



RI TRANSPARENCY REPORT

2020

Scientific Beta Pte Ltd

About this report

This report is an export of the individual Signatory organisation responses to the PRI Service Provider Reporting Framework during the 2020 reporting period. It shows your responses to mandatory indicators, as well as responses to voluntary indicators that your organisation has agreed to make public. You will be able to access the public RI Transparency report of your organisation and that of other signatories on the [PRI website](#).

The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is an **Index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Index

The Index summarises the response status for the individual indicators and modules. It can be used by stakeholders as an 'at a glance' summary of reported information and to identify particular themes or areas of interest.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator.
🔍	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Index

Organisational Overview			
Indicator	Short description	Status	Disclosure
OO 01	Basic information	✓	Public
OO 02	Reporting year	✓	Public
OO 03	Signatory category and services	✓	Public
OO 04	Other offerings/business activities	✓	Public
OO 05	Breakdown of ESG coverage	✓	Asset mix disclosed in OO 06
OO End		✓	-

Strategy and Governance			
Indicator	Short description	Status	Disclosure
SG 01	Responsible investment policy	✓	Public
SG 02	Norms used to develop policies	🔒	n/a
SG 03	Policy offerings to clients	✓	Public
SG 04	ESG/RI in business offerings	✓	Public
SG 05	Outsourcing of services	✓	Private
SG 06	Providing training/education	✓	Public
SG 07	Applying, advancing and promoting the PRI principles	✓	Public
SG 08	Actions taken to promote responsible investment	✓	Public
SG 09	Long term trends	✓	Public
SG 10	Interaction with asset owners	🔒	n/a
SG 11	Aligning approach with investor goals	✓	Public
SG 12	ESG recommendations not aligned with investor goals	✓	Public
SG 13	Seeking feedback from clients	✓	Public
SG 14	Managing conflicts of interest	✓	Public
SG End		✓	-

Confidence building measures			
Indicator	Short description	Status	Disclosure
CM1 01	Other product offerings, processes and/or activities	-	n/a
CM1 02	Assurance of responses	✓	Private
CM1 End	Module confirmation page	✓	-

Scientific Beta Pte Ltd

Reported Information

Public version

Organisational Overview

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Basic Information

OO 01

Mandatory

Public

Descriptive

OO 01.1 Select the location of your organisation's headquarters.

Singapore

OO 01.2 Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2 - 5
- 6 - 10
- 11 - 50
- >50

OO 01.3 Indicate the regions where you have offices.

- Africa/Middle East
- Asia (excluding Japan & Korea)
- Australasia
- Canada
- Continental Europe
- Japan & Korea
- Nordic
- South America
- UK & Ireland
- US

OO 01.4 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

48

OO 01.5 Additional information.[OPTIONAL]

Scientific Beta designs, administers and markets equity indices and provides risk and performance analytics.

Scientific Beta was established in 2012 by not-for-profit organisation EDHEC Business School to transfer to investors the expertise its applied finance research centre had developed since 2001 in the fields of indices and benchmarking, portfolio construction and asset allocation, and performance and risk reporting. On January 31, 2020, Singapore Exchange (SGX) acquired a majority stake in Scientific Beta. SGX will maintain the strong collaboration with EDHEC Business School, and principles of independent, empirical-based academic research, that have benefited Scientific Beta's development to date.

With a concern to provide worldwide client servicing, Scientific Beta is present in Boston, London, Nice, Singapore and Tokyo. As of December 31, 2019, the Scientific Beta indices corresponded to USD 59.2bn in assets under replication. Scientific Beta relies on a team of 52 people who cover not only client support from Nice, Singapore and Boston, but also the development, production and promotion of its index offering.

The present report covers Scientific Beta's activities only and is not intended as the responsibility report of SGX or EDHEC Business School.

Reporting Year

OO 02	Mandatory	Public	Descriptive
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OO 02.1	Indicate the year end date for your reporting year.
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31/12/2019

Signatory category and services

OO 03	Mandatory	Public	Gateway
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OO 03.1	Indicate which of the following categories reflect your core offering or main business activity:
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- Reporting
- Active Ownership Services
- Investment consultancy
- Research and Data Provision
- Other, specify (1)
Index Provision
- Other, specify(2)

OO 03.2	Indicate any other business activities that your organisation offers. Indicate whether you wish to report on these business areas.
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- Reporting
- Active Ownership Services
- Investment consultancy
- Research and Data provision
- Other, specify (3)
Provision of risk and performance analytics in relation to indices
- Other, specify (4)
- None of the above

OO 03.4

Additional information [OPTIONAL]

Scientific Beta designs, administers and markets equity smart beta and factor indices and provides risk and performance analytics. The academic origin of Scientific Beta provides the foundation for its strategy: offer, in the best economic conditions possible, the passive investment solutions that are most proven scientifically with full transparency of both the methods and the associated risks.

OO 04

Mandatory

Public

Descriptive

OO 04.1

Please describe your core offering or main business activity.

The core business of Scientific Beta is the provision of equity smart beta indices ranging from off-the-shelf indices to customised benchmarks and dynamic allocation solutions that meet the specific objectives and constraints of investors and asset managers.

Scientific Beta offers off-the-shelf Low Carbon and ESG multifactor indices and custom designs passive benchmarks and solutions that uphold the climate change and socially responsible investing policies of its clients.

At end 2019, USD59.2bn of institutional assets were licensed to track indices designed by Scientific Beta with 34% of these assets integrating Climate Change and/or other ESG concerns.

OO 04.3

Please describe your non-core offering or business activity.

We also provide detailed analytics on indices to allow investors to evaluate passive strategies. Our off-the-shelf analytics notably include financial risk and performance assessments (in respect of total and relative as well as average and extreme risks); fundamentals; risk factor exposure; robustness and conditionality analyses; deconcentration and diversification analyses; factor, sector and country allocation and attribution analyses; transaction cost analysis. Since 2019, these analytics also include enhanced ESG reporting to support the incorporation of ESG norms and climate change issues into investment management.

Scientific Beta Pte Ltd

Reported Information

Public version

Strategy and Governance

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Policy on ESG beliefs

SG 01	Mandatory	Public	Gateway
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SG 01.1 Describe how your organisation's philosophy incorporates environmental, social and governance factors, and the link to your business offerings.

As an index provider, Scientific Beta does not impose its ESG preferences onto investors but accompanies interested institutional investors in the application of responsible investment principles to passive investment. Our clients use our research and ESG integration capabilities to implement their climate change and socially responsible investment policies in the context of their passive investments, notably smart beta and factor index investments.

We recognise that the responsible investment policies of investors are highly distinctive and dynamic and offer extensive customisation capabilities to help institutional investors reconcile responsible investment with smart beta performance and to accompany our clients in the integration of changing regulations, priorities and best practices pertaining to ESG issues.

SG 01.2 Indicate whether you have policies that formalise the incorporation of your ESG beliefs in your business offerings.

- Yes
- No

SG 01.5 Additional information [OPTIONAL]

Our ESG incorporation philosophy is based on academic evidence. We thus implement a strict distinction between the integration of ESG considerations and the search for financial outperformance. The search for financial performance is not allowed to compromise our clients' socially responsible investment principles and only draws on well-established sources of performance, i.e. exposure to conventional factors associated with superior long-term rewards and diversification of unrewarded idiosyncratic risks. Our ESG incorporation approach centers on exclusionary screening, which is relevant not only to ethical and socially responsible investors, but also to business-case investors. This incorporation approach is consistent with a deontological approach of dissociation from unethical products and conducts as well as with a consequentialist approach seeking to bring about positive change by incentivising ethical behaviour or transition towards responsible activities on the part of shunned and other companies. This approach is also consistent with self-interest to the extent that it reduces the reputational and liability risks involved with supporting companies and activities that fail global standards and remove companies whose ESG characteristics - including exposure to climate change - entail a risk of material negative impact on the financial performance of the portfolio.

SG 03	Mandatory	Public	Descriptive
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SG 03.1 Indicate whether you offer standard, off the shelf, policies to clients as part of your product offerings, and/or whether you create tailored versions for individual clients.

	Off the shelf	Tailored
Asset class-specific RI guidelines	<input type="checkbox"/>	<input type="checkbox"/>
Sector-specific RI guidelines	<input type="checkbox"/>	<input type="checkbox"/>
Screening/exclusions policy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Engagement policy	<input type="checkbox"/>	<input type="checkbox"/>
(Proxy) voting policy	<input type="checkbox"/>	<input type="checkbox"/>
RI guidelines set out within the Investment Policy Statement (IPS)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
RI guidelines set out in a freestanding RI policy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Multi-year RI implementation project plan	<input type="checkbox"/>	<input type="checkbox"/>
Conflict of interest management policy	<input type="checkbox"/>	<input type="checkbox"/>
Stockbroker allocation policy	<input type="checkbox"/>	<input type="checkbox"/>
Securities lending policy	<input type="checkbox"/>	<input type="checkbox"/>
Other, please specify (1)	<input type="checkbox"/>	<input type="checkbox"/>
Other, please specify (2)	<input type="checkbox"/>	<input type="checkbox"/>
Other, please specify (3)	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>

SG 03.2

Provide a brief description of the key elements, any variations, or exceptions applying to these policies.

For the avoidance of doubt, off-the-shelf policies refer to responsible investing rules incorporated into the methodologies of our off-the-shelf Low Carbon and ESG fiduciary options while our role with respect to tailored policies is to help clients document their responsible investing policies in the context of their application to passive investing.

Key elements of policies are one or several of the below:

1. Negative screening, which can be value-based and/or norms-based exclusions and/or controversy risk management exclusions;
2. Positive screening, which can be based on a climate change impact or exposure indicator and/or an ESG score across pillars and/or pillar-level scores and/or sub-pillar scores and reflect best-in-class, best-in-universe or best-efforts approaches;
3. Portfolio-level ESG performance assurance, e.g. assurance of minimum improvement in respect of carbon footprint or weighted average carbon intensity relative to benchmark portfolio.

SG 04	Mandatory	Public	Descriptive
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SG 04.1	Briefly describe how you include ESG/RI factors as part of your business offerings.
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Business area

	Other, specify (1)
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We offer off-the-shelf ESG integration options and assist investors with the integration of their responsible investing policies into systematic smart beta investing.

	How you include ESG/RI factors
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We offer off-the-shelf Low Carbon and ESG incorporation options centered on negative and best-in-class filters.

Our custom benchmarks and solutions can include ESG factors via negative and positive filters and encompass index-wide carbon metric performance assurance.

	Other, specify (3)
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We provide complimentary reporting in respect of ESG norms and climate change on all our indices.

	How you include ESG/RI factors
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For further information on our:

- Low Carbon and ESG fiduciary options, refer to: <https://www.scientificbeta.com/#/concept/home-lowcarbon-intro>
- ESG norms reporting, refer to our online glossary at: <https://www.scientificbeta.com/#/glossary?type=alphabetical&id=1320>
- Climate change reporting, refer to: <https://www.scientificbeta.com/#/glossary?type=alphabetical&id=1488>

SG 04.2	Indicate the roles in your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for ESG/RI within the organisation.
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Roles present in your organisation	Oversight/accountability for ESG/RI	Implementation of ESG/RI
Board	<input type="checkbox"/>	<input type="checkbox"/>
Directors	<input type="checkbox"/>	<input type="checkbox"/>
Chief Executive Officer (CEO), Chief Financial Officer (CFO)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Chief Operating Officer (COO), Chief Information Officer (CIO)	<input type="checkbox"/>	<input type="checkbox"/>
Other chief-level staff	<input type="checkbox"/>	<input type="checkbox"/>
Other heads of department	<input checked="" type="checkbox"/> <div style="background-color: #0070C0; color: white; padding: 2px; display: inline-block;">Please specify</div> Risk and Compliance	<input checked="" type="checkbox"/> <div style="background-color: #0070C0; color: white; padding: 2px; display: inline-block;">Please specify</div> Research; Development and Production; Operations
Dedicated ESG/RI staff	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other role, specify (1)	<input checked="" type="checkbox"/> <div style="background-color: #0070C0; color: white; padding: 2px; display: inline-block;">Please specify</div> Index Oversight Committee	<input type="checkbox"/>
Other role, specify (2)	<input type="checkbox"/>	<input type="checkbox"/>
Other role, specify (3)	<input type="checkbox"/>	<input type="checkbox"/>
None of the above	<input type="checkbox"/>	<input type="checkbox"/>

SG 04.3

Indicate how you ensure ESG/RI expertise for the roles where there are RI oversight/accountability or implementation responsibilities.

- Staff training on ESG/RI incorporation
- Including ESG/RI knowledge factors in personal development goals
- Having development plans that aim to enhance ESG/RI knowledge of certain departments/teams/individuals
- Including ESG in selection requirements when hiring new employees
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- Other, specify (4)

SG 04.4

Indicate whether your organisation has any ESG/RI linked incentives for its employees.

- Yes
- No
- Not applicable, we ensure that employees incorporate ESG/RI into services through other mechanisms.

SG 04.7

Additional information [OPTIONAL]

Since 2019, Climate Change and ESG incorporation have been supported by a full-time dedicated ESG team working along the Research, Development, Production and Operations teams.

SG 06**Mandatory****Public****Descriptive****SG 06.1**

Indicate whether you provide training/educational services on ESG/RI. Tick all that apply.

- Board/trustee training
- Investment manager training
- Regulatory bodies/authorities or public policy makers
- Corporate executive training
- ESG analyst training
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- Other, specify (4)
- None of the above

SG 06.4

Additional information. [OPTIONAL]

We organise webinars, seminars and conferences on smart beta and factor investing that include ESG/RI material but these are complimentary educational events supporting the marketing of our services rather than services by themselves.

SG 07	Mandatory	Public	Descriptive
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SG 07.1	Describe how your organisation applies, advances and promotes the PRI Principles.
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We engage institutional investors about responsible investing, research issues of ESG incorporation, and provide, develop and promote services that support implementation of the Principles by institutional investors.

In particular, we research, develop, provide and promote:

4. methods allowing for the incorporation of ESG issues into passive investment, notably systematic smart beta and factor investing, which we implement in the design of our off-the-shelf and, subject to investor interest, in our custom indices (in this, we support the implementation of Principle 1: "We will incorporate ESG issues into investment analysis and decision-making processes");
5. metrics for the benchmarking of ESG integration in the context of smart beta and factor investing, which we integrate into our offering (thus supporting implementation of Principle 4: "We will promote acceptance and implementation of the Principles within the investment industry").

In respect of Principle 4, we also contribute to regulatory discussions pertaining to the incorporation of climate change and ESG issues into investment management.

In addition, we encourage institutional investor cooperation in responsible investing by offering to use as core elements of our ESG integration approach an ESG rating framework designed by a leading responsible investor that is amongst the founding signatories of the Principles and to rely on exclusion screens designed by foremost sovereign investors and investor coalitions (in so doing we advance Principle 5: "We will work together to enhance our effectiveness in implementing the Principles").

And naturally, we provide transparency on our activities as signatories (in compliance with Principle 6: "We will each report on our activities and progress towards implementing the Principles").

SG 08	Mandatory	Public	
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SG 08.1	Indicate which of the following actions your organisation has taken to promote responsible investments during the reporting year, independently of collaborative initiatives.
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- Provided or supported education or training programmes for clients, investment managers, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoken publicly at events and conferences to promote responsible investment
- Written and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Written and published articles on responsible investment in the media
- Policy engagements and other interactions
- Other, specify
- None of the above

SG 08.2

Additional information. [OPTIONAL]

In 2019, we initiated the co-funding with EDHEC Business of the "Advanced Factor & ESG Investing" research chair. The chair aims to produce solid academic research to promote the development of knowledge at the intersection of factor investing and ESG.

In 2019, we contributed to the regulatory debate around the EU Climate Benchmarks and Benchmarks' ESG Disclosures to try and promote regulation that truly advances ESG issues - for more on our contribution, refer to our publication titled Unsustainable Proposals at: <https://www.scientificbeta.com/#/documentation/latest-publications/unsustainable-proposals>

SG 09**Mandatory****Public****Descriptive****SG 09.1**

Indicate which of the following long-term trends are addressed in your product outputs.

 Changing demographics**SG 09.2**

Explain how this long-term trend affects your product outputs.

Changing demographics may be reflected in custom indices via the consideration of ESG ratings. Our ESG rating framework integrates changing demographics indirectly through its impacts on the various ESG pillars that it considers and notably through the environment pillar.

We also have capacity to go beyond this rating framework to specifically consider issuers' contributions to achieving related United Nations Sustainable Development Goals.

 Climate change**SG 09.2**

Explain how this long-term trend affects your product outputs.

We offer off-the-shelf and custom-designed Low Carbon and Fossil Fuel Exclusion multifactor indices and assist institutional investors in the implementation of ambitious climate change strategies. To promote consideration and reporting of climate change issues, we offer complimentary climate change reporting on all our indices covering climate change impact and transition risk indicators (carbon footprinting and exposure, exposure to fossil fuels and reserved emissions, power generation capacity and fuel mix) as well as physical risks.

In addition, climate change may be reflected in custom indices via the consideration of ESG ratings. The environment pillar of our ESG rating framework considers the control of risks linked to climate change, notably in respect of i) the limitation of greenhouse gas emissions and contribution to energy transition; and ii) measures taken to adapt to the impact and physical consequences of climate change.

We also have capacity to specifically consider issuers' contributions to achieving related United Nations Sustainable Development Goals.

 Resource scarcity**SG 09.2**

Explain how this long-term trend affects your product outputs.

Resource scarcity may be reflected in custom indices via the consideration of ESG ratings. The environment pillar of our ESG rating framework considers documentation and implementation of an environmental strategy by each issuer; the control of environmental impact (e.g. impact on water, preservation of biodiversity) and the environmental impact of each issuer's product or service.

We also have capacity to specifically consider issuers' contributions to achieving related United Nations Sustainable Development Goals.

- Technology developments

SG 09.2 Explain how this long-term trend affects your product outputs.

Technology developments may be reflected in custom indices via the consideration of ESG ratings. The ESG rating framework we rely upon integrates technology developments indirectly through its impacts on the various ESG pillars that it considers and notably through the environment pillar.

We also have capacity to specifically consider issuers' contributions to achieving related United Nations Sustainable Development Goals.

- Other, specify (1)
- Other, specify (2)
- None of the above

SG 11	Mandatory	Public	Descriptive
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SG 11.1 Describe how you typically align your organisation's philosophy and approach to ESG/RI with your investor clients' goals.

- Describe
- This is not relevant for my organisation

SG 11.2 Additional information. [OPTIONAL]

As a service provider, we do not impose our philosophy on and approach to ESG/RI to investors, but instead assist investors in the implementation of their responsible investing policies in the context of passive investment, and notably systematic smart beta and factor investing strategies. This notwithstanding, we only rely on incorporation methods that can be reconciled with well documented sources of added value as per our investment philosophy.

SG 12	Mandatory	Public	Descriptive
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SG 12.1 Describe what steps you take, if any, when your ESG recommendations are not in line with your investor clients' goals.

- Describe

Our ESG recommendations are informed by the academic literature and concern only the manner in which ESG issues can be incorporated into our smart beta and factor indices. In case there is no agreement with the investor with respect to the ESG incorporation methodology, no business can be transacted.
- This is not relevant for my organisation

SG 13	Mandatory	Public	Descriptive
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SG 13.1

Indicate whether you seek feedback from clients on your RI/ESG services and product offerings

Yes

SG 13.2

Describe how you use this feedback in your RI/ESG services and product offerings.

We engage investors on RI/ESG issues and our related services and product offering and also conduct client consultations on new methodologies and methodology changes. These sources of feedback are considered by our Index Offering Committee to inform product upgrades and the design of new indices, benchmarks and solutions.

No

SG 14

Mandatory

Public

Descriptive

SG 14.1

Indicate whether your organisation has a policy for managing potential conflicts of interest.

Yes

SG 14.2

Describe how you manage potential conflicts of interest.

General considerations

The inclusion and weighting of any security in any index administered by Scientific Beta is strictly and solely based on the application of objective and systematic methodologies for the maintenance of the Underlying Universe and the specific construction rules governing the management of each index. Scientific Beta does not seek or accept, direct or indirect, compensation from security issuers in relation with the inclusion into, exclusion from or weighting of their securities within indices.

Daily index determinations are derived by applying systematic calculation rules to security prices (and where relevant other market data) from Regulated Markets or Exchanges with mandatory post-trade transparency requirements - we do not use bids, asks or estimates of security prices. Periodic updates to index constituents rely (primarily for indices accounting for Environmental, Social and Governance considerations and solely for other indices) on the same price and market data and on fundamental data directly linked to statutory disclosures by listed companies.

The strict minimisation of the exercise of Expert Judgment in index determinations along with the nature of the input data relied upon greatly reduce the vulnerability of index determinations to the integrity risk arising from any Conflict of Interest.

Specific considerations

For ESG scoring, rather than designing our own set of metrics, with the obvious conflict of interest issues that this would create in the context of simulated track records (notably in relation to data and model mining), our standard approach is to adopt a framework that has been independently developed and refined by a leading responsible investor. Specifically, we refer to the framework detailed in the publicly available Responsible Investing Charter of ERAFP, the French public service additional pension scheme. Likewise, we do not rate issuers by ourselves or source such rating data from a related party but instead rely on ESG data provided by independent third parties. Thus we are neither related to the party designing the scoring framework nor to the parties supplying the underlying ESG data required for scoring, which goes a long way towards improving the credibility of the back-tested financial performance of the ESG smart beta strategies that we provide.

Conflict of interest framework

The above notwithstanding, Scientific Beta has set up a framework for the identification, disclosure, management, mitigation and avoidance of conflicts of interest. This framework includes the requirement by all staff contributing to Scientific Beta to acknowledge their commitment to abide by the provisions of the organisation's Code of Ethics and Professional Conduct, Conflicts of Interest Policy and Confidentiality Policy, which can be provided upon request.

All employees are required to sign the organisation's Code of Ethics and Professional Conduct; Conflicts of Interest Policy and Confidentiality Policy.

In addition, the following steps are taken to minimise opportunities for misconduct:

No reliance on confidential inputs

All Scientific Beta index determinations derive from the application of fully transparent and replicable methodologies to public information concerning securities traded on regulated markets or exchanges with mandatory post-trade transparency requirements. While the data acquired by Scientific Beta is subject to commercial terms and conditions that limit its authorised usages, it is nevertheless void of any material non-public information.

Minimisation of material non-public information generation through the use of systematic and fully transparent methodologies

To protect the integrity and independence of its indices, Scientific Beta designs and implements research-based systematic index methodologies and provides full and complimentary transparency on the methodology, historical levels and historical composition of its indices. Adherence to the highest standards of objectivity and transparency contributes to index quality and robustness, enables advanced pre-investment due diligence and on-going risk analysis and performance measurement, allows for independent verification of the integrity of Scientific Beta indices by interested parties, and greatly limits the generation of material non-public information that could, for example, impact the values of the financial instruments tracking any Scientific Beta index or of index constituents.

Segregation of duties and imposition of confidentiality obligations

Reporting lines within Scientific Beta are segregated to clearly define responsibilities and avoid the transfer of confidential information to personnel that do not need such data in the performance of their duties.

All individuals directly contributing to Scientific Beta are required to abide by the provisions of the CFA Institute Code of Ethics and Standards of Professional Conduct (effective 1 July 2014), which include conflicts of interests and confidentiality provisions.

Furthermore, all personnel contributing directly or indirectly to index determinations are subject to specific conflicts of interest and confidentiality policies to further protect the integrity and confidentiality of the process.

While the Scientific Beta index review has been largely automated to make the process transparent and systematic and facilitate timely communication of index changes to investors, an internal index review committee is relied upon to deal with exceptional cases where the rule-based approach of index methodologies leads to inconclusive outcomes or where additional information is required. Members of the index review committee are instructed to treat their decisions as material non-public information until such decisions have been published.

Likewise, while Scientific Beta may consult stakeholders about possible updates or changes to index rules, members of the research and development team and related committees are instructed to treat information concerning decisions on index methodologies as material non-public information until they have been published. Similarly, members of the production team in charge of changing or updating index methodologies are instructed to treat information concerning index methodologies and index rules as confidential until published.

The previous section on the minimisation of material non-public information notwithstanding, quarterly index revisions and daily index determinations are treated as confidential until they are published even if they reflect the transparent application of systematic methodologies. Likewise, daily information on weights and constituents, which reflects the treatment of corporate actions according to transparent and replicable index calculation rules, is treated as confidential until it is published.

Employee Investments and Trading Policy

Personnel with access to index determinations prior to publication, i.e. personnel of the Scientific Beta Operations and I&T department are prohibited from holding in any personal trading account:

- Any security included, or to be included, in the Scientific Beta Global Universe (and its buffer) and any security representing interest in the equity of firms whose securities are included or to be included in the said universe and buffer;

- Any other individual public market equity security with market capitalisation above USD500 million on 1 January 2017 or on the date of its subsequent listing;
- Short positions on the said securities;
- Derivative instruments whose underlying are the said securities;
- Other instruments, including but not limited to debt securities, representative of long or short interest in the said securities.

No

Scientific Beta Pte Ltd

Reported Information

Public version

Confidence building measures

PRI disclaimer

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