

## ISS ESG ENERGY & EXTRACTIVES

ISS ESG's Energy & Extractives data provides detailed analyses on companies' involvement in fossil fuel production, distribution, and services, as well as the generation of power from fossil fuel, nuclear, and renewable sources for a comprehensive climate risk assessment. The various screens within the Energy & Extractives offerings deliver granular data in the following areas: Fossil fuel, coal mining, carbon reserves, arctic drilling, hydraulic fracturing, oil sands, power generation, nuclear power, as well as green/brown expansion. The data supports a wide range of responsible investment strategies by offering detailed quantitative metrics as well as quantitative assessments on a company's operations and fossil fuel exposure, which, apart from its adverse impact on the environment, can also constitute a material sustainability risk, e.g., in terms of stranded assets.

### Outputs

ISS ESG's Energy & Extractives data offers detailed quantitative metrics, including revenue shares, production volumes, reserves, generation capacity and output figures, as well as involvement ties. Moreover, the data is complemented by qualitative profile notes providing additional critical insights into a company's operations and fossil fuel exposure.

### Research Process

Energy & Extractives assessments are updated annually as well as on an ad-hoc basis in case of relevant corporate actions (e.g., mergers, acquisitions). ISS ESG's Energy & Extractives research process can be broken down as follows:

- Risk assessment: Classification of industry by risk to fossil fuel extraction, power generation and related services, and the review of third-party data and reports
- Research: Review of corporate disclosure such as regulatory filings, sustainability reports, press releases, investor presentations, company websites, and other company disclosures. Third-party information such as government sources, industry databases, and reputable newspapers are cross-referenced as supplemental to company disclosures. All assessments are based on publicly available information, with corporate reporting being the primary source. The screens collect financial and non-financial metrics, which can be of quantitative as well as qualitative in nature, to provide clients with a full suite of data to inform their investing strategies.
- Quality assurance: All significant changes as well as new assessments are peer-reviewed and company dialogues are initiated if key information is not disclosed
- Final report: Granular data to support customized implementation

### Use of Estimated Data

ISS ESG's Energy and Extractives primarily leverages company reported data. Should disclosure be insufficient or inadequate, information regarding the degree of involvement of an issuer in certain activities will be estimated. This is largely a result of significant differences in reporting quality, standards, and requirements between the companies in Energy and Extractives' large universe. While company reported data is in most cases used as the starting point, as part of the

standardization process this is aligned with the definitions applied in Energy & Extractives to ensure the comparability, consistency, and comprehensiveness of the research results.

Overall, approximately 70% of the assessments within the Energy & Extractives coverage universe contain some calculated/estimated data. As noted above, this figure can differ depending on the individual company's reporting quality, standards, and requirements. In some cases, where a company provides granular, high-quality reporting, an Energy & Extractives assessment may be significantly based on company reported data. Where this is not the case, an Energy & Extractives assessment will contain more calculated/estimated data, based on the more limited company reported data that is available.

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