

S&P Global Sustainable1 Statement - ESG Rating and Data Product Codes of Conduct

S&P Global Sustainable1 (Sustainable1) has endorsed specific Codes of Conduct which are based on or seek to implement the November 2021 International Organisation of Securities Commissions (IOSCO) Recommendations for ESG Ratings and Data Product Providers. The codes endorsed by Sustainable1 are (1) the Code of Conduct for ESG Evaluation and Data Providers published by the Financial Services Agency of Japan (JFSA) and (2) the Code of Conduct for ESG Ratings and Data Products Providers published by the International Capital Markets Association (ICMA). Given the overlap of both codes and their lineage from the IOSCO recommendations, the representations below serve as Sustainable1's unified statement on the application of these codes.

Sustainable1 Application of JFSA and ICMA Code of Conduct Principles

As the entity producing S&P Global ESG Scores, Sustainable1 issues the following statements in support and endorsement of the Code published by the Financial Services Agency of Japan and explains how we address the Code. Additionally, the principles (detailed below) are also applied to certain Sustainable1 data products that we believe fall within the scope of the ESG Data Products' definition.

The ICMA Code of Conduct builds on the principles of the IOSCO recommendations, which the Code published by the Financial Services Agency of Japan is based on, with the addition of an overarching principle on Good Governance (ICMA Principle 1).

Principle – Good Governance

ESG ratings and data products providers should ensure appropriate governance arrangements are in place that enable them to promote and uphold the Principles and overall objectives of the Code of Conduct.

This statement maps to Principle 1 in the ICMA Code.

Sustainable1 maintains appropriate governance arrangements to enable the Principles and overall objectives of endorsed Codes of Conduct to be upheld and operationalized. This includes a clear organizational structure with well-defined, transparent, and consistent roles and responsibilities for personnel. Sustainable1 is committed to the principles of quality, transparency, management of conflicts of interest (COI), as well as establishing a clear, well-defined organizational structure to ensure alignment with good governance standards and best practices.

Sustainable1 continues to ensure that sufficiently qualified personnel are hired, with the appropriate level of sustainability and financial knowledge required for execution of specific business operations. Sustainable1 has a robust Compliance framework in place and has implemented controls and policies to ensure appropriate management of conflicts of interest. Updated policy trainings are also continuously rolled out to ensure that all Sustainable1 employees are equipped with the appropriate knowledge given their roles and responsibilities.

Sustainable1 continues to evolve its organizational structure design to prepare for the changing regulatory landscape and to ensure that roles and responsibilities are clearly defined. Sustainable1 has also evolved its governance model and has governance committees in place to maintain oversight so that relevant models and methodologies are sufficiently transparent in their disclosures and are fit-for-purpose. These governance committees have charters with clearly defined members, voting rights as well as clear roles and responsibilities. The committees have been set up to maintain analytical independence and rigor as well as to ensure that the principles of good governance are incorporated in how the committee operates. The quality of these

methodologies and models are assessed and monitored by the independent Analytical Risk and Quality (ARQ) function. ARQ plays an integral role within the Sustainable1 governance committees for models and methodologies. ARQ is responsible for performing independent (i) validations of the underlying methodologies and models for S&P Global ESG Scores, (ii) periodic reviews of the S&P Global ESG Scores methodologies, models and application of the methodologies.

Principle - Securing Quality

Ensure the quality of ESG evaluation and data - The basic procedures necessary for this purpose should be established.

This statement maps to Principle 2 in the ICMA Code and Principle 1 in the JFSA code.

Sustainable1 has established procedures to ensure that its data analysis is thorough, and its methodologies are both consistently applied and regularly reviewed. Sustainable1 adopts a multi-layered approach to measure and optimize the quality of its input data for the creation of S&P Global ESG Scores ("Score Data"). This comprises data quality checking in several stages depending on data materiality and whether it is sourced through direct company engagement or from public records. Certain datasets will undergo two-stage quality checking in addition to further sample-checking. A team within the Sustainable1 Data Organization has been established to run a sampling program which randomly selects companies every month for audit, identifies errors and generates a health scorecard. This team focuses its efforts on fields that are deemed critical to quality according to a pre-defined process. Sustainable1 also regularly re-evaluates its quality processes and adjusts them in response to any issues identified and root cause analyses.

To ensure quality and objectivity of Score Data, Sustainable1 voluntarily appoints an independent third-party to conduct an external audit of the assessment process each year. The targeted Assurance statement can be found [here](#).

Sustainable1 is undertaking several key initiatives to further support the collection and maintenance of high quality Score Data including the introduction of new processes and systems to modify and centralize data collection and the expansion of audits to verify and enhance existing data validation and error checking systems. It is also increasing investments in research in automation and Machine Learning (ML) technologies which, upon implementation, will contribute to minimizing manual intervention, hence leading to an overall improvement of data quality.

Sustainable1 has formalized the Analytic Risk and Quality (ARQ) function which is responsible for performing independent (i) validations of the underlying methodologies and models for S&P Global ESG Scores, and (ii) periodic reviews of the S&P Global ESG Scores methodologies, models, and application of the methodologies. ARQ also plays a key role in the methodologies and models governance committees as an independent voice and to ensure that the established quality standards are applied.

Principle - Human Resources Development

Secure necessary professional human resources to ensure the quality of the evaluation and data provision services provided and assure they develop their own professional skills.

This statement maps to Principle 2 in the JFSA code.

Sustainable1 is committed to hiring sufficient skilled personnel with the appropriate balance of sustainability and financial knowledge to allow for efficient and smooth business operations.

Sustainable1 has adopted focused recruitment standards to attract and retain top talent and offers continuous learning and development opportunities to equip personnel with skills to further progress their competencies. Furthermore, there are key mandatory training requirements pertaining to Risk & Compliance that all Sustainable1 employees must complete.

Sustainable1 personnel have regular performance review meetings with managers and do an annual full year performance assessment.

Principle - Ensuring Independence and Managing Conflicts of Interest

Establish effective policies so the organization can make decisions and appropriately address conflicts of interest that may arise. Identify activities and situations that could undermine the independence, objectivity, and neutrality of the business, and avoid potential conflicts of interest.

This statement maps to Principle 3 in the ICMA Code and Principle 3 in the JFSA code.

Sustainable1 has implemented several controls, including a Sustainable1 Divisional Independence and Objectivity Code policies, Sustainable1 Securities Disclosure policy, and Policy Role designations (collectively the “Policies”) to ensure all employees are independent and conflicts of interests are properly managed. In particular, the policies and controls drive the following:

- (a) compliance arrangements to enable actual or potential conflicts to be identified, managed, eliminated, and disclosed appropriately,
- (b) a clear separation between employees who analyze and develop S&P Global ESG Scores, and employees involved in commercial and marketing activities,
- (c) restrictions on employees to ensure that no personal interests (including securities holdings and outside business activities) conflict with duties of independence and objectivity towards clients,
- (d) employee reporting lines and compensation arrangements that reinforce the exercise of independence and objectivity.

In the event that there are consulting, advisory or other business relationships with scored entities, Sustainable1 employs appropriate measures to ensure that no such relationships will compromise its ability to provide independent and objective assessments on those entities.

Principle - Ensuring Transparency

Ensuring transparency is an essential and prioritized issue, and the organization should publicly clarify their philosophy in providing services. Methodology and processes for formulating services should also be sufficiently disclosed.

This statement maps to Principle 4 in the ICMA Code and Principle 4 in the JFSA code.

Sustainable1 describes the framework and process for generating S&P Global ESG Scores on its [public website](#). Score Data has documented audit trails, evidencing and rationale within the designated IT database in which the assessment is produced and maintained. Information on Sustainable1 methodologies (including related rationales, formats, background information and weights) is available [here](#).

Sustainable1 discloses S&P Global ESG Scores evaluated as part of public Corporate Sustainability Assessment (CSA) exercise prominently on its website together with other fields to assist the user in understanding relevant context. Examples of such additional disclosures are data availability, date of last update, score history and industry comparatives.

Further, the monitoring performed by the independent Analytic Risk and Quality (ARQ) function assesses the sufficiency of the transparency provided in the underlying methodologies and the application of those methodologies in producing S&P Global ESG Scores.

Principle – Confidentiality

Establish policies and procedures to appropriately protect non-public information obtained during business

This statement maps to Principle 5 in the ICMA Code and Principle 5 in the JFSA code.

Sustainable1 does not publish or disclose any non-public and/or confidential information received in connection with the development of its S&P Global ESG Scores (“Confidential Information”) unless such disclosure is required by law or regulation or with the prior consent of the owner of such Confidential Information. Accordingly, Sustainable1 has established logical and practical operational procedures to (i) try and protect Confidential Information from fraud, theft, misuse, or inadvertent disclosure; and (ii) allow effective crossorganizational collaboration without compromising the integrity of the S&P Global ESG Scores or putting the protection of any Confidential Information or intellectual property at undue risk ; and (iii) ensure that access to systems is provided on a need-to-know basis only.

Principle - Communication with Companies

Devise and improve the way the organization gathers information from companies so that the process becomes efficient for both service providers and companies and that necessary information can be sufficiently obtained. Appropriately respond when important or reasonable issues related to an information source are raised by companies subject to evaluation.

This statement maps to Principle 6 in the ICMA Code and Principle 6 in the JFSA code.

Companies who engage with Sustainable1 in the CSA assessment process are provided comprehensive and timely information on the data collection period and the process.

Sustainable1 conducts webcasts and in-person workshops regularly to provide information on the Score Data, methodologies, and participation processes.

Sustainable1 has defined measures and official points of contact for companies to refer to for questions or concerns about S&P Global ESG Scores or Score Data. Measures include processes to initiate, where appropriate, reviews of assigned scores prior to or after S&P Global ESG Score publication.