



# BrightScope Inc.'s Research and Analytics Objectivity Policy

February 10<sup>th</sup>, 2010

BrightScope is a pioneer in retirement plan data and analytics. In connection with its retirement plan research operations, BrightScope (the 'Firm') holds its employees to the highest ethical standards in performing their duties, including avoiding conflicts of interest or the appearance thereof. From its inception, BrightScope has always sought to conduct its operations in a manner that ensures its employees act in accordance with all relevant laws and regulations.

BrightScope's reputation and goodwill are of paramount importance, and in part reflect the growing strength of the Firm's brand and franchise in the marketplace. This reputation and goodwill carry the need to provide data and analytics that are formed according to the highest professional standards, that are fair and accurate, and that are not affected by conflicts of interest. To further this goal, the Firm has adopted this Research and Analytics Objectivity Policy. While there is no explicit regulatory body that governs the new and growing field of retirement plan analytics, BrightScope believes that setting a high standard for professional conduct in this field is critical.

BrightScope is committed to assuring that its activities are conducted properly. It is the policy of BrightScope to comply with all relevant laws and regulations relating to the conduct of its business as a provider of independent retirement plan analytics. In this regard, and in addition to this Policy, BrightScope has implemented separate compliance and operating policies and procedures designed to assist it in identifying possible conflicts of interest, or the appearance thereof, that might raise questions about the impartiality of the Firm's research.

## Research Process

BrightScope approaches retirement plan research with a methodology centered on retirement outcomes for participants. The Firm views a retirement plan as a tool to enhance the retirement security of a plan sponsor's employees. The Firm's research staff compiles data from the Department of Labor (DOL), the Securities and Exchange Commission (SEC), Xignite, Inc. (Xignite), the Bureau of Labor Statistics (BLS), the Census Bureau, and the Equal Employment Opportunity Commission (EEOC), and combines that data with data directly from Plan Sponsors to evaluate how efficiently a retirement plan assists employees in meeting their retirement goals. BrightScope's research and technical staff are trained to understand and interpret complicated filings, gather data from disparate sources and to rigorously test that data to ensure that it is accurate and reliable before starting the analytics process that produces a plan's BrightScope Rating.

## **Process for Rating Selection**

The principal criteria for rating selection include plan type, plan size, data availability and general interest. In addition, BrightScope can immediately rate a plan if a plan sponsor or participant loads all the required data for a plan directly into the plan data vault. BrightScope reserves the right in its discretion to decline analysis of a particular plan.

In certain circumstances, coverage may also be initiated as a result of a contractual relationship with a Plan Sponsor or provider under which BrightScope agrees to provide Research Reports for use by the Plan Sponsor or provider in evaluating the plan. In these situations a Plan Sponsor or provider may obtain a 180-day grace period before the plan's rating appears on the public website. This grace period provides Plan Sponsors and providers with a reasonable amount of time to act on the findings in the Research Report. Plan Sponsors and providers may waive the right to a grace period.

## **Reasonable and Adequate Basis**

BrightScope's research staff undergoes training and exercises independence in their analysis. Analytical code written by the BrightScope technical team is reviewed regularly by senior members of the Research Team. All analysis is required to be substantiated by relevant data or statistics, and the rating algorithms must be applied rigorously and consistently across all plans. BrightScope maintains records of all relevant materials that were used to support a Rating. While BrightScope discloses much of its methodology in the FAQ section of BrightScope.com, the details behind the BrightScope Ratings are a trade secret of BrightScope to protect its intellectual property.

## **Identification of Conflicts**

BrightScope has adopted internal policies and procedures that are designed to assist us in identifying possible conflicts of interest, or the appearance thereof, that might raise questions about the impartiality of our retirement plan analytics. Set forth below is a summary of some of the policies and procedures that BrightScope has implemented to manage possible conflicts of interest or the appearance thereof:

### **A. Provision of 401k Services**

Our policy is that neither BrightScope nor any subsidiary is permitted to engage in activities relating to the Provision of 401k Services or business activities designed to solicit the Provision of 401k Services, including but not limited to plan administration, recordkeeping, audit preparation, accounting, legal services, and investment advice. In its retirement plan research operations, BrightScope does not and will not serve as a fiduciary (as defined in Section 3(21) of the Employee Retirement Income Security Act of 1974, as amended, or under any other law) of any plan it analyzes.

### **B. Public Appearances**

We encourage our BrightScope Team Members (executive team and members of our research staff) to engage in public appearances. A public appearance includes participation in a seminar, forum

(including an interactive electronic forum), media interviews (radio, television, print or other media interviews), Internet interviews, message boards, blogs, web casts or other public speaking activities.

BrightScope is developing a strong relationship with the media, and this relationship is built on a commitment to deliver consistently high quality information to the public. In furtherance of this policy, we have adopted the following policies and procedures to guide BrightScope team members when they participate in Public Appearances.

- We require all BrightScope team members to obtain approval prior to agreeing to participate in Public Appearances, including media interviews.
- All BrightScope Team members must identify themselves as representatives of BrightScope Inc. and to the extent possible disclose material conflicts to the host or interviewer.

### **C. Relationships with Subject Companies and Other Third Parties**

BrightScope Inc. has adopted internal operating policies and procedures that govern its research staff's communication with subject companies and other third parties.

**Plan Sponsors:** As part of its ordinary research activities, members of the Firm's research team may be in contact with members of a subject Plan Sponsor's staff. When collecting data from Plan Sponsors, the Firm's research team carefully documents the information that was collected and verifies that the information is consistent with an up-to-date Summary Plan Description, Auditor's Report or Summary of Material Modifications (SMM). Proper documentation of all inputs to the Rating Algorithm is required before a plan's score is updated on the company's website and other materials.

**Third Party Websites:** The BrightScope web site contains links to third party web sites. These links are provided as a convenience and not as an endorsement by BrightScope of the contents on such third-party web sites. BrightScope is not responsible for the content of linked third-party sites and does not make any representations regarding the content or accuracy of materials on such third party web sites.

BrightScope approaches relationships with third parties very carefully to ensure that the relationship does not give the company an incentive to engage in behavior contrary to this Research and Analytics Objectivity Policy. It is the policy of the company that before the company engages in a formal relationship with a third party the Executive Office must approve the relationship.

### **D. Acceptance of Gifts and Incentives from Plan Sponsors and Service Providers**

BrightScope Inc. has adopted a policy that none of its employees may solicit, accept, or receive, directly or indirectly, any gift in excess of \$100 (or a local currency equivalent) from any Plan Sponsor or Service Provider, per year. BrightScope team members are also specifically prohibited from accepting travel or lodging accommodations from a Plan Sponsor or Service Provider.

**Retirement Plan Rating System**

BrightScope’s retirement plan rating system consists of the BrightScope Rating and the BrightScope Component Ratings. The BrightScope Rating™ is a numerical rating, between 1-100, with 100 being the highest possible rating.

The BrightScope Component Ratings System has six categories:

Component Rating Category*	Percentile
<b>Great (Lowest)</b>	1 <sup>st</sup> – 15 <sup>th</sup> Percentile
<b>Above Average (Low)</b>	16 <sup>th</sup> – 35 <sup>th</sup> Percentile
<b>Average</b>	36 <sup>th</sup> – 65 <sup>th</sup> Percentile
<b>Below Average (High)</b>	66 <sup>th</sup> – 85 <sup>th</sup> Percentile
<b>Poor (Highest)</b>	86 <sup>th</sup> – 100 <sup>th</sup> Percentile
<b>Need More Information</b>	More information is required before a rating can be given.

\***Total Plan Cost Category Headings:** Due to the fact that it is better to have lower Total Plan Cost, the alternate Total Plan Cost category headings are in parentheses.

**By making a copy of this Policy available to the public, BrightScope does not assume any responsibility or liability to any third party arising out of or relating to this Policy. This Policy shall not form a part of any contract with any third party and no third party shall have any right (contractual or otherwise) to enforce any of this Policy’s provisions, either directly or indirectly. The Firm in its sole discretion may revise this Policy to reflect changes in market, legal and regulatory circumstances and changes to its controls, policies and procedures.**