

## Annex 2: Checklist for Code of Conduct for ESG Rating and Data Product Providers

*Disclaimer: The proposed wordings below are in draft form and subject to change.*

With the implementation of the industry Code of Conduct for ESG Rating and Data Product Providers (“Code”) on a “Comply or Explain” basis, ESG Rating and Data Product Providers<sup>1</sup> who adopt the Code are encouraged to provide a self-attestation on their compliance with the Code.

For this purpose, we have set out a Checklist for Code of Conduct for ESG Rating and Data Product Providers (“Checklist”). Providers can assess their own compliance with the principles and best practices by completing the Checklist. The Checklist guides the posture of, and progress on full compliance with the Code. Providers are encouraged to publish the Checklist on their websites for their self-attestation.

The Checklist clearly identifies (i) the good practices set out in the International Organisation of Securities Commissions’ (“IOSCO”) Call for Action paper<sup>2</sup>, and (ii) the additional Singapore specific best practices (highlighted in yellow). This enables providers to use the Checklist for cross-jurisdictional comparison of standards for their operations, facilitating interoperability with the codes of conduct in other jurisdictions.

Where the self-attestation has been verified for compliance to the Code by an independent external assessor, please indicate below:	
<b>Name of Provider (Please indicate)</b>	E.g. ABC ESG Rating Company (ESG Rating Provider)
<b>Type of Provider (Please select one)</b>	<input type="checkbox"/> ESG Rating and Data Product Provider <input type="checkbox"/> ESG Rating Provider <input type="checkbox"/> ESG Data Product Provider
<b>Company Name of the Independent External Assessor</b>	
<b>Date of Assessment</b>	
<b>Remarks by Assessor, if any</b>	

<sup>1</sup> As defined in the Code, “ESG Rating and Data Product Provider” means any ESG Rating Provider, any ESG Data Product Provider, or any provider of both ESG rating and ESG data product.

<sup>2</sup> The IOSCO “Call for Action” paper is available at <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD717.pdf>.

**Checklist for Code of Conduct for ESG Rating and Data Product Providers**

**Principle 1:** The ESG Rating and Data Product Provider should adopt and implement written policies and procedures designed to ensure the issuance of high quality ESG rating and data products based on publicly disclosed data sources where possible, and other information sources where necessary, using transparent and defined methodologies.

*Please explain to what extent, in respect of which ESG ratings and/or ESG data products, the provider is in compliance with Principle 1, based on (i) IOSCO's good practices and (ii) Singapore's specific requirements.*

	Complied?		If No, please explain.  <i>E.g. indicate reason for non-compliance, whether it targets to comply and if so, provide target date of compliance.</i>
	Yes	No	
<p><b><u>Best Practice 1:</u></b></p> <p><b>1. The ESG Rating and Data Product Provider should:</b></p>			
a. adopt and implement written policies and procedures to ensure that the ESG rating and data products that it prepares are based on a thorough analysis of all relevant information available to it;	<input type="checkbox"/>	<input type="checkbox"/>	
b. adopt, implement and provide transparency around the methodologies for its ESG rating and data products that are rigorous, systematic, applied continuously, while maintaining a balance with respect to proprietary or confidential aspects of the methodologies;	<input type="checkbox"/>	<input type="checkbox"/>	
c. for ESG rating, conduct and publish on a regular basis, an evaluation of its methodologies against the outputs which they have been used to produce;	<input type="checkbox"/>	<input type="checkbox"/>	
d. subject the ESG rating and data products methodologies (including data sources) to regular review, and sufficiently communicate information regarding changes made to the methodologies as well	<input type="checkbox"/>	<input type="checkbox"/>	

	as its views on the potential impact of these changes to the ESG rating and data products;			
e.	provide transparency, where reasonably possible, around the sources of data used in determining its ESG rating and data products, including the use of any industry averages, estimations or other methodologies when actual data is not accessible to it. This may include transparency around the timeliness of data used, the time period of the data used, as well as whether the data is publicly sourced or proprietary in nature, including through approximations;	<input type="checkbox"/>	<input type="checkbox"/>	
f.	monitor on an ongoing basis, and regularly update the ESG rating and data products, except where specifically disclosed that the ESG rating is a point in time rating by – <ul style="list-style-type: none"> <li>reviewing, on a regular basis, the ESG ratings of the rated entity;</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	
	<ul style="list-style-type: none"> <li>(Singapore) initiating a review of the ESG ratings upon becoming aware of any public information that may reasonably be expected to result in a revision or termination of the ESG ratings, consistent with the rating methodology; and</li> <li>(Singapore) updating on a timely basis the ESG ratings, as appropriate, based on the results of such review;</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	
g.	maintain records to support every ESG rating and data products that it issues.	<input type="checkbox"/>	<input type="checkbox"/>	
	(Singapore) Such records can be kept for at least 6 years from the issue date of the relevant ESG rating and data products;	<input type="checkbox"/>	<input type="checkbox"/>	
h.	ensure that relevant personnel involved in preparing and deliberation of the ESG rating and	<input type="checkbox"/>	<input type="checkbox"/>	

<p>data products are, professional, competent and persons of integrity;</p>			
<p>(Singapore) ensure that relevant personnel involved in preparing and deliberation of the ESG rating and data products are, individually or collectively where relevant, (for example when there are rating committees) professional, competent and persons of integrity;</p>	<input type="checkbox"/>	<input type="checkbox"/>	
<p>i. ensure that it has adequate resources to produce high-quality ESG rating and data products of the covered entity, including sufficient personnel and technological capabilities, to seek out information it needs in order to make an assessment, analyse all information relevant to its decision-making processes, and provide quality assurance.</p>	<input type="checkbox"/>	<input type="checkbox"/>	
<p>(Singapore) For ESG rating, when deciding whether to rate or continue rating a rated entity, the ESG Rating Provider should assess whether it is able to devote sufficient personnel with the necessary skill sets to make a proper ESG rating assessment, and whether its personnel will likely have access to sufficient information needed in order to produce the ESG rating. It should adopt reasonable measures so that the information it uses in assigning an ESG rating is of sufficient quality to support a credible ESG rating. The ESG rating should also be based on publicly disclosed data sources, and other information sources where necessary, using transparent and defined methodologies. If the ESG rating is based on limited data, it should make clear, in a prominent place, the limitations of the ESG rating;</p>	<input type="checkbox"/>	<input type="checkbox"/>	

j.	consider offering ESG rating and data products to clients in a machine-readable format; and	<input type="checkbox"/>	<input type="checkbox"/>	
k.	(Singapore) for ESG ratings, the ESG Rating Provider and its personnel should not, either implicitly or explicitly, give any assurance or guarantee of any particular ESG rating prior to the ESG rating assessment.	<input type="checkbox"/>	<input type="checkbox"/>	

**Principle 2:** The ESG Rating and Data Product Provider should adopt and implement written policies and procedures designed to ensure its decisions are independent, free from political or economic interference, and appropriately address potential conflicts of interest that may arise from, among other things, its organisational structure, business or financial activities, financial interests, and personnel.

**Principle 3:** The ESG Rating and Data Product Provider should identify, avoid or appropriately manage, mitigate and disclose potential conflicts of interest that may compromise the independence and objectivity of its operations.

*Please explain to what extent, in respect of which ESG ratings and/or ESG data products, the provider is in compliance with Principles 2 and 3, based on (i) IOSCO's good practices and (ii) Singapore's specific requirements.*

	Complied?		If No, please explain.  <i>E.g. indicate reason for non-compliance, whether it targets to comply and if so, provide target date of compliance.</i>
	Yes	No	
<p><b>Best Practice 2:</b></p> <p><b>2. The ESG Rating and Data Product Provider should:</b></p>			
a. adopt written policies, procedures and mechanisms designed to (i) identify, and (ii) eliminate, or manage, mitigate and disclose, as appropriate, any actual or potential conflicts of interest related to its ESG rating and data products that may influence the opinions and analyses it makes or the judgment and analyses of the personnel it employs who have an	<input type="checkbox"/>	<input type="checkbox"/>	

influence on its decisions on the ESG rating and data products.			
(Singapore) Accordingly, for ESG rating, it should adopt written policies, procedures and mechanisms designed to identify, manage, mitigate and disclose conflicts of interest between ESG ratings and other business lines which can reasonably be considered to give rise to actual or perceived conflicts of interest (e.g. ESG consulting or advisory businesses);	<input type="checkbox"/>	<input type="checkbox"/>	
b. disclose its conflicts identification and management measures;	<input type="checkbox"/>	<input type="checkbox"/>	
c. take steps that are designed to ensure its ESG rating and data products would not be influenced by the existence of or potential for a business relationship between it (or its affiliates) and any entity or any other party for which it provides ESG rating and data products;	<input type="checkbox"/>	<input type="checkbox"/>	
d. put in place measures to help ensure its personnel refrain from any securities or derivatives trading presenting inherent conflicts of interest with its ESG rating and data products;	<input type="checkbox"/>	<input type="checkbox"/>	
e. structure reporting lines for its personnel and their compensation arrangements to eliminate or appropriately manage actual and potential conflicts of interest related to its ESG rating and data products;	<input type="checkbox"/>	<input type="checkbox"/>	
f. not compensate or evaluate research or analytical personnel on the basis of the amount of revenue derived from an entity that its personnel provide ESG rating and data products for, or with which its personnel regularly interacts regarding such ESG rating and data products;	<input type="checkbox"/>	<input type="checkbox"/>	
g. where consistent with confidentiality, contractual and other business, legal	<input type="checkbox"/>	<input type="checkbox"/>	

and regulatory requirements, disclose the nature of the compensation arrangement or any other business or financial relationships that exist with an entity for which it provides ESG rating and data products.			
3. (Singapore) For ESG rating that is prepared on an issuer-paid basis, the ESG Rating Provider should not enter into any contingent fee arrangement for providing ESG rating services. For the purpose of this paragraph, a contingent fee is a fee where the amount of which is determined by reference to the outcome of a transaction or the result of services provided by the ESG Rating Provider.	<input type="checkbox"/>	<input type="checkbox"/>	

**Principle 4:** The ESG Rating and Data Product Provider should make adequate levels of public disclosure and transparency a priority for its ESG rating and data products, including their methodologies and processes to enable the users of the ESG rating and data products to understand what the product entails and how it is produced, while maintaining a balance with respect to proprietary or confidential information, data and methodologies.

*Please explain to what extent the provider, in respect of which ESG ratings and/or ESG data products, the provider is in compliance with Principle 4, based on (i) IOSCO's good practices and (ii) Singapore's specific requirements.*

	Complied?		If No, please explain.  <i>E.g. indicate reason for non-compliance, whether it targets to comply and if so, provide target date of compliance.</i>
	Yes	No	
<b>Best Practice 4:</b>  <b>4. The ESG Rating and Data Product Provider should:</b>			
a. make adequate levels of public disclosure and transparency a priority for its ESG rating and data products, subject to commercial sensitivity considerations;	<input type="checkbox"/>	<input type="checkbox"/>	

<p>b. clearly label its ESG rating and data products to enable the user to understand the ESG rating's or ESG data product's intended purpose including its measurement objective;</p>	<input type="checkbox"/>	<input type="checkbox"/>	
<p>c. make adequate levels of public disclosure, where reasonably possible, around the sources of data (e.g. publicly or privately sourced data or information) it relies on in offering ESG rating and data products, including the use of industry averages, estimations or other methodologies when actual data is not available (e.g. unavailability of publicly reported data if it is used for the product);</p>	<input type="checkbox"/>	<input type="checkbox"/>	
<p>d. make adequate levels of public disclosures on procedures and methodologies underlying its ESG rating and data products to enable the users of these products to understand how their outputs were determined; and</p>	<input type="checkbox"/>	<input type="checkbox"/>	
<p>e. make adequate levels of public disclosure on ESG rating and data products methodologies that include, but not limited to:</p> <ul style="list-style-type: none"> <li>• the measurement objective of the ESG rating and data products;</li> <li>• the criteria used to assess the covered entity;</li> <li>• the Key Performance Indicators used to assess the covered entity against each criterion;</li> <li>• the relative weighting of these criteria to that assessment;</li> <li>• the scope of business activities and group entities included in the assessment;</li> <li>• the principal sources of qualitative and quantitative information used in the assessment as well as information on how the</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	



<p>absence of information was treated;</p> <ul style="list-style-type: none"> <li>the time horizon of the assessment;</li> <li>the meaning of each assessment category (where relevant);</li> </ul>			
<ul style="list-style-type: none"> <li>(Singapore) the measurement objective of the ESG rating and data products (e.g. measuring impact of the covered entity on the external environment and society, and/or measuring risk exposure and resilience of the covered entity to physical and transition ESG risks); and</li> <li>(Singapore) the Key Performance Indicators used to assess the covered entity against each criterion (e.g. thresholds used to measure the ESG impacts and/or ESG risks, and related mitigation and adaptation measures), including the use of forward looking strategic plans and targets of the covered entity in the assessment.</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>	

**Principle 5:** The ESG Rating and Data Product Provider should adopt and implement written policies and procedures designed to address and protect all non-public information received from or communicated to it by any entity, or its agents, related to its ESG rating and data products, where appropriate in the circumstances.

*Please explain to what extent, in respect of which ESG ratings and/or ESG data products, the provider is in compliance with Principle 5, based on (i) IOSCO's good practices and (ii) Singapore's specific requirements.*

	Complied?		If No, please explain.
<b>Best Practice 5:</b>			<i>E.g. indicate reason for non-compliance, whether it targets to comply and if so, provide target date of compliance.</i>

5A. The ESG Rating and Data Product Provider should:	Yes	No	
a. adopt and implement written policies, procedures and mechanisms related to its ESG rating and data products designed to address and protect the non-public nature of information which is shared with it by entities under the terms of a confidentiality agreement or otherwise under a mutual understanding that the information is shared confidentially.	<input type="checkbox"/>	<input type="checkbox"/>	
(Singapore) For ESG ratings, unless otherwise permitted by the confidentiality agreement and consistent with applicable law and regulations, the ESG Rating Provider and its personnel should not disclose non-public information in press releases, through research conferences, to future employers, or in conversations with investors, other issuers, other persons, or otherwise;	<input type="checkbox"/>	<input type="checkbox"/>	
b. adopt and implement written policies and procedures designed to address the use of non-public information only for purposes related to its ESG rating and data products or otherwise in accordance with its confidentiality arrangements with the entity; and	<input type="checkbox"/>	<input type="checkbox"/>	
c. include information on data confidentiality management and on the protection of non-public information to the extent terms of engagement are published.	<input type="checkbox"/>	<input type="checkbox"/>	
5B. (Singapore) For ESG ratings that are prepared on an issuer-paid basis, the ESG Rating Provider should ensure that its personnel do not selectively disclose any information that are not publicly available about the ESG ratings	<input type="checkbox"/>	<input type="checkbox"/>	

or possible future issues or revisions of any ESG rating by it, except to the issuer of the capital markets products or its designated agents.			
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**Principle 6:** The ESG Rating and Data Product Provider should ensure that information gathering processes with the covered entity, where relevant, is done in a manner that leads to efficient information procurement for it and these entities.

**Principle 7:** Where feasible and appropriate, the ESG Rating and Data Product Provider should respond to and address issues raised by the covered entity while maintaining the objectivity of these products.

*Please explain to what extent, in respect of which ESG ratings and/or ESG data products, the provider is in compliance with Principles 6 and 7, based on (i) IOSCO's good practices and (ii) Singapore's specific requirements.*

	Complied?		If No, please explain.  <i>E.g. indicate reason for non-compliance, whether it targets to comply and if so, provide target date of compliance.</i>
	Yes	No	
<p><b>Best Practice 6:</b></p> <p><b>6. Where the ESG Rating and Data Product Provider collects information from covered entity on a bilateral basis, or through questionnaires, it should consider:</b></p>			
a. communicating sufficiently in advance when it expects to request information for the purposes of preparing the ESG rating and data products; and	<input type="checkbox"/>	<input type="checkbox"/>	
b. including in its requests, pre-inputted information either from publicly available sources or from the covered entity's previous submissions, where reasonably possible, for the covered entity's review or confirmation.	<input type="checkbox"/>	<input type="checkbox"/>	

	Complied?		If No, please explain.  <i>E.g. indicate reason for non-compliance, whether it targets to comply and if so, provide target date of compliance.</i>
	Yes	No	
<p><b><u>Best Practice 7:</u></b></p> <p><b>7. The ESG Rating and Data Product Provider should:</b></p>			
a. provide a clear and consistent contact point with whom the covered entity can interact to address any queries relating to the assessment provided by the ESG Rating and Data Product Provider;	<input type="checkbox"/>	<input type="checkbox"/>	
<p>b. expeditiously inform the covered entity of the principal grounds on which the:</p> <p style="padding-left: 40px;">i. ESG rating is based, before or after the publication of the ESG rating; and</p> <p style="padding-left: 40px;">ii. ESG data product is based, before or after the publication of the ESG data product, where practicable;</p>	<input type="checkbox"/>	<input type="checkbox"/>	
<p>c. allow the covered entity time to draw attention to any factual errors, including the data and information underlying the:</p> <p style="padding-left: 40px;">i. ESG rating; and</p> <p style="padding-left: 40px;">ii. ESG data product, where practicable;</p>	<input type="checkbox"/>	<input type="checkbox"/>	
d. publish terms of engagement describing how and when it will typically engage with the covered entity, including when information is likely to be requested and the	<input type="checkbox"/>	<input type="checkbox"/>	

opportunities available to the covered entity for review.			
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*Document is approved by the Director of the ESG Ratings Provider, ESG Data Products Provider or ESG Rating and Data Product Provider:*

<b>Company</b>	
<b>Name of Director</b>	
<b>Date of Approval</b>	

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