

ISS ESG SDG SOLUTIONS ASSESSMENT

The SDG Solutions Assessment measures the positive and adverse sustainability impacts of companies' product and service portfolios. It follows a thematic approach that encompasses 15 distinct sustainability objectives, using the UN Sustainable Development Goals (SDGs) as the reference framework. The product's focus is on assessing to what extent companies are making use of existing and emerging opportunities to contribute to the achievement of global sustainability objectives by offering products and services seen as having a positive real-world impact from an SDG perspective.

Outputs

The SDG Solutions Assessment applies a proprietary qualitative classification of products and services into five categories – ranging from significant contribution to significant obstruction – based on their direct impact on the achievement of the different sustainability objectives. For each thematic assessment, the share of net sales generated with relevant products and services is quantified per category.

The detailed results are also aggregated into top-level scores for each sustainability objective as well as an SDG Solutions Score (SDGS), which assesses the overall, aggregated impact of a company's product portfolio on the achievement of sustainability objectives as well as an SDGS Social and Environmental score, which assess the overall, aggregated impact on the achievement of social and environmental objectives, respectively.

The SDG Solutions Assessment thus provides a quantitative measure of a company's level of involvement in certain business activities in terms of revenue exposure, which is combined with qualitative assessments of the sustainability impacts of these activities, to arrive at overall conclusions.

Research Process

The SDG Solutions Assessment is updated annually as well as on an ad-hoc basis in case of relevant corporate actions (e.g., mergers, acquisitions). ISS ESG's SDG Solutions Assessment research process can be broken down as follows:

- Data collection: Corporate disclosures such as annual reports, sustainability reports, company websites, investor presentations, and others are screened. Corporate revenue data which is incorporated is quantitative (whether reported or estimated).
- ESG research: Proprietary ratings and scoring models are applied to derive relevant scores.
- Quality assurance: Draft analyses are systematically proofread by experienced analysts.
- Company feedback: A comprehensive dialogue with the assessed issuers is carried out once every two to three years as part of the separate ESG Corporate Rating process, with the feedback also utilized within the SDG Solutions Assessment. Additionally, corporate issuers are welcome to send information/updates for consideration at any time. For more details regarding the company feedback, please refer to the description of the Corporate Rating.
- Final results: Granular data to support customized implementation.

Use of Estimated Data

While some companies report exact figures on relevant product sales, others only report on geographic segments or do not report segment sales at all. Where exact figures are not available, ISS ESG takes all relevant and available information into account to estimate the share of net sales a company generates with respect to relevant products. Analysts are provided with clear guidance to ensure that estimated figures are based on reasonable assumptions with medium to high certainty. As of June 2022, the share of estimated product-specific revenue figures incorporated into the SDG Solution Assessments reports is >90%.

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**We empower investors and companies to build
for long-term and sustainable growth by providing
high-quality data, analytics, and insight.**

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