

Financial Services Agency, The Japanese Government
The Central Common Government Offices No. 7
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Chiyoda-ku,
Tokyo, 100-8967

3rd April 2023

Notification of Endorsement to the FSA

Dear Members of Financial Services Agency, The Japanese Government,

I am pleased to express our endorsement of the Code of Conduct for ESG evaluation and data providers. I am the Chief Executive of ESG Book; the company was initially known as Arabesque S-Ray and re-branded to ESG Book in 2022 when the company separated from the asset manager Arabesque. I respond to each of the said Code of Conduct applicable for ESG evaluation and data providers as follows:

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.

1. For formulating and providing ESG evaluation and data, ESG Book establishes necessary procedures to analyse in detail information that can be reasonably obtained.
2. ESG Book establishes 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.
3. In order to ensure that the prescribed methodologies are applied consistently across the organization, ESG Book disseminates them throughout the organization, as well as devises measures, such as horizontally reviewing under an appropriate system, or accumulates and shares knowledge of evaluations to be provided.
4. ESG Book checks on a regular basis whether there would be any apparent discrepancy between the evaluation results and the service provision methodologies mentioned above, and updates methodologies as necessary (implementation of the PDCA cycle for evaluation).
5. ESG Book manages ESG evaluation methodologies and data on a continuous basis, checks or updates them regularly, and discloses 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, considering their importance and usefulness based on user needs.).

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

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.

1. ESG Book collects and analyses information necessary to provide appropriate evaluation and data and maintains necessary professional resources and technologies to make relevant decisions.
2. In particular, ESG Book takes necessary measures to ensure personnel engaged in ESG evaluation and data would have professional knowledge and carry out their duties in good faith.
3. ESG Book considers the nature of personnel evaluations that would appropriately evaluate personnel who engages in professional evaluations and working for providing high quality evaluations.
4. ESG Book, and its top management recognize that securing and developing human resources is 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.

1. ESG Book identifies potential conflicts of interest that may affect the assessment and analysis conducted by it or its employees with respect to the services provided, and then establishes and discloses effective policies to avoid, or appropriately manages and reduces the risk of, the conflict of interest.
2. ESG Book takes 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.
3. In cases where evaluations are developed through questionnaire, ESG Book pays 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 ESG Book's paid services.
4. ESG Book takes appropriate steps to prevent its employees from engaging in securities or derivatives transactions that could create conflicts of interest with ESG evaluation and data provision services.
5. ESG Book develops appropriate work and compensation structures for its own employees, and avoids, or appropriately manages and reduces 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.

6. ESG Book establishes measures to ensure that existing business relationship with companies subject to ESG evaluation and data provision does not affect the evaluation to the companies.
7. For the issuer pay model where compensation is received from the company subject to the evaluation, ESG Book implements detailed procedures to avoid conflicts of interests.
8. In cases where ESG Book provides both the-subscriber-pay-model businesses and the-issuer-pay-model businesses, it takes appropriate measures to prevent conflicts of interest in this regard.

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.

1. While considering intellectual property, etc., ESG Book ensures the transparency of its services by recognizing that the transparency is an essential and prioritized issue.
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, ESG Book discloses the basic approach for providing services, including the purpose and basic methodology of evaluation.
3. In order to enable users and companies subject to evaluation to understand the basic structure of the evaluation, ESG Book discloses 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, ESG Book provides careful explanations to the extent practically possible.
4. ESG Book discloses the sources of information that are used in the development of ESG evaluation and data. In particular, if estimated data is used, ESG Book discloses this fact and the basic methodology of estimation. If data sources and/or items are diverse or of great numbers, ESG Book does these in a reasonable scope and manner, such as by consolidating or limiting the scope, reflecting their importance and usefulness.
5. ESG Book discloses, in an easy-to-understand manner, the purpose, concept, and basic methodology of the evaluation, doing these in a reasonable scope and manner, such as by consolidating or limiting the scope, taking into consideration the company'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.

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.

1. ESG Book establishes, discloses and implements the policies and procedures to protect information provided as confidential in the course of ESG evaluation and data services.
2. ESG Book establishes, discloses, and implements 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.

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.

1. When and if collecting information through surveys from a company subject to evaluation, ESG Book takes necessary measures by notifying the company of the collection period sufficiently in advance. If available and where appropriate, ESG Book takes necessary measures by entering, prior to the request, information that is already known to the providers, such as those publicly disclosed or submitted in the past, and then seeking verification by the company in question.
2. ESG Book establishes a dedicated contact point where companies can send inquiries and raise issues regarding ESG evaluation and data provision, and informs the companies concerned or posts it in an easy-to-find manner.
3. When disclosing ESG evaluation and data, subject to its evaluation methodologies and customer service policies, to the extent practically possible, ESG Book expeditiously notifies or communicates 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.
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, ESG Book takes 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.
5. As an ESG evaluation and data provider, ESG Book discloses a "ESG Book platform Terms and Conditions (T&C)" regarding how it normally interacts with companies to be evaluated with respect to the evaluation and data it provides. T&C 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 ESG Book would be able to respond to such issues.
6. Subject to its evaluation methods and customer service policies, ESG Book considers the necessity of managing conflict of interest, and to the extent practically possible, conducts constructive dialogue with companies to be evaluated (for example, by providing feedback on evaluation results).

ESG Book strongly believes in the need to provide both companies and investors with credible and timely data on corporate sustainability information. In the meantime, I continue to try to build ESG Book as a leading transparent and trustworthy ESG evaluation and data provider.

Kind Regards,



Daniel Klier,
CEO of ESG Book