Sustainability

Fund Rating

Methodology & Research Process

July 2026

Version 1.0

PUBLIC DISCLOSURE ON THE METHODOLOGY, MODELS, AND KEY RATING ASSUMPTIONS USED IN FUND RATING ACTIVITIES

Contents

Regulation (EU) 2024/3005: Public Disclosure on the Methodology, Models, and Key Rating Assumptions Used in ESG Rating Activities

This disclosure is published to meet the relevant requirements of the EU ESG Ratings Regulation (EU2024/3005) and related regulatory technical standards. The following index cross-references to the relevant information are made available within the Fund Rating Methodology Document and on our website.

Within this disclosure, the Regulation (EU) 2024/3005 of the European Parliament and of the Council of 27 November 2024 on the transparency and integrity of Environmental, Social and Governance (ESG) rating activities is referred to as "**Regulation (EU) 2024/3005**".

Within this disclosure, the Commission Delegated Regulation (EU) of 21 04 2026 supplementing Regulation (EU) 2024/3005 of the European Parliament and of the Council with regard to regulatory technical standards specifying the elements of ESG rating products to be disclosed to the public and to users of ESG ratings, rated items and issuers of rated items is referred to as "**Delegated Regulation**".

REGULATION (EU) 2024/3005	DELEGATED REGULATION	REQUIRED INFORMATION	ISS GERMANY AG DISCLOSURE
Rating Product Disclosures			
ANNEX III.1.f	Article 3(1)	ESG rating providers shall disclose information on the ESG rating's clearly defined objective and marking whether the rating is assessing risks, impacts, or both, according to the double materiality principle, or any other dimensions, and in the case of double materiality the proportion of the risk and impact materiality. ESG rating providers shall disclose at the level of each ESG rating product: a) a description of the risks covered, where the ESG rating is assessing risks; b) a description of the impacts covered, where the ESG rating is assessing impacts; c) information on how the risk and impact materiality are taken into account according to the double materiality principle, where applicable; d) where the ESG rating is based on other materiality dimensions, a description of those dimensions.	Please refer to: • Objective • Materiality
ANNEX III.1.g	Article 3(2)	ESG rating providers shall disclose the ESG rating's scope, namely, whether it covers an individual E, S, or G factor or whether it is an aggregated rating aggregating E, S and G factors, or whether it covers specific issues such as transition risks. ESG rating providers shall disclose at the level of each ESG rating product: a) a description of what is covered under the E, S or G factors and which factors are aggregated, where applicable; b) a description of the specific issues that the ESG rating covers.	Please refer to: • Primary Fund Rating Signals • Fund Rating Outputs

REGULATION (EU) 2024/3005	DELEGATED REGULATION	REQUIRED INFORMATION	ISS GERMANY AG DISCLOSURE
ANNEX III.1.h	N/A	ESG rating providers shall disclose in the case of an aggregated ESG rating, the weighting of the three overarching E, S and G categories of factors (for example 33 % for the E factor, 33 % for the S factor, 33 % for the G factor), and the explanation of the weighting method, including weight per individual E, S and G category.	• This requirement is not applicable to the Fund Rating
ANNEX III.1.i	N/A	ESG rating providers shall disclose within the E, S or G factors, specification of the topics covered by the ESG rating, and whether they correspond to the topics from the sustainability reporting standards developed pursuant to Article 29b of Directive 2013/34/EU.	Please refer to: • Topics and Factors
ANNEX III.1.j	N/A	ESG rating providers shall disclose information on whether the rating is expressed in absolute or relative value.	Please refer to: • Primary Fund Rating Signals
ANNEX III.1.o	Article 3(3)	ESG rating providers shall disclose if an ESG rating of a rated item covers the E factor, information on whether that rating takes into account the targets and objectives of the Paris Agreement or any other relevant international agreements. ESG rating providers shall disclose if an ESG rating of a rated item covers the S and G factors, information on whether that rating takes into account any relevant international agreements.	Please refer to: • Methodological Foundations
ANNEX III.1.p	Article 3(4)	ESG rating providers shall at the level of each ESG rating product: a) include an indication of whether the ESG rating takes into account the targets and objectives of the Paris Agreement and which other international agreements are considered, with reference to basic identifying information on these agreements together with an explanation of their relevance to the ESG rating; b) specify whether the ESG rating is assessing alignment of commitments against the objectives of the agreements referred to in point (a).	

<table>
<tr><th>REGULATION (EU) 2024/3005</th><th>DELEGATED REGULATION</th><th>REQUIRED INFORMATION</th><th>ISS GERMANY AG DISCLOSURE</th></tr>
<tr><td colspan="4">Basic Methodological Disclosures</td></tr>
<tr><td>ANNEX III.1.a</td><td>Article 4(1)</td><td>ESG rating providers shall disclose an overview of the rating methodologies used and changes thereto, including whether analysis is backward-looking or forward-looking and the time horizon covered.
ESG rating providers shall disclose:
a) the title of the rating methodology used;
b) a description of the types of rated items in relation to which the methodology referred to in point (a) applies;
c) the time horizon over which the ESG rating is considered valid, where applicable
d) a list and overview of the relevant supporting models and key rating assumptions, where applicable; information on measures and procedures to ensure the quality and reliability of data used;
e) a description of the defined ranking system of rating categories used, with reference to:
i. the meaning of each rating category for absolute and relative values and how the ranking system should be interpreted;
ii. in the case of relative values, an explanation as to whether they are relative to a specific industry, geographical area, peer groups or other comparative references and their respective description.
f) the dates of the most recent update of the methodology and a description of the changes introduced to the previous version.</td><td>Please refer to:

Points a) and f)
• Appendix B – Version Control
Points b) to e)
• b) Fund Ratings Objective and Overview
• c) Update Cycles
• d) Appendix A: Relevant Supporting Models and Key Rating Assumptions, Quality Assurance
• e) Primary Fund Rating Signals</td></tr>
</table>

REGULATION (EU) 2024/3005	DELEGATED REGULATION	REQUIRED INFORMATION	ISS GERMANY AG DISCLOSURE
ANNEX III.1.b	Article 4(2)	ESG rating providers shall disclose the industry classification used. ESG rating providers shall provide: a) the name of the issuing body of the industry classification used; b) the name and version of the industry classification used; c) any publicly available link to the official documentation of the industry classification system.	Please refer to: • Data Inputs
ANNEX III.1.c	Article 4(3)	ESG rating providers shall disclose an overview of data sources, including whether data is sourced from sustainability statements required under Directive 2013/34/EU or from information disclosed under Regulation (EU) 2019/2088 and whether sources are public or non-public, and an overview of data processes, estimation of input data in case of unavailability and frequency of data updates. ESG rating providers shall include a description of the engagement process with rated items or issuers of rated items, including how the input from such engagement is taken into account.	Please refer to: • Data Sources: Data Inputs, Data Sources • Data Processes: Data Collection • Estimation of Input Data: Use of Estimated Data • Frequency of Data Updates: Update Cycles • Engagement with rated items or issuers of rated items is not part of the Fund Rating process.
ANNEX III.1.e	Article 4(4)	ESG rating providers shall disclose information on whether and how the rating methodologies are based on scientific evidence. ESG rating providers shall where applicable, describe the process for identifying relevant scientific evidence.	Please refer to: • Methodological Foundations

REGULATION (EU) 2024/3005	DELEGATED REGULATION	REQUIRED INFORMATION	ISS GERMANY AG DISCLOSURE
ANNEX III.1.k	N/A	ESG rating providers shall disclose where applicable, reference to the use of artificial intelligence in the data collection or rating process including information about current limitations and risks of using artificial intelligence.	Please refer to: • Data Sources
Limitations in data sources, methodologies and information			
ANNEX III.1.m	Article 5	ESG rating providers shall disclose any limitation in data sources and methodologies used for the construction of ESG ratings. ESG rating providers shall disclose any limitation on the information available to ESG rating providers.	Please refer to: • Limitations • Limitations to Methodologies & Data
ANNEX III.1.q	Article 5	ESG rating providers shall explain any limitations in respect of the following: a) the availability or consistency of data used in the rating process; b) the completeness, timeliness and accuracy of information; c) the use of assumptions, proxy reference points and data estimation.	
Organisational Disclosures			
ANNEX III.1.d	Article 6(2)	ESG rating providers shall disclose the ownership structure of the ESG rating provider. ESG rating providers shall disclose: a) a chart illustrating their ownership links with any parent undertaking and subsidiaries. The chart shall indicate, where applicable, whether any of those entities perform any of the activities listed in Article 16 (1) or services referred to in Article 16(6) of Regulation (EU) 2024/3005.	Please refer to: • Ownership Structure

REGULATION (EU) 2024/3005	DELEGATED REGULATION	REQUIRED INFORMATION	ISS GERMANY AG DISCLOSURE
ANNEX III.1.l	Article 6(3)	ESG rating providers shall disclose general information on criteria used for establishing fees charged to clients, specifying the various elements taken into consideration, and general information on the business/payment model. ESG rating providers shall disclose the following: a) how the criteria they apply for establishing fees ensure that fees are fair, reasonable, transparent and non-discriminatory in accordance with Article 27 of Regulation (EU) 2024/3005; b) whether the ESG rating provider operates a subscription-paid model, an issuer-paid model, a combination of those models, or another model; c) a description of the relevant business model, and the proportion of total annual revenue derived from each model; d) where applicable, the impact of fees charged for services other than ESG rating activities on the determination of fees for ESG ratings, together with a description of those other services.	Please refer to: • Pricing Policy
ANNEX III.1.n	Article 6(1)	ESG rating providers shall disclose the main risks of conflicts of interest and the steps take to mitigate them. ESG rating providers shall indicate the areas of the ESG rating provider's activities, services or organisational structure from which the main risks of conflicts of interest may arise.	Please refer to: • Conflict of Interest Policy

Introduction

Institutional investors investing in funds require aggregated sustainability assessments at the fund level to implement their sustainable investment strategies and comply with reporting obligations. The Fund Ratings solution enables investors to effectively evaluate the environmental, social and governance performance of equity and bond funds globally.

The purpose of this document is to give an overview of the methodology used to create the content presented in Fund Ratings, including the calculations that support the ratings, infographics, data tables, and underlying data factors. Fund Ratings utilizes data points covered by ISS STOXX sustainability solutions research products and more detailed explanations for each research product are available in other methodology documents.

Fund Ratings Objective and Overview

Objective

The Fund Rating solution provides clients with the ability to evaluate the environmental, social, and governance performance of equity, bond, and mixed funds. The rating provides an opinion on fund and peer performance across major sustainability themes.

Overview

The overall fund rating provides a relative overview of the fund's performance on a scale from 1 (worst) to 5 (best). The overall score is based on a weighted Performance Score, which evaluates issuer performance across key criteria on a range of 0 to 100. Funds with a lower weighted Performance Score compared to peers demonstrate lower sustainability performance.

The standard Fund Rating output includes Fund Rating reports as well as supporting data factors suitable for research, screening, and analytics. The reports and data factors provide rating signals and fund information, as well as coverage and methodology information. Reports are organized thematically and are aligned with core research products to allow users to utilize the full report or focus on specific themes that align with specific sustainability priorities or requirements.

Methodological Foundations

The Fund Rating solution aggregates data, analysis, and scores from various ISS STOXX sustainability solutions products, including the Corporate Rating and the Sovereign Rating. Fund performance is also evaluated across themes including screening and controversies, controversial weapons, climate, UN SDGs, corporate governance, sustainability regulation, and biodiversity.

The Fund Rating is not directly based on scientific evidence but through the underlying datasets is informed by international normative frameworks, including the United Nations (UN) Global Compact Principles, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises on Responsible Business Conduct, and the UN Sustainable Development Goals (SDGs), as well as mandatory and voluntary disclosure standards such as the IFRS Sustainability Disclosure Standards (IFRS S1 and IFRS S2) issued by the International Sustainability Standards Board (ISSB), the Sustainability Accounting Standards Board (SASB) Standards (now part of the ISSB), and the European Sustainability Reporting Standards (ESRS) developed under the scope of the European Union's Corporate Sustainability Reporting Directive (CSRD). Many of these frameworks are – to varying degrees – based on scientific evidence.

In addition, the performance expectations and assessments of the underlying datasets are grounded in the aforementioned international agreements, norms, and regulatory frameworks and to an extent measure alignment with the objectives of these frameworks, including the Paris Agreement, across company policies, actions, and targets. However, the Fund Rating does not take into account, nor does it assess the alignment of commitments against the targets and objectives of any agreements.

Materiality

The Fund Rating is an aggregated assessment based on fund constituents' assessments in various ISS STOXX sustainability solutions. Most of these underlying solutions apply a double materiality approach. The rating approach acknowledges that both financial and impact materiality are closely interconnected, as impacts resulting from companies' business operations/sovereign issuers' conducts and decisions on stakeholders and/or the environment can affect the economic value of a company/sovereign instruments over the short, medium, or long term. Consequently, the ratings incorporate a broad range of sustainability topics designed to ensure that salient and emerging sustainability risks and opportunities are captured.

In parallel, additional outputs are derived from solutions which solely assess impact, such as fund exposure to violations of international normative standards of behavior derived from Norm-Based Research, or certain risks, such as a fund's overall weighted Governance QualityScore value which signals governance risk.

Fund Rating - Primary Ratings Signals and Methodology

This section outlines some of the underlying concepts that form the cornerstones of the Fund Rating.

Primary Data Inputs and Sources

Data Collection

The collection and analysis of data leveraged by the Fund Rating is conducted in-house by trained and specialized analysts who adhere to comprehensive evaluation guidelines. The Fund Rating is derived from the Data Inputs described below and aggregated using a proprietary methodology and model.

Data Inputs

The Fund Rating product aggregates content from ISS STOXX research products and summarizes fund performance based on the performance of the underlying holdings. Detailed methodological information on the ISS STOXX sustainability products covered in the Fund Rating can be found in the methodology disclosures for each product, which includes information on signals and scoring, analytical intent, data resources, and other key details. Please refer to these product-specific documents for more information.

- The **Corporate and Sovereign Rating** products, which assess the overall sustainability performance of companies and sovereigns, are used to determine the overall fund rating signals, including the relative Stars rating and the overall Performance Score.
- The Corporate Rating and Sovereign Rating measure performance on an absolute twelve-point letter and underlying numerical scale from A+/4.00 (excellent performance) to D-/1.00 (poor performance)
- The Corporate Rating leverages a proprietary industry classification system to apply an industry- and sub-industry-specific approach.

In addition to the Corporate and Sovereign Ratings, the Fund Rating draws in content from:

- **Governance QualityScore:** evaluates a company's governance risk across four categories: board structure, compensation and remuneration, shareholder rights, and audit and risk oversight. Scores of 1 (lower risk) to 10 (higher risk) indicate releative governance quality at both an overall level, and along the four categories.
- **Norm-Based Research:** assesses corporate involvement in alleged or verified failures to respect established norms on human rights, labor standards, environmental protection, and corruption set out in authoritative standards on Responsible Business Conduct. The Scores follow a 1-10 numeric scale (where 10 signifies a Verified, very severe failure to respect established norms), and the Signals follow a traffic-light system of Green-Amber-Red.
- **Controversial Weapons Research:** assesses companies involvment in weapons that are seen under international humanitarian law as being particularly controversial, including antipersonnel mines, cluster munitions, and biological, chemical, and nuclear weapons. The Scores follow a 1-10 numeric scale (where 10 signifies a Verified involvment in controversial weapons), and the Signals follow a traffic-light system of Green-Amber-Red.
- **Sector-Based Screening:** analyses companies' involvement in certain industry sectors, particularly in the production and distribution of certain products and services that may not align with align with the sustainability objectives of certain investors.
- **Energy and Extractives:** analyses companies' involvement in fossil fuel production, distribution, and services, as well as energy generation from fossil fuel, nuclear, and renewable sources for a comprehensive climate risk assessment.
- **SDG Solutions Assessment:** measures the positive and adverse sustainability impacts of companies' product and service portfolios following a thematic approach encompassing 15 distinct sustainability objectives, using the UN Sustainable Development Goals (SDGs) as a reference framework. A proprietary qualitative classification of products and services into five categories – ranging from significant contribution to significant obstruction – based on their direct impact toward the achievement of the various sustainability objectives

- **SDG Impact Rating:** measures the extent to which companies are managing negative externalities in their operations across the entire value chain to minimize adverse impacts (“do no harm”) relative to the SDGs, whilst making use of existing and emerging opportunities in their products and services portfolio to contribute toward the achievement of the SDGs. The scores indicate a company’s impact, presented on a scale from -10 (significant negative impact) to +10 (significant positive impact).

- **Carbon Emissions and Climate Change:** this includes carbon metrics based on carbon emissions, normalized emissions intensity metrics, and the Carbon Risk Rating score; and Scenario Analysis which provides an assessment of an issuer’s alignment with climate scenarios provided by the International Energy Agency (IEA) and the Network for Greening the Financial System (NGFS).

- **Voting Analytics**: provides voting results across management and shareholder propsals, including key sutainability proposals.

- While not covered in the Fund Rating report, fund-level data factors are also available for **Biodiversity Impact Assessment Tool**, **Country Controversy Assessment**, **EU Taxonomy**, and **SFDR PAIs**.

Data Sources

The data sources used by these data sets are primarily sourced from publicly available information, including a company’s own disclosure and reporting – such as Annual Reports, Sustainability Reports, or Investor Presentations – proxy statements, company websites, governmental and international institutions, recognized international or local non-governmental organizations, and databases such as the CDP. Additionally, the Norm-Based Research data set leverages near-real-time data is collected from tens of thousands of traditional media, social media, and stakeholder publications globally through a combination of AI and manually set filters. Some of the data sources used may contain information including sustainability statements required under the EU Directive 2013/34/EU or information required under Regulation (EU) 2019/2088.

Fund Identification

In addition to the sustainability research content, the Fund Rating product requires basic information on the funds themselves, including data on fund holdings. This data is sourced from an external data vendor, LSEG (formerly Refinitiv Lipper). The data provided from LSEG includes both fund level data such as security identifiers, fund attributes, and fund value and performance, as well as holdings level data including issuer name, the weight of individual holdings in the fund, each holding’s value, and the number of held shares.

Topics and Factors

The Fund Rating covers a variety of topics and factors derived from the underlying data sets. Accordingly, certain topics may correspond to topics from the Article 29b of Directive 2013/34/EU. For example, the main Corporate Rating topics are A.1.1 Staff, A.1.2 Suppliers, A.2.1 Society, A.2.2.1 Social impact of products and services, A.2.2.2 Social aspects along the value chain, A.3.1 Corporate governance, A.3.2 Business ethics, B.1 Environmental management, B.2.1 Environmental impact of products and services, B.2.2 Environmental aspects along the value chain, B.3 Eco-efficiency, A.3.1 Corporate governance, and A.3.2 Business ethics. The content of these topics largely maps to ESRS topics, including ESRS S1 Own Workforce, ESRS S4 Consumers and End-users, ESRS E1 Climate Change, and ESRS G1 Business Conduct, however some topics exceed the thematic boundary of the topical ESRS.

Similarly, factors covered by the Fund Rating range from environmental, for example carbon metrics, social, for example human and labour rights controversies, and governance, for example board independence. More information can be found in the Fund Rating Outputs section.

Use of Estimated Data

The Fund Rating, including the rating signals, fund report, and data factors, is entirely derived from the data and scores from the following underlying ISS STOXX sustainability solutions:

- The Sovereign Rating, Governance QualityScore, Norm-Based Research, Controversial Weapons, and Voting Analytics products which do not incorporate any estimated data.
- The Corporate Rating, Sector-Based Screening, Energy & Extractives, SDG Impact Rating and SDG Solutions Assessment, Biodiversity Impact Assessment Tool, Regulatory Solutions 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.

Update Cycles

The Fund Rating is refreshed monthly and represents a status quo assessment of the fund based on the sustainability performance of the constituting securities at the time of data generation.

However, it is important to note that the update cycles for underlying ISS STOXX sustainability solutions may differ from the monthly Fund Rating cycle. For more information on the update cycles for these products, please refer to the appropriate product-specific methodology documentation.

Similarly, the external LSEG data used in Fund Rating contains data elements that may update on differing cycles. Certain fund metrics and fund attribute data are updated on a daily basis, including price and valuation metrics. Other data, including fund holdings data, may update on a monthly or quarterly basis, or other cycle depending on fund disclosure frequency and regulatory requirements.

The rating and signals are considered valid until the subsequent monthly update is published.

Coverage – Minimum Requirements

All funds must have at least 65% of holdings by weight covered by the Corporate and Sovereign Ratings. In addition to the initial Corporate and Sovereign Ratings weight threshold, a fund must meet the following requirements for inclusion in Fund Rating coverage:

- A minimum of ten holdings in the fund;
- A minimum of 30 rated funds in the benchmark peer set;
- Fund and fund holdings data must be reported within 12 months; and
- The fund must not be in an excluded Lipper Global Classification peer set.

These requirements are intended to ensure that the Fund Rating signal is meaningful, comparable, and up to date.

Coverage – Preprocessing

Fund preprocessing includes the steps in data and report generation that evaluate fund holdings to determine the suitability of holdings for inclusion in Fund Rating data calculations and signals. The process also performs any currency conversions to return a uniform analysis currency (USD) and processes calculations for key fund metrics, such as fund analysis value, analysis weight, holdings weight, and any normalized data inputs.

During preprocessing a fund is evaluated to determine whether it holds funds. Any held funds are decomposed into their constituent holdings and the holdings, including weights, are aggregated to the parent fund's portfolio.

Primary Fund Rating Signals

The Fund Rating is a composite rating of E, S, and G outputs derived from underlying ISS STOXX sustainability data sets. The Fund Rating outputs three primary signals – the relative Stars rating, the absolute Performance Score, and the absolute Prime status.

The Stars rating and the absolute Performance Score are wholly based on weighted average Performance Scores from the Corporate and Sovereign Ratings. The weights in the weighted average are based on the size of the holding in the fund portfolio whilst the relevant weighting methodologies for the underlying data sets are defined in the respective methodology documents.

Stars Rating

Every fund in the Fund Rating coverage receives an overall relative **1- to 5-star rating**. Funds that perform best relative to peers from a sustainability perspective receive 5 stars, and funds on the bottom end of the scale receive one star. It is important to note that the Stars rating is a relative rating signal that compares the fund's performance against its peers, with the peer set defined by the Lipper Global Benchmark class.

Performance Score

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

To convert from an absolute Performance Score to the relative Stars rating, curved buckets are applied to the Performance Scores for funds in the peer set. The top 10% of funds in the peer set receive 5 stars; the next 20% receive four stars, the middle 40% get three stars; then again 20% and 10% to round out the 2- and 1-star funds. Guardrails are used to ensure that funds are not unduly rewarded or penalized on a relative basis if the peer set is primarily made up of leaders or laggards. In practice, this means that all funds that have a Performance Score at or above 50 will receive 4 or 5 stars, and all funds with a Performance Score below 25 will receive 2 or 1 stars. If guardrails are used in a peer set, then the buckets are adjusted proportionally.

Prime Status

In addition to the relative Stars rating and the absolute Performance Score, the other major Fund Rating signal is the fund's Prime status. Similar to the Prime status signal in the Corporate and Sovereign Rating, the fund Prime status signal requires a fund to have a Performance Score of at least 50 to be eligible for Prime. However, a fund must also pass a set of disqualifier tests. These tests include disqualifying a fund if it has:

- Any Norm-Based Research "Red" flagged holdings;
- 10% or more of fund holdings by weight with SDG Impact scores in Significant Negative Impact;
- A Relative Carbon Footprint of 150% or more compared to the peer set average; or
- Any holdings with a "Red" assessment for Controversial Weapons.

If a fund fails any of these tests it is not considered "Prime", though it may still have high scores for the Stars rating and Performance Score.

Fund Rating Outputs

Beyond the primary ratings signals, the Fund Rating explores fund exposure to and performance against major sustainability themes. For each theme there are output factors signaling 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 themes presented in the Fund Rating report include:

- **Fund overview** (provided by LSEG): This data includes the fund objective statement, an indicative ISIN, the asset type, such as equity, bond, mixed, etc., a Lipper ESG Theme item that flags whether Lipper has identified the fund as having stated sustainability requirements, the Lipper Global Classification peer group, the domicile and geographic focus of the fund, the 1, 3, and 5-year returns based on percentage growth, and the date provided for the holdings information.

- **Sustainability Ratings**: These metrics provide an overview of fund performance based on Corporate Rating and Sovereign Rating products, including:
  - The fund's **overall weighted average Performance Score** to provide a comparison against the peer set average score
  - The **distribution of Performance Score values among fund holdings** by grouping the scores into bands denoting **Excellent Performance, Good Performance, Medium Performance, and Poor Performance**, plus Not Collected for fund weight outside of coverage
  - The **Prime Status Percent by Weight** which highlights the percent of holdings by weight that have achieved Prime status in the fund and as an average across the fund's peer set
  - The fund's **percentile and rank compared to peers** in its Lipper Global Classification set
  - The **Overall Fund Rating Grades** by Percent of Aggregated Weight organized by the overall Corporate and Sovereign Rating letter grade (D- to A+)
  - The **Weighted Rating Grade and Range by Sustainability Pillar** which provides a comparison of fund and peer performance within the environmental, social, and governance pillars using the numeric Rating pillar factors
  - The **Top Five Holdings by Weight** – the Performance Score, Performance Category, Rating Grade, and Prime Status of the five largest fund holdings by weight
- **Governance QualityScore**: These metrics provide an overview of fund performance based on the Governance QualityScore, including:
  - The fund's **overall weighted Governance QualityScore** value
  - The fund's **Governance QualityScore by Category** (Board Sucutre, Compensation, Shareholder Rights, and Audit & Risk Oversight)
  - The fund's **Governance QualityScore Risk Level by Category** (i.e., Low, Medium, or High risk)
  - The fund's **weighted percent of women on the board** among fund holdings compared to the average value for the peer set
  - The **Top Five Holdings with Poor Governance QualityScores** along with the overall and category scores for the selected holdings.
  - **Fund performance** across four key Governance QualityScore factors: **Problematic Pay, Enforcement Action Taken, Adverse Auditor Opinion, and Board Independence**.

- **Norm-Based Research**: These metrics provide an overview of fund performance based on the Norm-Based Research (NBR) solution, including:
    - The **overall fund rating NBR score and flag** which is taken from the worst score among fund holdings
    - The **fund exposure of Red and Amber flagged issuers** by count of holdings per score, the count of NBR cases, the percent of holdings by count, the percent of holdings by weight, and the corresponding peer set average percent of holdings by weight
    - The **fund exposure of Red and Amber flagged issuers** by UN Global Compact pillar. The UN Global Compact provides both a set of standards of expected behavior as well as a framework for categorizing the standards, including pillars for human rights, labour rights, environment, and anti-corruption.
    - The **Top Five Holdings with Poor Norm-Based Research Scores** along with the overall issuer flag, score, and number of red and amber cases.
- **Controversial Weapons**: These metrics provide an overview of fund performance based on the Controversial Weapons Research solution, including:
    - The **fund exposure of Red and Amber flagged holdings** by percent count and percent weight of the holdings
- **Sector-Based Screening**: These metrics provide an overview of fund performance based on the Sector-Based Screening (SBS) solutions, including:
    - The **fund exposure of SBS issue involvement, covering topics such as alcohol, gambling, military equipment, and tobacco** by percent count and percent weight of the holdings
- **Energy & Extractives**: These metrics provide an overview of fund performance based on the Energy & Extractives screening solution, including:
    - The **fund exposure of involvement,** covering topics such as involvement in fossil fuels; involvement in unconventional extraction techniques such as fracking and arctic drilling; coal mining and power production from thermal coal; and nuclear power by percent count and percent weight of the holdings
- **SDG Impact and Solutions**: These metrics provide an overview of fund performance based on the SDG Solutions Assessment and SDG Impact Rating, including:
    - The **fund's overall SDG Impact performance** based on the weight of holdings' scores per SDG Impact level, which includes Significant Positive Impact, Limited Positive Impact, No Net Impact, Limited Negative Impact, and Significant Negative Impact, and the **weighted average SDG Impact score, along with the parallel peer set metrics**.

    - The **fund's Positive SDG Impact** (Significant Positive Impact plus Limited Positive Impact) in percent by weight which highlights the extent to which the fund is invested in holdings with positive or negative impacts.

    - The **highest individual holding score, the lowest individual holding score, and the median individual score for each SDG goal**, which highlights positive and problematic goal performance.

    - **Fund and peer set average attributable revenues** to selected **Social and Environmental Objectives per 1M USD invested**

- **Carbon and Climate**: These metrics provide an overview of fund performance based on Carbon Metrics, the Carbon Risk Rating score, and the Scenario Analysis, including:

    - The **fund's emisssions performance**, for example the amount of the fund with disclosed emissions data, owned emissions for Scopes 1 & 2 and Scopes 1, 2 & 3, Relative Carbon Footprint metric (owned emissions over the overall value of the fund), Carbon Intensity (owned emissions over total revenues for the holdings), and Weighted Average Carbon Intensity (applies a weighted average to holdings' emissions intensity)

    - The **fund-level weighted average Carbon Risk Rating (CRR) score** (based on the holdings' Carbon Risk Rating or Country Carbon Risk Rating).

    - **Fund emissions projections**, which are based on owned emissions at the holding level that are then aggregated to determine the fund's total owned emissions

    - The **Top Five Contributors to Fund Emissions** reflecting each holding's Contribution to Fund Emissions Exposure values, each holding's weight in the fund, an assessment of each holding's climate reporting quality, and each holding's Carbon Risk Rating performance category.

- **Voting Analytics**: These metrics provide an overview of fund performance based on the Voting Analytics solution, including:

    - The **Management and Shareholder proposals and vote results** across companies within fund holdings.

    - **Fund Voting Activity**, which uses N-PX filings and similar disclosed data, where available, to explore how the fund votes its shares in its held companies.

Limitations

ISS STOXX's Fund Rating methodology and data may be subject to certain limitations both inherently and due to limitations pertaining to the underlying datasets. Further information on limitations of the underlying datasets can be found in the respective methodology disclosures. The below summarizes such limitations as well as the action taken to address these:

Limitations in Availability or Consistency of Data Sources

- The Fund Rating is primarily based on publicly disclosed information collected through the ISS STOXX datasets such as the Corporate Rating and the Sovereign Rating. As such, issuers often disclose information using different formats, definitions, and levels of detail. This lack of standardization in the breadth and depth of disclosures poses a certain risk of interpretation errors and requires additional effort to vet data collection and assessment. Data collection manuals guide analysts for these datasets in capturing data in an as consistent manner as possible.

Limitations in the Completeness, Timeliness, and Accuracy of Information

- Data collection for the aforementioned ISS STOXX datasets is inherently constrained by the quality, completeness, and accessibility of public sources. Public disclosures can be outdated, delayed, selectively detailed, spread across multiple documents, or released at different times, potentially leading to discrepancies in data collection.

- Additionally, many companies may disclose sustainability-related information at around the same time in a year. This may pose challenges in terms of timely data collection and processing. Several measures are applied within the aforementioned datasets to increase efficiency of data collection and processing, while ensuring a high level of data quality, such as specialization of data collection teams, standardization of processes and quality checks.

- The Fund Rating product requires basic information on the funds themselves, including data on fund holdings. This data is sourced from an external data vendor, LSEG. Fund holdings data may update on a monthly or quarterly basis, or other cycle depending on fund disclosure frequency and regulatory requirements, and may not be aligned with the update cycles of sustainability data.

- As described in Coverage – Minimum Requirements, all funds must have at least 65% of holdings by weight covered by the Corporate and Sovereign Ratings. Funds may include holdings that are outside of coverage for one or more ISS STOXX sustainability solutions, and these holdings may communicate sustainability performance characteristics or risks that are not captured by the Fund Rating outputs.

Limitations in the use of Assumptions, Proxy Reference Points, and Data Estimation

- As described in Use of Estimated Data, assessments in the underlying datasets may rely on estimations based on robust evidence in certain situations. While estimation rules have been defined to ensure reproducibility of assessments, estimations are inherently subject to a certain level of uncertainty. In addition to standardization of rules on how analysts arrive at estimations, ISS STOXX offers companies the opportunity to review and verify estimated data as part of company outreach processes of the Corporate Rating.

- As described in Data Sources, NBR assessments leverage AI-supported news screening which relies on predefined taxonomies, filters, and classification models that incorporate methodological assumptions. The news screening may also be constrained by language coverage as well as regional limitations related to freedom of the press. Additionally, where company disclosures concerning a specific controversy are limited, Norm-Based Research experts may rely on proxy indicators for responsible business conduct, such as corporate policies, codes of conduct, or public sustainability commitments. Norm-Based Research does not use estimated data and is initiated only in response to stakeholder allegations, which serve as the sole trigger for investigation. Limitations arising from the use of assumptions and proxy reference points are addressed through documented processes, multi-source data collection, expert analyst review, and ongoing monitoring, supporting consistent Norm-Based Research outputs.

Quality Assurance

ISS STOXX has established a quality management system featuring various quality controls for the Fund Rating and its underlying data sets:

- Solutions are based on consistent and rigorous methodologies designed to yield comparable scores across companies and industries for industry-agnostic or standard rating topics and indicators, as well as comparable scores across peer-to-peer companies in the same industry for industry-specific topics and indicators.

- The methodology and scoring approaches are built into proprietary software utilized by the analysts and designed in a way to ensure objectivity, consistency, and comparability of assessments.

- A global team of specialized analysts in local markets spanning the Americas, Europe, and Asia helps to ensure diversity in observing and interpreting sustainability trends.

- All analysts undergo a rigorous training program.

- Assessments are systematically proofread by experienced analysts who are intimately familiar with the methodologies and assessment rules.

- A dedicated global Sustainability Research Methodology team oversees the consistent application of methodologies. Additionally, the team initiates and coordinates methodological developments in cooperation with leads and sustainability topic specialists who keep abreast of the continually evolving international sustainability trends in their fields of expertise.

- Changes to Corporate Rating *Prime* status by small margins and significant grade changes are subject to review and approval by a committee including senior staff from across Sustainability Research.

- The Fund Rating data refresh process uses automated monitoring systems to ensure the accuracy and completion of data generation, publication, and delivery.

Methodology Review

The Fund Rating methodology is subject to periodic reviews that consider changes to data and to the methodology of underlying solutions. Significant changes are overseen by ISS STOXX's Sustainability Methodology Review Board, which comprises experienced methodology and research leaders across jurisdictions. Changes to the methodology and the model are generally communicated to investor clients via quarterly Methodology Update newsletters or targeted communications.

The solution's underlying methodology is considered valid until an update is carried out. Triggers of methodology update include updates from input data sources, methodology developments of upstream solutions, and feedback from internal and external stakeholders.

Appendix

Appendix A: Relevant Supporting Models and Key Rating Assumptions

Models

- **Fund Rating aggregation and scoring model**: Produces an overall relative fund rating on a 1 (worst) to 5 (best) scale based on a weighted Performance Score derived from underlying holdings' sustainability performance.

Assumptions

- **Minimum coverage requirements**: Coverage requirements are intended to ensure the signal is meaningful, comparable, and up to date.

Appendix B: Version Control

Name of Methodology: Fund Rating

VERSION	DATE	DETAILS
1.0	July 2026	Publication of the Fund Rating Methodology and Research Process document Inclusion of the Public Disclosure on the Methodology, Models, and Key Rating Assumptions Used in ESG Rating Activities (as defined by the Regulation (EU) 2024/3005)

ISS STOXX

sales@iss-stoxx.com
iss-stoxx.com