

MSCI ESG Research's Endorsement Statement of Principles and Guidelines of the Japan Code of Conduct

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MSCI ESG Research's statement and endorsement of Principles and Guidelines of the Japan Code of Conduct

As an ESG Evaluation and ESG Data Products Provider, MSCI ESG Research LLC ("MSCI ESG") endorses the Code of Conduct ("the Code") published by the Japan Financial Services Authority. MSCI ESG has addressed the Principles and Guidelines stated out in the Code for MSCI ESG Evaluations and MSCI ESG Data Products as defined in MSCI ESG Symbols and Definitions document and MSCI Climate Symbols and Definitions document ("MSCI ESG Evaluations and ESG Data Products") as follows:

Principle 1: Securing Quality

Guideline 1: MSCI ESG is formalising a set of procedures to provide MSCI ESG Evaluations and ESG Data Products based on a thorough analysis of relevant information.

Guideline 2: MSCI ESG applies rules-based methodologies to assign MSCI ESG Evaluations and ESG Data Products. These methodologies are or will be publicly available free of charge on MSCI's web site (www.msci.com).

Guideline 3: Where ESG Evaluations and ESG Data Products are not fully model driven, MSCI ESG has implemented a set of procedures designed to ensure its methodologies are applied consistently. These include committee oversight of issues related to consistent application of methodologies and additional methodology-specific processes.

Guideline 4: Where relevant, MSCI ESG has developed and implemented criteria and a process to validate its ESG Evaluations methodologies on a regular basis and is developing criteria and a validation process for its ESG Data Products methodologies.

Guideline 5: MSCI ESG has formalized a range of procedures to adopt new methodologies or update its existing ESG methodologies, as well as to review its ESG methodologies on a regular basis. Publicly available MSCI ESG Evaluations and ESG Data Products methodologies provide information related to when input data is obtained and updated.

Guideline 6: MSCI ESG does not outsource its ESG Evaluations and ESG Data Products.

Principle 2: Analytical Resourcing (Human Resources Development)

Guideline 1: MSCI ESG collects and analyses relevant information on an ongoing basis to maintain necessary professional ESG analytical resources.

Guideline 2: ESG analytical staff receives onboarding training when they join MSCI ESG as well as technical development opportunities during their tenure with MSCI ESG. Compliance undertakes annual compliance certification and training and implements a surveillance program designed to ensure its ESG analytical staff carries out their duties in good faith.

Guideline 3: MSCI ESG has annual processes to evaluate its ESG analytical staff.

Guideline 4: HR participates in various senior management meetings where key HR topics can be discussed and HR issues raised and properly addressed.

Principle 3: Ensuring Independence and Managing Conflicts of Interest

Guideline 1: MSCI ESG has identified potential conflicts of interest related to ESG Evaluations and ESG Data Products and has implemented measures to avoid, or appropriately manage and reduce the risk of conflicts of interest. These are described in the publicly available publication: *How MSCI ESG Research Manages Conflicts of Interest Related to ESG Ratings and ESG Data Products*.

Guideline 2: MSCI ESG takes appropriate measures to prevent business relationships from affecting its ESG Evaluations and ESG Data Products. These measures include separate reporting lines between sales and analytical personnel.

Guideline 3: MSCI ESG does not use questionnaires or surveys in its ESG Evaluations or ESG Data Products.

Guideline 4: MSCI ESG has Securities Trading Procedures designed to prevent employees from engaging in securities or derivatives transactions that could create conflicts of interest with the provision of ESG Evaluations and ESG Data Products.

Guideline 5: MSCI ESG has appropriate work and compensation structures to avoid conflicts of interest or appropriately manage and reduce risks of potential conflicts of interest.

Guideline 6: MSCI ESG has established policies, procedures and measures designed to ensure that existing business relationships with companies do not affect the evaluation of the companies for ESG Ratings and ESG Data Products.

Guidelines 7 & 8: MSCI ESG does not follow an issuer-pay model for MSCI ESG Evaluations and ESG Data Products, except in very limited cases including Second Party Opinions, and Provisional ESG Ratings. MSCI Provisional ESG Rating Methodology is publicly available.

Principle 4: Ensuring Transparency

Guideline 1: In recognition of the importance of transparency, MSCI ESG makes its ESG Evaluations and ESG Data Products methodologies publicly available on its web site free of charge.

Guideline 2: MSCI ESG has disclosed its approach for providing ESG Evaluations and ESG Data Products, including their purpose and description in *MSCI ESG Symbols and Definitions*; and *MSCI Climate Symbols and Definitions* which are publicly available on its web site.

Guideline 3: In addition to publishing its ESG Evaluations and ESG Data Products methodologies, MSCI ESG also publishes information about its process regarding MSCI ESG Evaluations and ESG Data Products.

Guideline 4: MSCI ESG discloses the sources of information that are used in the development of its ESG Evaluations and ESG Data Products in its publicly available methodologies, including information about the use of estimated data and the basic methodology of estimation.

Guideline 5: Publicly available MSCI ESG Evaluations and ESG Data Products methodologies provide essential information to enable users of ESG evaluations and ESG Data Products to understand how MSCI ESG Evaluations and ESG Data Products are determined.

Principle 5: Confidentiality

Guidelines 1 and 2: MSCI ESG's procedure on handling ESG Non-Public Research Information addresses proper treatment of such information.

Principle 6: Communication with Companies

Guideline 1: MSCI ESG does not use surveys in its ESG Evaluations or ESG Data Products. MSCI ESG only accepts publicly available information¹ through its online issuer portal.

Guideline 2: MSCI ESG has a dedicated email address: esgissuercomm@msci.com where companies can send questions and raise issues regarding ESG Evaluations and ESG Data Products.

Guideline 3: In its ESG Evaluations methodologies, MSCI ESG discloses sources of information and data it uses to provide MSCI ESG Evaluations and ESG Data Products. In addition, through its online issuer portal, MSCI ESG also endeavors to provide companies with the issuer-verifiable data used in MSCI ESG Evaluations and ESG Data Products. Companies may review this data on an ongoing basis and provide feedback at any time throughout the year.

Guideline 4: Where a company raises an issue, MSCI ESG Issuer Communications team take appropriate measures to respond to this query.

Guideline 5: MSCI ESG has established *Procedures of Engagement with Rated Entities* which are available on its web site. The Procedures state out how MSCI ESG normally interacts with companies, how they could raise issues and how MSCI ESG would generally respond.

Guideline 6: Through its online issuer portal, MSCI ESG is developing a constructive dialogue with rated entities.

¹ Except in cases of Provisional ESG Ratings and Second Party Opinions.

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