directly or through its agents with a request to rate a proposed security or transaction. The Business Development group formalises the rating assignment, and the terms of the engagement are confirmed. This commercial element is segregated from the rating process. Please refer to the Analytical Independence section 2.3 above for further details.

DBRS Ratings Limited may elect to initiate ratings coverage on an unsolicited basis where it believes that there is a meaningful credit market or investor interest served by providing rating coverage of an issuer or security. It may assign a rating without the participation of the issuer in such circumstances. Unsolicited ratings are only assigned when sufficient public information is available, and unsolicited ratings are specifically identified as such in press releases and rating reports.

(b) Data and Information Collection
Information relevant to the determination of the rating is obtained and assessed. Credit ratings are only assigned when there is sufficient information available to support the analysis and monitoring of the rating on an ongoing basis.

(c) Issuer Meetings
Analytical personnel meet with issuers regarding relevant aspects of an issuer's business, financing plans and operational activities as necessary to cover the key areas outlined in the rating methodologies.

(d) Rating Analysis
It is the role of the lead and back-up analyst to conduct the rating analysis based upon approved methodologies, which promotes consistency of approach. The proposed rating, rating action, rationale, supporting analysis and materials are submitted to a rating committee for review.

(e) Rating Committee
Rating committees, comprising experienced and knowledgeable analytical personnel and led by an experienced chairperson, are used to make rating decisions. This approach allows the material presented to be reviewed and challenged, with the chairperson making sure that all opinions and viewpoints are aired and discussed. The benefits of a rating committee are that they
• Provide objective and independent rating decisions that reflect the opinion of the organisation rather than the view of an individual analyst or analysts;
• Assure rating decisions are based on sufficient information, incorporate both global and local considerations and apply approved methodologies;
• Provide a checkpoint for potential, perceived and actual conflicts of interest among analysts; and
• Standardise the rules, procedures and documentation processes to drive efficiency and adherence with respect to rating decisions.

(f) Issuer Review
Following rating committee approval, the issuer is provided with a copy of the draft press release and rating report, if prepared, a minimum of one full working day prior to publication. This allows the issuer sufficient time to review the material, ensuring that the factual information is correct and that the press release or rating report does not contain any confidential information. In the event that an issuer disagrees with the rating or rating action based on material factual information being overlooked or misinterpreted, it may request a reconsideration or re-evaluation of the rating in accordance with the Rating Appeal Policy.

(g) Disclosure
Press releases are issued to inform the public on a variety of issues, including, but not limited to, public rating opinions and rating actions, new and changed rating methodologies, the availability of industry-specific studies and commentaries and significant regulatory-related events.
DBRS Ratings Limited issues press releases in a timely manner, placing a high priority on informing the public of its rating opinions in respect of the public ratings it maintains as soon as possible following the rendering of the decision by the rating committee, in accordance with its rating process and applicable regulatory requirements.

(h) Surveillance
Surveillance is performed on an ongoing basis as part of standard rating activities in order to maintain the accuracy of rating opinions, with rating actions being taken as warranted. In addition, ratings are subject to at least an annual review by a rating committee.

Unless the rating is based on public information, the cooperation of the issuer is expected in advising of any significant developments, providing continuing financial information (as released) and remittance reports and responding to analysts’ questions. The maintenance of a rating is supported by the ongoing timely receipt of information and data.

For additional information, please refer to the related policies, which are located on www.dbrs.com under Rating Policies and EU Disclosures.

(2) Business and Employee Codes of Conduct
DBRS maintains a Business Code of Conduct, which summarises the range of policies, procedures and internal controls that DBRS has implemented to ensure the objectivity and integrity of its ratings and transparency of its operations. This code is largely based on the IOSCO Code.

The Business Code of Conduct is also supported by an Employee Code of Conduct, which provides specific guidance on the standards of conduct to be followed by staff. The employee code underpins the DBRS commitment to integrity in the conduct of its business.

All DBRS Employees are required to complete an Annual Statement of Understanding (ASU) confirming that they have read, understand and agree to abide by the Employee Code of Conduct and Business code of conduct and applicable policies and procedures.

Ongoing compliance with the Employee Code of Conduct and rating policies is monitored by the Compliance function.

The Business Code of Conduct for the DBRS group of companies is located on www.dbrs.com under Global Regulatory Affairs.

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3 EU Disclosures can be found under the Global Regulatory Affairs section at www.dbrs.com.
Section 3

Statistics on the allocation of staff to new credit ratings, credit rating reviews, methodology or model appraisal and senior management, and on the allocation of staff to ratings activities with regards to different asset classes (Corporate Finance, Structured Finance and Sovereigns) are shown below.

On 30 November 2014, DBRS Ratings Limited employed a total of 57 staff, of whom 45 were engaged in analytical functions and 12 were in non-analytical functions.

<table>
<thead>
<tr>
<th>Corporate Finance</th>
<th>Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>New credit ratings and credit rating reviews (surveillance)</td>
<td>8</td>
</tr>
<tr>
<td>Analytical supervisors</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Structured Finance</th>
<th>Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>New credit ratings</td>
<td>22</td>
</tr>
<tr>
<td>Credit rating reviews</td>
<td>6</td>
</tr>
<tr>
<td>Analytical supervisors</td>
<td>3</td>
</tr>
<tr>
<td>Analytical supervisor surveillance</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>32</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sovereigns</th>
<th>Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>New credit ratings and credit rating reviews</td>
<td>1</td>
</tr>
<tr>
<td>Analytical supervisors</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2</strong></td>
</tr>
</tbody>
</table>

DBRS Ratings Limited does not maintain separate surveillance teams with respect to its Corporate Finance and Public Finance groups in Europe. Thus, the analytical staff in these areas work on both assigning new ratings and monitoring existing ones. Credit rating reviews on Structured Finance ratings were performed by eight surveillance analysts based in Europe.

DBRS methodologies are reviewed and approved by CFCC and SFCC, as applicable. Such committees comprise highly experienced analytical personnel. Independent methodology and model review and approval of European ratings are also conducted by the IRF. The IRF team in DBRS Ratings Limited comprises two analysts and one managing director.

DBRS employs a global senior management and executive team, which provides senior management oversight for DBRS Ratings Limited. Senior management oversight of DBRS Ratings Limited’s analytical activities is provided by senior analytical managers based in the United States. DBRS Ratings Limited also employs one NED, two INEDs and an advisor to the DBRS Ratings Limited board4.

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4 The NEDs and advisor to the DBRS Ratings Limited board are not included in the total number of employees stated in this section.
Section 4

A Description of the DBRS Record Retention Policy and Supporting Procedures is as follows.

DBRS Ratings Limited creates and maintains various types of information and documentation in order to effectively conduct its business. DBRS complies with statutory recordkeeping requirements of the regulatory authorities in the jurisdictions in which it operates. The Record Retention Policy establishes guidelines for the retention, storage and destruction of such information and documentation.

RECORD MAINTENANCE
Records are maintained in such a manner as to protect the integrity, confidentiality and security of the records and to enable the records to be made available, as necessary.

ACCOUNTABILITY
Managing directors are responsible for ensuring that there are procedures in place that adequately detail record retention practices and requirements applicable to the records under their control. These procedures also identify relevant record types and focus on the following:
• Establishing and maintaining a records management system in their department to ensure availability, retention and appropriate destruction of the records;
• Ensuring that multiple versions of the same record are not maintained within their departmental records; and
• Ensuring that records are retained for the applicable retention period.

RECORD RETENTION PERIODS
The Record Retention Policy sets out a minimum retention period for DBRS records. DBRS records may be retained for a period in excess of the minimum retention period in accordance with applicable business unit procedures. The record retention periods set out in each of the Corporate Finance and Structured Finance Record Retention Procedures comply with governing regulatory requirements and applicable law. The record retention periods do not constitute authorisation for destruction.

DESTRUCTION OF RECORDS
Prior to the destruction of records, written approval must be obtained from the senior manager responsible for the record, or his or her authorised delegate. The destruction of records will be suspended upon receipt of notice of a legal, regulatory or similar proceeding in which such records may be required.
Section 5

OUTCOME OF THE ANNUAL INTERNAL REVIEW OF THE INDEPENDENT COMPLIANCE FUNCTION

The EU compliance officer produces regular reports to the BoD for DBRS Ratings Limited, detailing the compliance activities and initiatives over the prevailing period, based on a comprehensive Annual Compliance Programme. In addition, the EU compliance officer attends the formal board meetings, presents additional reports as required and maintains ongoing contact with the CEO of DBRS Ratings Limited.

The EU compliance officer regularly provides the BoD of DBRS Ratings Limited with an overview of DBRS’s compliance with applicable regulations. This includes the work undertaken by the Compliance department, including any investigations and issues discovered and any changes being implemented to support compliance-related activities. The EU compliance officer will also discuss any material changes made to the DBRS Policies and Procedures Framework and Internal Control System as well as progress being made against the Annual Compliance Programme.

Internal Audit Review
In addition to the reporting process and interactions between the Compliance function and the BoD, DBRS conducts an annual independent audit review of the Compliance function. This review assesses the effectiveness of the Compliance function in supporting employee compliance with regulatory requirements, and the scope includes the following:
• Compliance oversight of the development, governance and implementation of policies and procedures;
• Provision of advice and guidance in relation to conduct and regulatory compliance;
• Identification and management of potential, perceived and actual conflicts of interest;
• Provision of training and communication on key compliance issues, including changes in regulation and policies and procedures;
• Provision of assurance through ongoing monitoring and testing activities;
• Delivery of the Annual Compliance Plan approved by the BoD; and
• Reporting to the BoD on key compliance matters.

The 2014 annual review confirms that the Compliance function operates independently within DBRS and indicates that the Compliance function is effective in supporting employee compliance with regulatory requirements.
Section 6

DESCRIPTION OF THE MANAGEMENT AND RATING ANALYST ROTATION POLICY

Management
DBRS is a full-service CRA established in 1976 in Canada. It currently operates its ratings business through DBRS Limited (an Ontario, Canada corporation), DBRS, Inc. (a Delaware, United States corporation) and DBRS Ratings Limited (a company incorporated in England and Wales).

DBRS Ratings Limited covers all European jurisdictions from its London office, other than ratings endorsed from DBRS Limited and DBRS, Inc. Each of the analytical staff employed at DBRS Ratings Limited reports to a managing director for a specific line of business (Corporate Finance, Sovereigns, Structured Finance and Structured Credit), and in some cases through a series of locally-based team leaders and line managers. Management oversight of DBRS Ratings Limited’s analytical activities is provided by senior analytical managers based in the DBRS, Inc. office in New York, United States.

The EU CPO, the global head of internal audit, the global head of enterprise risk management and the EU compliance officer are based in DBRS Ratings Limited’s London office.

Analyst Rotation Policy
The Analyst Rotation Policy came into effect on 20 June 2013 after DBRS Ratings Limited employed over 50 staff in its London Office, and was updated in August 2014 along with the development and implementation of the Analyst Rotation Procedure. The Analyst Rotation Policy was developed in accordance with the EU Regulation and is applied to all issuers and their related third parties. The policy is designed to allow for a gradual rotation of individuals who perform the role of lead analyst, rating analyst and chairperson employed by DBRS Ratings Limited or who have been placed on secondment to DBRS Ratings Limited from either the U.S. or Canadian legal entities and are then located in the European Union.

Rotation Mechanism for Sovereign and Unsolicited Ratings
For all analysts involved in Sovereign ratings and unsolicited ratings, the prescribed rotation periods are as follows:

• A lead analyst may only be continuously involved with the same rated entity or its related third parties for a maximum period of four years.
• A rating analyst may only be continuously involved with the same rated entity or its related third parties for a maximum period of five years.
• The persons approving the credit ratings (rating committee chair) may only be continuously involved with the same rated entity or its related third parties for a maximum period of seven years.

Once the time periods have been reached, the affected individual must not be involved in any credit rating activities (including Rating Committees—as voters and non-voters—evaluation, review, issuing and data and information analysis) for that issuer or its related third party for a period of at least two years, also referred to as the cooling-off period.

The surveillance lead analyst, surveillance rating analyst and surveillance chair are subject to the same rotation rules and should therefore be named as the lead analyst, rating analyst and chair for a period not exceeding four years, five years and seven years, respectively.

Rotation Mechanism for Solicited Ratings (except Sovereign Ratings)
For all analysts involved in solicited ratings, a lead analyst may only be continuously involved with the same rated entity or its related third parties for a maximum period of four years.
Once the time period has been reached, the affected individual must comply with the cooling-off period requirements.

The surveillance lead analyst is subject to the same rotation rules and should therefore be named as the lead analyst for a period not exceeding four years.

**Overriding Principles**

It is the responsibility of the managing directors or team leaders of the respective analytical teams to implement and monitor the allocation of individual analysts to the issuers and their related third parties in order to manage the gradual rotation process in a practical manner.

Many factors are taken into account when rotating analysts, but the overriding principle is that the quality of the rating, timeliness of publication of the rating and service to the issuer should not be negatively affected.
Section 7

Section 7 provides financial information on the revenue of the CRA, including total turnover, divided into fees from credit rating and non-credit-rating activities with a comprehensive description of each, including the allocation of fees to ratings of different asset classes. Information on total turnover shall also include a geographical allocation of that turnover to revenues generated in the Union and revenues worldwide.

DBRS RATINGS LIMITED REVENUE FROM CREDIT RATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Revenue (Thousands of GBP £)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL NET REVENUE</td>
<td>14,896</td>
<td>100.00%</td>
</tr>
<tr>
<td>Revenue from Credit Rating Services</td>
<td>14,896</td>
<td>100.00%</td>
</tr>
<tr>
<td>European Union Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial institutions</td>
<td>2,229</td>
<td></td>
</tr>
<tr>
<td>Structured finance ratings</td>
<td>12,496</td>
<td></td>
</tr>
<tr>
<td>Sovereign and public finance ratings</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Worldwide Revenue</td>
<td>171</td>
<td>1.15%</td>
</tr>
<tr>
<td>Financial institutions</td>
<td>44</td>
<td></td>
</tr>
<tr>
<td>Structured finance ratings</td>
<td>128</td>
<td></td>
</tr>
<tr>
<td>Sovereign and public finance ratings</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

Important Note: At the time of publishing, the revenue figures have not been fully audited.
Section 8

CORPORATE GOVERNANCE STATEMENT

Compliance with Corporate Governance Code of Conduct

DBRS has voluntarily adopted a Business Code of Conduct (Business Code), which reflects its adherence to the IOSCO Code. The IOSCO Code is an internationally recognised framework of practical measures designed to improve investor protection and the fairness, efficiency and transparency of the securities markets and to reduce systemic risk.

The Business Code summarizes the extensive range of policies, procedures and internal controls that have been implemented to support objectivity and integrity and promote transparency of ratings operations. DBRS also has established policies and practices to meet specific jurisdictional requirements, in addition to those that are reflected in this Business Code.

The Business Code, rating policies and EU disclosures can be found on the DBRS website at www.dbrs.com.


The Business Code is in accordance with the IOSCO Code (see Section 4.1) other than in respect of one aspect of issuer/originator disclosure. Section 2.8(c) provides that the DBRS group of companies supports the objective of a structured finance issuer disclosure regime and encourages structured finance issuers and originators of structured finance products to make all relevant information regarding these products available to investors to conduct their own analyses. DBRS does not, however, commit to disclose in its ratings announcements whether an issuer/originator has informed DBRS that it will publicly disclose all such relevant information.

DBRS believes that it is the obligation of the issuer to provide such information and make such disclosure, rather than that of the CRA.

Internal Control and Risk Management Systems in Relation to the Financial Reporting Process
Council Directive 78/660/EEC Article 46a (1) (c)

Financial Risk Management
The finance function provides a centralised financial reporting and financial risk management service to DBRS. The finance function operates within a policies and procedures framework that is reviewed regularly. The finance function’s remit includes management of the financial risks that arise in relation to underlying business needs. The BoD and Audit Committee have overall responsibility for the establishment and oversight of the financial reporting and risk management framework.

Currency Risk
DBRS operates internationally and is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the U.S. and Canadian dollar. Since DBRS’s transactions are primarily in local currencies, its exposure to exchange rate movements in commercial operations is naturally limited. DBRS is subject to foreign currency exchange risks caused by exchange rate movements in connection with the translation of its global income and liabilities for inclusion in its consolidated financial statements. Translation risk related to DBRS is not actively hedged.
Credit Risk
DBRS has no significant concentrations of credit risk.

Liquidity Risk
DBRS manages its liquidity risk on a consolidated basis with cash provided from operating activities as the primary source of liquidity. Based on current and projected operating performance and liquidity position, it is anticipated that cash provided by operating activities and available cash balances will be sufficient for working capital, capital expenditures and interest payments for the next 12 months and the foreseeable future.

Information required by Article 10(1), points (c), (d), (f), (h) and (i) of Council Directive 2004/25/EC of 21 April 2004.

For the period covering 1 December 2013 until 30 November 2014
DBRS Ratings Limited is a privately held company with all of its shares held by one shareholder, DBRS Holdings Limited.

(a) There are no significant direct or indirect shareholdings within the meaning of Article 85 of Council Directive 2001/34/EC.
(b) There are no holders of securities with special control rights.
(c) There are no restrictions on the voting rights.
(d) Appointment of directors.

Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director
1.1 By ordinary resolution;
1.2 By a decision of the directors; or
1.3 By a notice given in accordance with Article 27 of the Companies Act 2006.

In any case where, as a result of death, the company has no shareholders and no directors, the personal representatives of the last shareholder to have died have the right, by notice in writing, to appoint a person to be a director.

For the purposes of Article 25.2 of the Companies Act 2006, where two or more shareholders die in circumstances rendering it uncertain who was the last to die, a younger shareholder is deemed to have survived an older shareholder.

Appointment and Removal of Director by Majority Shareholders
A shareholder or shareholders holding in aggregate a majority of the nominal value of the shares may, by notice to the company, appoint any person to be a director to fill a vacancy or to be an additional director and/or may terminate any director’s appointment.

(i) Powers of the EU Supervisory Board Members to Issue or Buy Back Shares
The power to issue or buy back shares is not within the mandate of the EU Supervisory Board.


For the period covering 1 December 2013 until 30 November 2014
DBRS Ratings Limited is a privately held company with all of its shares held by one shareholder, DBRS Holdings Limited.

THE COMPOSITION AND OPERATION OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND THEIR COMMITTEES

EU Supervisory Board
The DBRS Ratings Limited BoD is responsible for fulfilling the accountabilities of the EU Supervisory Board in respect of Regulation (EC) No 1060/2009 of the European Parliament, and of the Council of 16 September 2009 on CRAs (the EU CRA Regulations).

Board of Directors
The BoD has the following responsibilities:
• Ensure that credit rating activities are independent from all political and economic influences or constraints.
• Ensure that conflicts of interest are properly identified, managed and disclosed.
• Ensure that the CRA complies with the requirements of the EU CRA Regulations.

The independent members of the BoD have the additional responsibilities of monitoring the following:
• Development of the credit rating policies and methodologies used by the CRA in its credit rating activities.
• Effectiveness of the internal quality control system of the CRA in relation to credit rating activities.
• Effectiveness of measures and procedures instituted to ensure that any conflicts of interest are identified, eliminated or managed and disclosed.
• Compliance and governance processes, including the efficiency of the Independent (methodology) Review Function.

Composition of the Board of Directors
The EU Supervisory Board comprises six members, one of whom is an NED and two of whom are independent, with one of the independent members possessing structured finance expertise.

Meetings of the Board of Directors
The BoD meets at least three times per calendar year. However, the board members may hold additional meetings with senior management and control functions, as required.