ISS STOXX

Sustainability

# Cyber Risk Score

## Assess cyber risk across your investment portfolio

**As serious cyber security incidents can lead to operational, legislative, and reputational risks for investors, there is a need for a standardized, trustworthy benchmark to assess and understand organizational cybersecurity risk and exposure in investment portfolios.**

Our Cyber Risk Score solution helps investors understand the risk of a company's exposure to cyber breaches across investment portfolios.

It is a quantitative and data-driven rating that provides visibility into the level of cyber readiness and resilience an organization has implemented based on its ongoing actions to identity, manage, and mitigate cyber risk across its external technology networks.

The comprehensive set of historical data behind our Cyber Risk Score is enriched with details of known breach events to create a predictive score that forecasts the risk of future breach events.

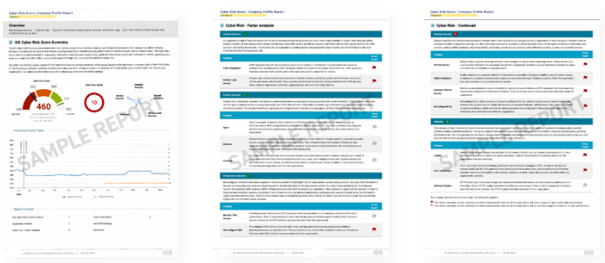
## Use Cyber Risk Score to Help:

- Identify and manage cyber risk across your investment portfolio
- Make informed investment decisions
- Proactively engage with companies to mitigate risks correlated to a breach
- Cross reference companies with greater risks in customer data protections

Benefit from a concise, empirical, and proactive metric that seeks to convey how well a company manages and maintains its cyber security posture, powered by a machine learning model trained to identify the potential for a breach event over the next 12 months.

## Access Actionable Insights on DataDesk

Delivered through our proprietary DataDesk platform - and data feeds - investors can easily ingest Cyber Risk Score data into their own internal processes. Clients can further leverage DataDesk functionality to screen their investment universe for cyber risk exposure and assess the cyber resilience of their portfolio holdings.




*Issuer-level Report*

**Cyber Risk Score**
Ranges from the riskiest score of 300 to the least risky score of 85.

**Firmographic Max**
Reflects the organization's maximum achievable Cyber Risk Score, considering inherent industry and organizational factors including sector classification and employee count.

**Top 3 Reason Codes**
Provides a description of the three most relevant risk signals per company. These broadly capture five types of risk indicators: botnet activity, software misconfigurations, misconfigured infrastructure, website misconfigurations, and demographic elements.

**Cyber Governance Decile**
Describes how the subject organization ranks (in terms of their Information Security Score), on a decile basis, within a defined peer group based on size and sector.

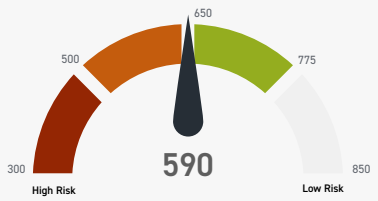
# Distinct Methodology for Assessing Cyber Risk

Our Cyber Risk Score is generated from data findings collected from cyber assets identified as being either owned or operated by the company or any of the company's majority-owned subsidiaries.

Each company's asset attribution is reviewed at least annually, while each week a new score is generated based on findings collected over the previous week. Historical scores and data provide greater context and trend analysis to understand a company's approach to managing cyber risk over time.

The overall cyber risk performance of a company is represented as a single, concise score on a scale from 300 to 850. A score of 300 represents high risk; a score of 850 represents low risk.

The scoring model also calculates each company's Firmographic Max, the maximum score that the company could attain given the industry in which they operate and their employee count, and provides insight into a company's cyber governance. The Cyber Risk Score model assesses organizational security posture across a wide range of indicators and provides a set of reason codes to provide the relevant properties associated with each.




**Firmographic Max: 751**

4.2.0 Cyber Risk Score as of 10 October 2022

**(300 - 500)** Organizations in this score band have the highest risk of experiencing a data breach.

**(500 - 650)** Organizations in this score band have an elevated risk of experiencing data breach.

**(650 - 775)** Organizations in this score band have a lower risk of experiencing a data breach.

**(775 - 850)** Organizations in this score band have the lowest risk of experiencing a data breach.

## Forecast the Risk of Future Breach Events

By analyzing networks that have been victimized by a cyber-attack, we understand the conditions and behaviors that are precursors to impactful security events. When combined with dozens of additional data sources and analytic techniques, our Cyber Risk Score assesses the long-term likelihood of a material data breach.

## US Cyber Index

Our US Cyber Index helps investors to identify and track companies with low or negligible cyber-related risks based on our Cyber Risk Score. The index constituents also have a medium or high Corporate Rating and comply with standards related to international norms and controversial weapons.

## Achieve More with ISS STOXX

- Global risk indicators that reflect cyber security risk behaviors, as evidenced by the extent, condition, and configuration of information technology assets exposed to the Internet, are collected on a continuous basis.
- Historical data informs an empirical risk model that uses machine learning to identify symptoms prior to breach events.
- The methodology is focused on the effectiveness of cyber security behavior rather than on temporary conditions, which makes it resilient to the ever-changing cyber threat landscape.
- Provides insight into an issuer's cyber governance to get a more holistic view of how well they manage cyber risks.

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ISS STOXX delivers world-class research, data, and technology solutions that empower capital market participants to pursue their visions with confidence. Our expertise spans indices, corporate governance, sustainability, cyber risk, and fund intelligence, giving clients the tools they need to uncover opportunities, manage risks, and navigate evolving regulations. We are made up of 4,000 professionals operating across 20 countries and serving approximately 5,000 clients, including many of the world's leading institutional investors. Our scale and reach give us deep market knowledge, while our innovative methodologies allow us to offer our clients tailored insights that drive impact and success.

ISS STOXX Sustainability enables investors to develop and integrate responsible investing policies and practices, engage on responsible investment issues, and monitor portfolio company practices through screening solutions. It also provides climate data, analytics, and advisory services to help financial market participants understand, measure, and act on climate-related risks across all asset classes. In addition, our Sustainability solutions cover corporate and country research and ratings enabling its clients to identify material social and environmental risks and opportunities. Sustainability solutions are provided by Institutional Shareholder Services Inc., an investment adviser registered under the U.S. Investment Advisers Act of 1940.

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