

**Bloomberg's Statement of Compliance with Japan's Financial Services Agency Phase 1 Code of Conduct for ESG Valuation and Data Providers (the "Code").**

**Principle 1: Securing Quality**

**ESG evaluation and data providers should strive to ensure the quality of ESG evaluation and data they provide. The basic procedures necessary for this purpose should be established.**

*Bloomberg L.P. ("Bloomberg") is committed to ensuring the quality of Bloomberg's proprietary ESG scores by relying on our demonstrated strengths in transparency and data-driven methodologies for determination of Bloomberg's proprietary ESG scores (each, the "Methodology"). Bloomberg will continue to review our approach and enhance Methodologies as we continue our efforts to adopt the Code.*

1. Formulating and providing ESG evaluation and data, establishing necessary procedures to analyze in detail information that can be reasonably obtained.

*Bloomberg has established the necessary procedures to analyze, in detail, the quality of information that can be reasonably obtained to compute Bloomberg's proprietary ESG scores and will continue to review our approach and enhance the relevant procedures as we continue our efforts to adopt the Code.*

2. Establishing cross-organizational and continuously applied methodologies to provide high-quality ESG evaluation and data, and disclosing it while paying attention to confidentiality, intellectual property, etc.

*Bloomberg has established cross-organizational and continuously applied Methodologies and will continue to review our approach and enhance Methodologies as we continue our efforts to adopt the Code.*

3. In order to ensure that the prescribed methodologies are applied consistently across the organization, disseminating them throughout the organization, as well as devising measures, such as horizontally reviewing under an appropriate system, or accumulating and sharing knowledge of evaluations to be provided.

*Bloomberg Methodologies are designed to be applied consistently across the organization for each of its proprietary ESG Scores. Bloomberg will continue to review our approach and enhance Methodologies as we continue our efforts to adopt the Code.*

4. Checking on a regular basis whether there would be any apparent discrepancy between the evaluation results and the service provision methodologies mentioned above, and updating methodologies as necessary (implementation of the PDCA cycle for evaluation).

*Bloomberg has established processes that are reasonably designed to ensure its proprietary ESG scores are computed in accordance with the applicable Methodologies. Bloomberg will continue to review our approach and enhance Methodologies as we continue our efforts to adopt the Code.*

5. Managing ESG evaluation methodologies and data on a continuous basis, checking or updating them regularly, and disclosing when the input data is usually obtained or updated by the

providers (if evaluation and data items are diverse or of great numbers, doing this in a reasonable scope and manner, such as by consolidating or limiting the scope, taking into account their importance and usefulness based on user needs)

*Bloomberg manages its Methodologies and the data used to compute Bloomberg's proprietary ESG scores on a continuous basis. This includes checking or updating them regularly and disclosing when the input data is usually obtained or updated by the providers. Bloomberg will continue to review our approach and enhance Methodologies we continue our efforts to adopt the Code.*

6. In cases where ESG evaluation and data providing services are outsourced, taking necessary measures for the quality of ESG evaluation and data to be ensured including the outsourced party, such as, as necessary and depending on the nature and importance of the outsourced service, requesting the outsourced party to comply with 1. through 5. above.

*Bloomberg has established processes that are reasonably designed to assess the quality of data used to determine its proprietary ESG scores. Bloomberg will engage with its vendors to assess their compliance with this Code as appropriate.*

## **Principle 2: Human Resources Development**

**ESG evaluation and data providers should secure necessary professional human resources to ensure the quality of the evaluation and data provision services they provide, and should develop their own professional skills.**

*Bloomberg works to secure the necessary personnel to ensure the quality of its proprietary ESG Scores, and to provide for their continued professional development.*

1. Collecting and analyzing information necessary to provide appropriate evaluation and data, and maintaining necessary professional resources and technologies to make relevant decisions.

*Bloomberg collects and analyzes information necessary to provide its proprietary ESG scores and maintains the necessary professional resources and technologies to make relevant decisions.*

2. In particular, taking necessary measures to ensure personnel engaged in ESG evaluation and data would have professional knowledge and carry out their duties in good faith.

*Bloomberg takes necessary measures to ensure that personnel engaged in ESG evaluation and data have professional knowledge and carry out their duties in good faith.*

3. Considering the nature of personnel evaluations that would appropriately evaluate personnel who engages in professional evaluations and working for providing high quality evaluations.

*Bloomberg takes necessary measures to appropriately evaluate personnel and ensure they have the necessary skills to perform their responsibilities.*

4. Recognizing, as top management of the institution, that securing and developing human resources is important element for continuously providing high quality evaluations, and taking actions as necessary.

*Bloomberg's Senior Leadership is committed to securing and developing human resources as an important element for continuously providing high quality evaluations and taking actions as necessary.*

### **Principle 3: Ensuring Independence and Managing Conflicts of Interest**

**ESG evaluation and data providers should establish effective policies so that they can independently make decisions and appropriately address conflicts of interest that may arise from their organization and ownership, business, investment and funding, and compensation for their officers and employees, etc. With regard to conflicts of interest, providers should identify their own activities and situations that could undermine the independence, objectivity, and neutrality of their business, and avoid potential conflicts of interest or appropriately manage and reduce the risk of conflict of interest.**

*Bloomberg's proprietary ESG scores are calculated using a defined quantitative methodology, with input from an analyst, which is provided during the data collection and the design stage of the ESG scores. This approach minimizes the risk of conflicts of interest. Bloomberg also does not create ESG scores on an "issuer-pay" basis and has policies in place to appropriately manage and reduce the risk of conflicts of interest.*

1. Identifying potential conflicts of interest that may affect the assessment and analysis conducted by the provider or its employees with respect to the services provided, and then establishing and disclosing effective policies to avoid, or appropriately manage and reduce the risk of, the conflict of interest.

*Bloomberg has policies in place to appropriately manage and reduce the risk of conflicts of interest.*

2. Taking appropriate measures to ensure that other business relationship with a company subject to ESG evaluation or data does not affect the ESG evaluation or data, such as establishing a firewall between sales and evaluation divisions.

*Bloomberg takes appropriate measures to ensure that business relationships with a company subject to ESG evaluation do not affect Bloomberg's proprietary ESG scores.*

3. In cases evaluations are developed through questionnaire, paying attention to the contents and structure of service and questionnaire, so that there would principally be no such situation where the content of the questionnaire is unreasonably too complicated or difficult to understand and effectively respond without using the provider's paid services.

*Bloomberg does not develop its proprietary ESG scores through the use of questionnaires at this time.*

4. Taking appropriate steps to prevent their employees from engaging in securities or derivatives transactions that could create conflicts of interest with ESG evaluation and data provision services.

*Bloomberg has taken, and continues to take, appropriate steps to prevent employees from engaging in securities transactions that could create conflicts of interest related to its proprietary ESG scores.*

5. Developing appropriate work and compensation structures for its own employees, and avoiding, or appropriately managing and reducing the risk of, potential conflicts of interest related to ESG evaluation and data provision services. For example, as necessary, assigning a staff member to conduct evaluation, separate from the staff member responsible for sales of ESG evaluation and data services.

*Bloomberg has taken, and continues to take, appropriate steps to manage and reduce the risk of potential conflicts of interest related to its proprietary ESG scores.*

6. Establishing measures to ensure that existing business relationship with companies subject to ESG evaluation and data provision does not affect the evaluation to the companies.

*Bloomberg has taken, and continues to take, appropriate steps to manage and reduce the risk of potential conflicts of interest related to its proprietary ESG scores.*

7. For the issuer pay model where compensation is received from the company subject to the evaluation, implementing detailed procedures to avoid conflicts of interests.

*Bloomberg does not follow an “issuer-pay” model in any of its proprietary ESG scores.*

8. In cases where the same provider provides both the-subscriber-pay-model businesses and the-issuer-pay-model businesses, taking appropriate measures to prevent conflicts of interest in this regards.

*Bloomberg does not follow an “issuer-pay” model in any of its proprietary ESG scores.*

#### **Principle 4: Ensuring Transparency**

**ESG evaluation and data providers should recognize that ensuring transparency is an essential and prioritized issue, and publicly clarify their basic approach in providing services, such as the purpose and basic methodology of evaluations. Methodologies and processes for formulating services should be sufficiently disclosed.**

*Bloomberg recognizes that transparency is an issue of high priority and is committed to ensuring the quality of Bloomberg’s proprietary ESG scores by relying on our demonstrated strengths in transparency and data-driven Methodologies. Bloomberg will continue to review our approach and enhance Methodologies as we continue our efforts to adopt the Code.*

1. While giving necessary consideration to intellectual property, etc., ensuring the transparency of their services by recognizing that it is an essential and prioritized issue.

*Bloomberg ensures the transparency of its proprietary ESG scores by recognizing that it is an essential and prioritized issue. Bloomberg will continue to review our approach and enhance Methodologies as we continue our efforts to adopt the Code.*

2. In order for users of ESG evaluation and data provision services to understand the basic content of the services, including what the evaluation aims to capture and how this is measured, disclosing the basic approach for providing services, including the purpose and basic methodology of evaluation.

*Bloomberg discloses the basic approach for providing its proprietary ESG scores, including the purpose and basic methodology of evaluation. Bloomberg will continue to review our approach and enhance Methodologies as we continue our efforts to adopt the Code.*

3. In order to enable users and companies subject to evaluation to understand the basic structure of the evaluation, disclosing sufficient information on the methodologies and processes for formulating the evaluation, including any major updates on them, if any. When inquiries are received from companies subject to evaluation through a contact point, providing careful explanations to the extent practically possible.

*Bloomberg discloses information on its Methodologies, including any significant updates to its Methodologies. When inquiries are received from companies subject to evaluation, Bloomberg provides explanations to the extent practically possible. Bloomberg will continue to review our approach and enhance Methodologies as we continue our efforts to adopt the Code.*

4. Disclosing the sources of information that are used in the development of ESG evaluation and data. In particular, if estimated data is used, disclosing this fact and the basic methodology of estimation. If data sources and/or items are diverse or of great numbers, doing these in a reasonable scope and manner, such as by consolidating or limiting the scope, reflecting their importance and usefulness.

*Bloomberg discloses the sources of information that are used in the development of its proprietary ESG scores, in a reasonable scope and manner. Bloomberg will continue to review our approach and enhance Methodologies as we continue our efforts to adopt the Code.*

5. Disclosing, in an easy-to-understand manner, the purpose, concept, and basic methodology of the evaluation; doing this in a reasonable scope and manner, such as by consolidating or limiting the scope, taking into consideration a provider's situation and the importance and relevance of individual items. The items are for example the following:

- Purpose, approach, and intent of formulation of ESG evaluation and data
- Specific contents of evaluation methodologies (specific evaluation criteria, important indicators and weights in evaluation, businesses and companies subject to evaluation, and other contents of methodologies that can lead to significant differences in evaluation results)
- Evaluation process (evaluation procedures and steps, checks and monitoring, etc.)
- Contact point where the evaluation results can be explained in detail
- Sources of information on which the evaluation is based, policy and status of estimated data usage, the update timings and estimation methodologies of data that is particularly important to the overall assessment
- With respect to the overall evaluation, the timing of evaluation and the timing of data creation, use, and update

- Changes made when the evaluation methodology is updated. Especially if any items are improved through the PDCA cycle, this fact and reasons for it."

*Bloomberg discloses the purpose, concept, and Methodologies in a reasonable scope and manner. Bloomberg prioritizes transparency into data and Methodologies used in its proprietary ESG scores and will continue to review our approach and enhance Methodologies as we continue our efforts to adopt the Code.*

*Details are readily accessible to Bloomberg clients on the Bloomberg Terminal at BESG <GO> or by directing inquiries to the contact numbers listed here:*

*[https://www.bloomberg.com/professional/support/?utm\\_source=bloomberg-menu&utm\\_medium=bcom](https://www.bloomberg.com/professional/support/?utm_source=bloomberg-menu&utm_medium=bcom)*

#### **Principle 5: Confidentiality**

**ESG evaluation and data providers should establish policies and procedures to appropriately protect non-public information obtained in the course of business.**

*Bloomberg has established policies and procedures reasonably designed to safeguard non-public information used to determine its proprietary ESG scores.*

1. Establishing, disclosing and implementing the policies and procedures to protect information provided as confidential in the course of ESG evaluation and data services.

*Bloomberg has established and implemented policies and procedures reasonably designed to protect any non-public information that might be collected to determine its proprietary ESG scores.*

2. Establishing, disclosing, and implementing the policies and procedures so that such confidential information will be used in accordance with the purpose of provision and not for the purposes other than ESG evaluation and data services, unless otherwise agreed.

*Bloomberg has established and implemented policies and procedures reasonably designed to ensure that any confidential information that might be obtained to determine its proprietary ESG scores is used for that purpose only.*

#### **Principle 6: Communication With Companies**

**ESG evaluation and data providers should devise and improve the way they gather information from companies so that the process becomes efficient for both service providers and companies or necessary information can be sufficiently obtained. When important or reasonable issues related to information source are raised by companies subject to evaluation, ESG evaluation and data providers should appropriately respond to the issues.**

*Bloomberg's proprietary ESG scores are calculated using a defined quantitative methodology with input from an analyst, which is provided during the data collection and the design stage of the ESG scores. Bloomberg does not create ESG scores on an "issuer-pay" basis. Given the scale of our coverage, the unsolicited nature of the proprietary ESG scores and the transparent and data-driven Methodologies, Bloomberg does not reach out to individual companies.*

*Companies can easily contact Bloomberg and we welcome the opportunity to explain our Methodologies and data. Bloomberg is committed to enhancing its documentation to clearly state "Procedures of Engagement" that will be readily available on the Bloomberg.com website.*

1. When and if collecting information through surveys from a company subject to evaluation, notifying the company of the collection period sufficiently in advance. If available and where appropriate, entering, prior to the request, information that is already known to the providers, such as those publicly disclosed or submitted in the past, then seeking verification by the company in question.

*Bloomberg does not develop its proprietary ESG scores through the use of questionnaires or surveys at this time.*

2. Establishing a dedicated contact point where companies can send inquiries and raise issues regarding ESG evaluation and data provision, and informing the companies concerned or posting it in an easy-to-find manner.

*Bloomberg clients may enter inquiries to the Bloomberg Support Desk regarding its ESG proprietary scores. They can reach the Bloomberg Support Desk by typing the <HELP> key twice on the Bloomberg Terminal, or via email or phone.*

*Non-Bloomberg clients may send inquiries regarding Bloomberg's proprietary ESG scores by reaching out to Bloomberg. Contact information is listed here:*

*[https://www.bloomberg.com/professional/support/?utm\\_source=bloomberg-menu&utm\\_medium=bcom](https://www.bloomberg.com/professional/support/?utm_source=bloomberg-menu&utm_medium=bcom)*

3. When disclosing ESG evaluation and data, subject to the institution's evaluation methodologies and customer service policies, to the extent practically possible, expeditiously notifying or communicating to a company of the essential information sources of the evaluation and data, thereby allowing time for the company to check whether there are any significant deficiencies in the sources, such as factual errors.

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4. When a company subject to evaluation raises important or reasonable issues about the information source of evaluation and data, subject to its own evaluation methodologies and customer service policies, taking timely and appropriate measures such as allowing the company to at least assess the accuracy of the underlying important data and correcting errors if any.



*Bloomberg has escalation procedures in place to address inquiries about the accuracy of the underlying data. Bloomberg clients may enter inquiries to the Bloomberg Support Desk regarding Bloomberg's proprietary ESG scores. They can reach the Bloomberg Support Desk by typing the <HELP> key twice on the Bloomberg Terminal, or via email or phone.*

*Non-Bloomberg clients may send inquiries regarding Bloomberg's proprietary ESG scores by reaching out to Bloomberg. Contact information is listed here:*

*[https://www.bloomberg.com/professional/support/?utm\\_source=bloomberg-menu&utm\\_medium=bcom](https://www.bloomberg.com/professional/support/?utm_source=bloomberg-menu&utm_medium=bcom)*

5. As an ESG evaluation and data provider, disclosing a "procedures of engagement" regarding how it normally interacts with companies to be evaluated with respect to the evaluation and data it provides. The procedures would include elements such as when it requests information from companies, when and what companies could check with, how they could raise issues if any, and how the provider would be able to respond to such issues.

*Bloomberg's proprietary ESG scores are calculated using a defined quantitative methodology with input from an analyst, which is provided during the data collection and the design stage of an ESG score. Bloomberg does not create ESG scores on an "issuer-pay" basis. Given the scale of our coverage, the unsolicited nature of the proprietary ESG scores and the transparent and data-driven Methodologies, Bloomberg does not reach out to individual companies.*

*Bloomberg is committed to enhancing its documentation to clearly state "Procedures of Engagement" that will be readily available on the Bloomberg.com website.*

6. Subject to providers' evaluation methods and customer service policies, considering the necessity of managing conflict of interest, and to the extent practically possible, conducting constructive dialogue with companies to be evaluated (for example, by providing feedback on evaluation results)

*Bloomberg has escalation procedures in place to address inquiries about its Methodologies and data sources and welcomes dialogues with companies that have inquiries about Bloomberg ESG products. Bloomberg clients may enter inquiries to the Bloomberg Support Desk regarding Bloomberg's proprietary ESG scores. They can reach the Bloomberg Support Desk by typing the <HELP> key twice on the Bloomberg Terminal, or via email or phone.*

*Non-Bloomberg clients may send inquiries regarding Bloomberg's proprietary ESG scores by reaching out to Bloomberg. Contact information is listed here:*

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