IOSCO Code of Conduct adopted by ESGRisk.ai

Last Reviewed On: March 01, 2025	Version 1.0

Introduction

ESGRisk.ai's (the "Company") Code of Conduct (the "Code") is designed in accordance with the IOSCO Code of Conduct and aligns with recognized best practices in the ESG ratings industry.

This Code governs ESGRisk.ai's policies, methodologies, and ethical standards, ensuring objectivity, independence, transparency, and integrity in our ESG ratings and assessments. It sets the standard for how we operate and interact with market participants, including investors, financial institutions, and rated entities.

This Code is publicly available and may be updated periodically to reflect regulatory, technological, and market developments.

Recommendations and Good Practices

1. **Documented procedures to ensure high-quality ESG ratings and data products:** ESGRisk.ai has adopted and implemented written procedures and methodologies designed to ensure the delivery of high-quality, reliable, and transparent ESG ratings and data products. These procedures are publicly available and based on credible sources, ensuring robustness and consistency in ratings.

ESGRisk.ai has:

- Implemented written policies and procedures ensuring that all ESG ratings and data products are based on a thorough and objective analysis of available information.

- Developed rigorous, systematic, and continuously applied methodologies while maintaining a balance between transparency and proprietary aspects.

- Regularly reviews and updates its rating methodologies, with any modifications being publicly disclosed.

- Provided transparency on data sources, including industry averages, estimations, and proprietary models, ensuring clarity on whether the data is up-to-date and publicly available.

- Allocated sufficient resources to maintain high-quality ESG assessments, including dedicated personnel and technological infrastructure.

- Ensured that ESG ratings and data products are machine-readable, enhancing accessibility for users.

- Continuously monitors and updates ratings, except in cases where a rating is explicitly defined as a "point-in-time" rating.

2. **Written policies for conflict management:** ESGRisk.ai ensures that its rating decisions are independent, free from external influence, and safeguarded against conflicts of interest that may arise due to its organizational structure, financial activities, or other business relationships.

ESGRisk.ai has:

- Adopted internal policies and mechanisms to identify, manage, mitigate, and disclose any actual or potential conflicts of interest that could impact the integrity of ESG ratings and data products.

- Disclosed its conflict management measures publicly, ensuring stakeholders are aware of how ESGRisk.ai maintains its independence and objectivity.

- Established protocols ensuring that ESG ratings and data products are not influenced by commercial relationships with rated entities or third parties.

- Ensured that staff do not engage in securities or derivatives trading that could pose conflicts of interest with ESG ratings.

- Structured reporting lines and compensation policies to eliminate or effectively manage conflicts of interest.

- Disclosed the nature of compensation arrangements or financial relationships ESGRisk.ai may have with rated entities, in alignment with confidentiality, contractual, and regulatory requirements.

- Ensured that employee evaluations and compensation are not linked to revenues generated from rated entities.

3. **Public disclosure and transparency:** ESGRisk.ai prioritizes high levels of public disclosure and transparency regarding its ESG ratings and data products to ensure users fully understand the methodology, scope, and limitations of ratings.

ESGRisk.ai has:

- Clearly labeled ESG ratings and data products, ensuring users understand their intended purpose and measurement objectives.

- Publicly disclosed data sources used in rating processes, including instances where industry averages, estimations, or other approximations have been applied.

- Published detailed information on methodologies to enhance transparency in rating determinations.

- Provided clarity on:
    - Measurement objectives of ESG ratings and data products.
    - Criteria and key performance indicators (KPIs) used in rating assessments.
    - Weighting of ESG criteria in overall assessments.
    - Inclusion of subsidiaries or specific business units in rating evaluations.
    - Timeframes and scope of ratings, ensuring clarity on whether assessments are retrospective, current, or forward-looking.

2. **Handling non-public information**: While ESGRisk.ai primarily relies on publicly available data, we acknowledge IOSCO's guidance on handling non-public information:

- ESGRisk.ai does not require non-public data for its rating processes but maintains a strict confidentiality policy for any non-public information it may inadvertently receive.
- All employees and analysts are prohibited from disclosing, misusing, or leveraging non-public information.
- ESGRisk.ai operates under a subscriber-based model, and ratings are derived solely from publicly available sustainability disclosures of rated entities.

3. **Information collection & engagement with rated entities:** To ensure comprehensive and reliable data gathering:

- ESGRisk.ai publishes its data collection approach, allowing rated entities to understand the sources and nature of information used in assessments.
- In cases of data gaps or inconsistencies, ESGRisk.ai may request clarifications from rated entities based on publicly disclosed information.
- Entities under review are notified about principal rating considerations before publication.
- Opportunities for appeal or clarification are provided if rated entities identify factual errors.

4. **Issue handling & interaction with rated entities:**

- ESGRisk.ai provides a dedicated contact point for rated entities to address any questions or concerns.
- Covered entities are informed of rating rationales before publication.

- ESGRisk.ai allows entities to highlight factual inaccuracies, ensuring assessments are based on accurate and reliable information.

Legal Disclaimer

This Code is intended to provide guidance and transparency but does not establish contractual rights for third parties. ESGRisk.ai reserves the right to update or modify this Code as necessary to align with market, regulatory, and technological developments.