



**KEY BUSINESS  
PRINCIPLES AND PRACTICES**

# About Sustainalytics

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 25 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world’s leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 16 offices globally, Sustainalytics has more than 800 staff members, including more than 300 analysts with varied multidisciplinary expertise across more than 40 industry groups. For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com).

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Sustainalytics  
[info@sustainalytics.com](mailto:info@sustainalytics.com)  
[www.sustainalytics.com](http://www.sustainalytics.com)



# CEO Statement

Sustainalytics, a Morningstar Company, has built strong relationships with our stakeholders by providing outstanding products and services, and by doing business according to the highest ethical standards, wherever we operate and whatever the situation.

At Sustainalytics, we are committed to acting with integrity and in accordance with the highest ethical standards. This commitment is at the foundation of our work together.

As a global business, Sustainalytics is subject to laws and regulations in numerous jurisdictions around the world. Sustainalytics, wherever applicable, aims to align internal policies with these laws and regulations.

This **Key Business Principles and Practices** reflects Sustainalytics' commitment to responsible business practices, sets forth the values and principles that we embrace to guide our actions and decisions and captures the main policy areas we look to address through our compliance programme.

As a living document, we will update it from time to time to reflect our growth and business diversity as well as to align ourselves to regulations, industry standards and best practices.

*We expect all our personnel to align their conduct to the principles and practices outlined here, and we encourage our stakeholders, business partners and clients to follow similar values and business practices.*

Sustainalytics' culture and reputation are defined by our actions and the decisions we make every day. Through our own individual commitment, we ensure that Sustainalytics continues to be seen as a market leader in both business and character.

**Michael Jantzi**

**Chief Executive Officer**

**Sustainalytics**

# I. Our commitment

## 1. Vision

We believe that it is imperative for the global economy to become more just and sustainable.

## 2. Mission

Our mission is to provide the insights required for investors and companies to make more informed decisions that lead to a more just and sustainable global economy.

## 3. Values

- We treat others as we like to be treated
- We strive to make a positive impact on our world
- We embrace diverse perspectives (value differences and celebrate diversity);
- We foster excellence through continuous collaboration
- We are adaptable and entrepreneurial

## 4. Principles

### (a) Our Company

- We operate with integrity and apply high ethical standards
- We believe in transparency
- We think that all market participants should have access to ESG information
- We believe that when investors and companies embrace ESG meaningfully, then it can lead to a more just and sustainable economy

### (b) Our Work

- We work for the benefit of our clients and the global economy at large
- We strive to produce high quality, reliable research
- We endeavour to perform accurate, fair and informed assessments
- We believe that when companies manage ESG risks effectively, then all stakeholders benefit

## 5. Responsible Business Practices

Sustainalytics is committed to the highest standards of ethical conduct and responsible business practices. Promoting business ethics and working to prevent fraud and human rights infringements in our operations are fundamental tenets of doing business responsibly; they are also key elements of just and sustainable long-term business development. Sustainalytics expects responsible business practices not only of itself, but seeks to see the same standards upheld by its business partners, including suppliers.

## 6. Applicable Rules

Sustainalytics is committed to complying with applicable global and regional laws and regulations in the jurisdictions in which we operate. Where a conflict exists between local laws, our Code of Ethics or our Policies and Business Practices, we seek to uphold the higher standard.

## II. Human capital

### 1. Human Rights Protection

Sustainalytics is committed to respecting human rights as defined in the “Universal Declaration of Human Rights,” the “United Nations Guiding Principles for Business and Human Rights,” and the “International Labour Organization Core Conventions.” Furthermore, Sustainalytics makes efforts to ensure that we neither knowingly assist nor become complicit in violating human rights.

We strive to ensure that all Personnel are treated with respect and dignity and are not subjected to suffering, threatening behavior or any kind of inhumane treatment, including corporal punishment, physical or verbal abuse, sexual or other harassment or other forms of abuse or intimidation.

*Personnel* refers to board members, employees, contractors and temporary staff such as interns.

### 2. No Child Labour

Sustainalytics is committed to respecting children’s rights as defined by the relevant International Labour Organisation (ILO) and United Nations International Children’s Emergency Fund (UNICEF) recommendations. Sustainalytics strives not to engage, either directly or via its suppliers, in the use of child labour and, as such, prohibits its use in our operations, our distribution network and in the execution of the products and services we deliver or purchase.

It is our policy not to employ anyone unless they have reached the greater of:

- Local minimum school leave age;
- Local minimum employment age; or
- The age of 16.

### 3. No Forced Work or Trafficking

Sustainalytics is committed to preventing the use of any form of compulsory or forced labour, debt bondage, slavery, human trafficking or involuntary prison labour and prohibits the use of forced labour in our business practices.

Employment and terms of employment are voluntary undertakings between Sustainalytics and its Personnel. Personnel is free to leave work or terminate their employment or engagement within reasonable notice period norms and may not be deprived of their identity documents or work permits. Moreover, Sustainalytics encourages mobility across our different offices to enhance work experience.

### 4. Data Privacy

Sustainalytics is committed to responsible data processing and ensuring adequate protection of personal data. We take a combination of organizational and technical measures to safeguard the personal data of the individuals with whom we interact in the course of business.

### 5. Diversity

Sustainalytics is strongly committed to equity and fairness and strives to implement these principles in all aspects of our operations, including our employment practices and our business relationships. Sustainalytics values diversity and desires to create a work environment in which tolerance, individuality and differences among people are celebrated.

## 6. No Discrimination and Harassment

Sustainalytics does not discriminate against any individual based on gender, gender identity and expression, race, ethnicity, culture, place of origin, religion, political affiliation, sexual orientation, age, marital status or physical disability. Sustainalytics is committed to accommodating the special requirements of persons with disabilities to the best of our ability.

Sustainalytics strives to be an equal opportunity employer and is committed to creating an inclusive environment for all Personnel, characterized by mutual respect. Sustainalytics does not tolerate discrimination or harassment of any kind in our workplace or at off-site business-related activities.

## 7. Freedom of Association

Sustainalytics respects the right of our Personnel to freely associate, including within a labour union of their choice, without suffering any kind of discrimination, intimidation, harassment or employer retaliation.

Furthermore, Sustainalytics supports Personnel to engage in other forms of association in order to foster a democratic society.

## 8. Salary Framework

Sustainalytics works to maintain transparent remuneration frameworks designed to fit local context and conditions and provide Personnel with fair and competitive rates of pay. Our compensation and benefits strategies are regularly reviewed in order to maintain alignment with what we believe to be competitive pay practices for our industry. Across our locations, Sustainalytics pays wages well above the local government imposed living wage.

## 9. Occupational Health and Safety

Sustainalytics is committed to maintaining a healthy and safe workplace environment. We maintain occupational health and safety measures designed to prevent injuries and disease, inform our staff as to health and safety, and address health and safety concerns in a timely, effective manner. National health and safety frameworks are applicable in each location where the company has operations.

## 10. Political Affiliation

Sustainalytics embraces diversity, including political opinions, and supports the civic and democratic participation of our Personnel within the public life in their respective locations. Political activity however is not permitted in the workplace.

# III. Quality and Integrity of Our Business Activities

## A. Integrity of Our Business Activities

### 1. Fair Competition

Sustainalytics is committed to fair competition and to preventing commercial engagements with competitors, clients or other stakeholders that limit or restrict competition, including but not limited to: those who participate in the creation of cartels, collusions, vertical agreements or monopolies, or those who abuse a dominant market position.

### 2. Fair Dealing with Subject Companies, Clients and Prospects

At Sustainalytics, we commit to fair dealing towards clients, prospects and Subject Companies without bias or discrimination. Where different products or service levels are available, Sustainalytics takes reasonable efforts to ensure that the service levels provided are commensurate with the product and/or service selection.

*Subject Companies are the companies we research and/or engage with for any of our products or services.*

To the extent that we can serve the public interest while supporting our commercial interests, Sustainalytics strives to make relevant ESG information broadly available, as we believe that all stakeholders benefit when investors and companies embrace ESG information meaningfully.

### 3. Communication with Companies

Communication with companies (whether clients, prospect clients or Subject Companies) is functionally separated within Sustainalytics: research related communication with Subject Companies is independently managed by our various research and engagement teams, while commercial related communication is managed by our sales teams. In case of an overriding business interest, senior representatives of Research and Commercial Personnel may discuss client relationship details to satisfy that.

Sustainalytics maintains records of communications with Subject Companies and, where appropriate, includes relevant disclosures in client deliverables.

### 4. Handling of Proprietary and Confidential Information

At Sustainalytics, we believe that safeguarding information is paramount. As such, we strive to always protect and honor the confidentiality of the information shared by our stakeholders.

Specific rules applicable to the handling of proprietary or confidential information are detailed in our Code of Ethics and in a variety of other operating policies. Such rules include but are not limited to:

- (a) Use and protection of Sustainalytics trade secrets and confidential information;
- (b) Use and protection of third parties` confidential information;
- (c) Use and protection of material non-public information pertaining to Sustainalytics or to third parties;
- (d) Use and protection to private and personally identifiable information;
- (e) Requirements for compliance with third-parties` intellectual property rights, including citation and sourcing rules;
- (f) Prohibition of insider trading.

## B. Management of Potential Conflicts of Interest

Sustainalytics is aware that operating multiple lines of business that serve a variety of client types could create the potential of conflicts of interest to arise.

Sustainalytics is committed to taking measures to avoid conflicts of interest, and to avoid entering into commercial relationships that might jeopardize the company's integrity and research independence.

### 1. Institutional Conflict of Interests

#### (a) Structural Separation

Sustainalytics takes technical and organizational measures designed to structurally separate and independently manage our various research, engagement and sales teams. Each team operates separately and is managed by a different executive with a separate and distinct senior management layer. This separation aims to preserve the objectivity of Sustainalytics' ESG products and services.

Specific rules regarding the structural separation and communication across the different teams at Sustainalytics are detailed in our Policy on Managing Potential Institutional Conflicts of Interest and in a variety of other operating policies.

Compensation of research Personnel is not directly tied to specific commercial outcomes.

#### (b) Disclosure

Sustainalytics understands the importance of the disclosure of potential conflicts of interest and effective conflict management and includes relevant disclosure thereof in its client deliverables, where appropriate. Upon request, the Compliance Function at Sustainalytics may provide clients – if such details are needed for their own compliance purposes – with relevant details about the situation that is susceptible of generating a potential conflict of interest, to the extent this is material for assessing the objectivity of the delivered research.

### 2. Personal Conflict of Interests

In the course of fulfilling their day-to-day duties and responsibilities, our Personnel may be exposed to the potential for personal conflicts of interest. We maintain specific policies and procedures intended to prevent and manage those situations where a personal interest may be inconsistent with general interests of Sustainalytics or of its stakeholders, and could lead to his or her conduct on behalf of Sustainalytics being influenced or compromised.

Specific rules on managing conflicts of interest are detailed in our Code of Ethics and other internal policies. Such rules include, but are not limited to:

- (a) Avoidance of conflicts of interest;
- (b) Disclosure of conflicts of interest;
- (c) Seeking prior approval where a member of the Personnel performs business or employment outside of Sustainalytics;
- (d) Stepping out from certain activities if there is potential for a conflict of interests.

## C. Research Quality and Objectivity

Our research and assessments are informed by structured and robust methodologies and frameworks.

### 1. Transparency of Methodology

At Sustainalytics, we strive to be transparent regarding the way our research or engagement assessments are conducted, in order to support the quality and integrity of our products and services. We are committed to

providing clients and prospects with information about our research and rating methodologies, as well as information about the sources that are used.

## 2. Information Utilized in the Research and Engagement Processes

As a general practice, we endeavor to base our research on publicly disclosed or publicly available information.

Our research processes involve the collection and analysis of information made publicly available by a variety of third parties, including civil society, corporate, government, industry association, investor, media and regulatory sources.

Further, we use information collected by our research and engagement teams from the various interactions with company management, Board directors, institutional investors and other relevant market participants in order to better understand a company's ESG policies, practices and future plans or to simply verify facts pertinent to our analysis or second party opinions.

To enable us to produce quality research and/or engagement results and consistent results across the different disciplines we allow our various research and engagement teams to share the information gathered as part of their respective workflows.

The non-public information provided by Subject Companies may be reflected in our research provided that:

- (a) Such information is non-material;
- (b) Such information cannot be extracted from or identified in our research, unless otherwise agreed in writing between Sustainalytics and the Subject Company owning the information.

**Material Information** refers to any information that may have a positive or negative impact, that:

- Could be reasonably expected to have a significant impact on the market price of the company's securities; or,
- Could be reasonably expected to be considered relevant by reasonable investors in their investment decision-making (i.e., to buy, sell, or hold securities).

**Non-public information** refers to any information that has not been disseminated in a manner making it available to investors generally.

It is the Subject Company's responsibility to determine the materiality of any information so provided, and to take the necessary steps to publicly disclose material information in a timely manner. Sustainalytics accepts no responsibility for determining the type of information shared with us, or for verifying that material information intentionally or unintentionally shared with us has been properly disclosed. This is solely the responsibility of the issuer, whether the company is publicly-traded or privately-held.

In certain strictly limited circumstances pertaining to specific products and services (i.e. second party opinions) Subject Companies may share, from time to time, confidential or material non-public information. It is the Subject Company's responsibility to mark that information as such, to enable Sustainalytics to apply the relevant specific handling rules. Research incorporating material non-public information is subject to specific usage rules and limitations.

## 3. Consistency of Research and Engagement Processes

Sustainalytics is committed to applying relevant research frameworks consistently across its research and engagement processes and use the same standard of objectivity for all Subject Companies, whether a Subject Company is public or private, and whether or not a Subject Company is also a client. Furthermore, Sustainalytics aims at delivering consistent outcomes across our different research areas. At Sustainalytics, clients contracting the same service and delivery option will receive the same information at a given moment in time. Clients will have access to similar information at the same moment in time.

## IV. Our Business Practices

### 1. Anti-Corruption, Money Laundering and Antifraud

Sustainalytics is committed to refraining from knowingly taking any action that will, is or would be in breach of any applicable laws for the prevention of fraud, bribery, corruption, racketeering, extortion/embezzlement, money laundering or terrorism and does not knowingly do business with any third party we reasonably believe to have done so.

We are committed to refraining from knowingly making an offer, payment, promising to pay or authorizing or approving the payment of any money, or other property, gift, promising to give or authorizing the giving of anything of value, directly or indirectly, to our clients, suppliers, government authorities, stakeholders, other organizations or individuals, or from receiving or accepting any such incentives from the aforementioned, in order to improperly influence over a business decision, or that could be reasonably viewed as not appropriate in its business context.

Furthermore, Sustainalytics is committed to preventing that gifts, entertainment or paid trips create inappropriate expectations or obligations, or are to be perceived as inappropriate behavior under anticorruption regulations, even in jurisdictions where such practices may be considered customary business etiquette. Specific rules applicable to gifts, entertainment and paid trips are detailed in our Code of Ethics and subsequent policies.

Sustainalytics maintains technical and organizational measures intended to prevent fraud or money laundering in our operations.

### 2. Accounting Standards and Record-Keeping

Sustainalytics is committed to maintain accurate and complete accounting books and records, in accordance with applicable business standards and laws governing accounting, audit and taxation in the jurisdictions where we have operating entities.

Sustainalytics Personnel are prohibited from knowingly making or approving any payment or transfer of funds or assets for purposes not in accordance with our established financial, accounting, and management policies and applicable law.

Personnel are forbidden to create false or misleading records or entries or from shredding, destroying or altering records related to any imminent or ongoing investigation, lawsuit, audit, examination, or as required to be stored for regulatory purposes.

### 3. Political Contributions

Sustainalytics does not knowingly, directly or indirectly, at any time:

- (a) make contributions to a candidate for political office;
- (b) fail to fully disclose any such contribution, in violation of a law requirement; or,
- (c) make a payment to any state, foreign or government official or officer, or other person charged with similar public duties, other than payments or contributions required or allowed by applicable law.

#### 4. International Restrictions/Sanctions

Sustainalytics makes efforts to align with the rules and restrictive measures governing international economic financial sanctions, and not to engage in direct commercial relations with a Sanctioned Person.

*Sanctioned Person* means any person:

*a) listed in a sanctions-related list of designated persons maintained by the United Nations Security Council, the European Union, any EU member state or the Office of Foreign Assets Control of the U.S. Department of the Treasury;*

*b) incorporated, located or that has its operational headquarters located or resident in a country or territory, or the government of which is recorded as subject to international economic financial sanctions*

#### 5. Environmental Protection

At Sustainalytics we are committed to improve our energy efficiency and manage GHG emissions, as well as to reducing and recycling the waste produced in our operations. In the course of our operations, Sustainalytics promotes greater environmental responsibility and encourages the use of environmentally friendly products and technologies. Furthermore, Sustainalytics is committed to offsetting our carbon travel and reporting statistics on our carbon footprint on a yearly basis.

#### 6. Community Engagement

Sustainalytics is committed to supporting the communities in which we operate, and to using our ESG expertise for the benefit of the local economies, communities and stakeholders.

We support our Personnel in their interests to actively participate in their communities and offer paid leave for participation in ESG related volunteerism.

#### 7. Supply Chain

Sustainalytics endeavours to promote, across our supply chain, standards of conduct consistent with our own, including the ones reflected in these Key Business Principles and Practices. Where appropriate, Sustainalytics actively engages with suppliers to confirm their compliance with relevant provisions.

## V. Enforcement and reporting

### 1. Enforcement

Sustainalytics' Personnel are expected to act in an ethical manner and demonstrate integrity, competence, diligence and respect for all company stakeholders.

Sustainalytics is committed to making training sessions and other resources about the Code of Ethics, our Key Business Principles and Practices and other relevant policies available to our Personnel. We require our Personnel to review and sign the Code of Ethics upon hiring and annually thereafter. We encourage our Personnel to seek guidance when in doubt about how to interpret the Code, these Key Business Principles and Practices or the policies, about how to handle a specific situation and what appropriate course of action is appropriate to take in a specific scenario. In some matters, either by law or policy, Personnel have a duty to disclose and/or report their concerns.

### 2. Monitoring and Reporting Compliance

Managers have the responsibility of ensuring that their direct reports understand the Code of Ethics, the Key Business Principles and Practices and relevant policies, and are up-to-date and informed of changes.

It is the role of Sustainalytics' Compliance function to define and oversee overall compliance governance and risk management frameworks with respect to the Code of Ethics and other business policies and practices. The Talent and Culture team and the other relevant teams provide support to the Compliance function, as required.

The Compliance function monitors and provides reports regarding compliance status, on a regular basis, to the Sustainalytics' senior management. Reporting is provided to the Executive Team and beyond at least once a year. The Executive Team has ultimate authority and oversight.

### 3. Whistleblowing and Reporting

Concerns and reports about alleged non-compliance with the Code of Ethics and these Key Business Principles and Practices may be filed with the Compliance function by sending an email to the designated email address, [compliance@sustainalytics.com](mailto:compliance@sustainalytics.com).

The information provided by the Personnel will be treated as confidential and privileged, except where otherwise required by applicable laws, and access to it will be restricted on a need-to-know basis. However, Personnel who report compliance concerns are encouraged to identify themselves when making such reports so that an investigation can be conducted with a full factual background and without any delay. Any retaliation against Personnel reporting on misconduct, whether real or perceived, is prohibited and could result in disciplinary action against retaliating parties up to, and including, termination of employment.

Clients, Subject Companies, stakeholders or any third party may raise concerns, and report any alleged non-compliance with the Code of Ethics, these Key Business Principles and Practices or the relevant policies by using the designated email address, [compliance@sustainalytics.com](mailto:compliance@sustainalytics.com).

Alleged misconduct or non-compliance is investigated according to internal rules.

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