Truflation

Truflation CPI Governance Board Policy

Document Title: CPI Methodology Governance Policy
Version: 1.0
Effective Date: April 1, 2026
Approved By: Truflation CPI Governance Board

Contents

1. Purpose & Scope

This policy establishes the governance framework for the review, approval, and documentation of all material methodological decisions relating to Truflation Consumer Price Index (CPI) products across all markets. The objective is to ensure:

- Methodological integrity and consistency
- Transparency and auditability of decisions
- Robust risk management and compliance oversight
- Alignment with best practices in index governance

This policy applies to all material changes affecting Truflation CPI indices, including but not limited to:

- Annual reweighting of index components
- Addition or removal of data providers
- Adjustments to source weightings
- Methodology changes or enhancements
- Exceptional overrides under defined circumstances

2. Governance Structure

The CPI Governance Board ("the Board") is the formal decision making body responsible for approving all material Truflation CPI related changes.

The Board consists of the following members:

- **Head of Index (Chair)**: Oliver Rust (Truflation); responsible for oversight and final sign-off
- **Secretary**: Elton Wen (Truflation); responsible for documentation and record keeping
- **Compliance Representative**: Ivan Jelic (Truflation); responsible for regulatory and policy alignment
- **Board Members (3+)** – Responsible for review, challenge, and voting
    - Natalia Nowakowska (Truflation)
    - Stefan Rust (Truflation)
    - Jarryd Pretorius (Truflation)

3. Decision Making Framework

A quorum for any Board decision requires a minimum of four (4) members to be present. In addition, either Stefan Rust or Oliver Rust must be in attendance for the board meeting to have quorum. All decisions are subject to an approval threshold of at least 70% of voting members present.

Change categories include:

- **Annual Weighting Updates:** Conducted on a mandatory annual basis and includes a comprehensive review and recalibration of index weightings.
- **Ad Hoc Product & Methodology Methodology:** Includes onboarding of new data providers, removal of existing providers, adjustments to source weightings and methodological changes or enhancements.
- **Exceptional Overrides:** Trigged by data disruptions, market anomalies or extraordinary events. These must be clearly justified, documented and approved in accordance with governance standards.

4. Documentation Requirements

All proposed changes must be supported by comprehensive documentation, including:

- Change Summary: Clear description of proposed modification
- Methodology Rationale: Justification and theoretical basis
- Impact Analysis: Comparative analysis (parallel run of old vs. new methodology)
- Risk Assessment: Identification of potential risks and mitigations
- Proposed Effective Date: Implementation timeline

No proposal shall be considered for approval without complete documentation.

5. Meeting Structure

The Board shall convene under the following structure:

- Quarterly Product Review Meetings
- Annual Weighting Review Meetings
- Ad Hoc Meetings (for product or methodology changes)
- Emergency Meetings (e.g., data provider failure, critical disruptions)

Formal minutes must be recorded for every meeting and shall include:

- Summary of decisions
- Detailed rationale for material changes
- Individual voting records
- Reference to supporting analysis (e.g., parallel runs)
- Methodology version updates
- Compliance observations
- Confirmed effective implementation date

All records must be retained in accordance with internal data governance and audit policies.

6. Version Control and Audit Trail

The Board shall convene under the following structure:

- Quarterly Product Review Meetings
- Annual Weighting Review Meetings
- Ad Hoc Meetings (for product or methodology changes)
- Emergency Meetings (e.g., data provider failure, critical disruptions)

Each approved change must generate a complete audit trail, including:

- Official meeting minutes
- Updated methodology documentation
- Approval logs (including voting outcomes)
- Recorded effective implementation date

This ensures full transparency, traceability, and reproducibility of all CPI index decisions. Compliance and review policy shall be:

- Reviewed annually by the Truflation CPI Governance Board
- Updated as necessary to reflect evolving best practices, regulatory expectations, or internal requirements

This policy becomes effective as of the date of formal approval by the Truflation CPI Governance Board and remains in force until superseded or amended. The version history is outlined below in the table:

Version	Date Released	Notes
1.0	April 1, 2026	Genesis of the Truflation CPI Governance Board