

## ISS ESG FUND RATING

The ISS ESG Fund Rating Report and the data factors included in the report provide clients with the ability to evaluate the environmental, social, and governance (ESG) performance of over 30,000 funds. The reports highlight fund and peer performance across major ESG themes and are supported by over 1,500 data factors used for research, screening, and analytics. Report pages are organized thematically and are aligned with core ISS ESG research offerings to allow users to utilize the full report or focus on specific sections that align with a user's specific ESG priorities or requirements.

ISS ESG product elements included in the ESG Fund Rating reports include the ISS ESG Corporate Rating, Country Rating, Governance QualityScore, Norm-Based Research, Controversial Weapons, Sector-Based Screening, Energy & Extractives, SDG Impact Rating and SDG Solutions Assessment, Carbon Emissions Data and Climate Scenario Analysis, and Voting Analytics.

### Outputs

The ISS ESG Fund Rating report highlights three primary signals – the relative “Stars” rating, the absolute ESG Performance Score, and the fund's status as Prime (or not) and disqualifiers.

Every fund in the ISS ESG Fund Rating coverage receives an overall relative 1- to 5-star rating (with 5 stars being the top and 1 star being the bottom). The fund's performance is compared against its peers, with the peer set as defined by the Lipper Global Benchmark class.

The relative Stars rating is based on an absolute value – a weighted average of the ISS ESG Performance Score values for the fund's holdings. The ISS ESG Performance Score is the primary numeric signal (0 - 100) from the ISS ESG Corporate and Country Ratings, which look holistically at an issuer's or country's sustainability performance across a wide set of metrics and themes.

The third major signal is the fund's Prime status (or not), which requires a fund to have an ESG Performance Score of at least 50 and to pass a set of disqualifier tests based on signals from Norm-Based Research, SDG Impact Rating, Climate performance, Controversial Weapons, and Voting Analytics.

Beyond the primary ratings signals, the ESG Fund Rating report and associated data factors explore fund exposure to and performance against major ESG themes. For each theme there are output factors signalling overall performance at the thematic level, performance aligned with the primary pillars or subtopics within each theme, and performance against key risks or individual exposure metrics for that topic. The core ESG Fund Rating product contains over 1,500 data factors, and the wider ESG Fund Screening universe raises that total to over 2,000 factors.

### Research Process

The ISS ESG Fund Rating Report aggregates data and information from existing ISS ESG research products and summarizes fund performance based on the ESG performance of the underlying holdings. In addition, data on fund holdings is sourced from Refinitiv Lipper.

The ISS ESG Fund Rating reports and data factors are updated monthly and represent a snapshot of the current ESG and Refinitiv Lipper data at the time of data generation. The update cycles for underlying data inputs each have their own schedule (for more details, please refer to the respective descriptions).

Qualitative and quantitative data are used in the underlying research products that support the ESG Fund Rating solution.

## Use of Estimated Data

The ESG Fund Rating product, including the rating signals, fund report, and data factors, is entirely derived from the following underlying ISS ESG thematic products:

- A. The ESG Country Rating, Governance QualityScore, Norm-Based Research, Controversial Weapons, and Voting Analytics products which do not incorporate any estimated data.
- B. The ESG Corporate Rating, Sector-Based Screening, Energy & Extractives, SDG Impact Rating and SDG Solutions Assessment, and Carbon Emissions Data and Climate Scenario Analysis which may contain some estimated data if disclosed data is deemed insufficient or inadequate. Where used, estimated figures are based on clear estimation rules to ensure that results are based on reasonable assumptions with medium to high certainty.

For more details regarding the use of estimated data within the above products, please refer to the respective descriptions of those products.

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**We empower investors and companies to build  
for long-term and sustainable growth by providing  
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