

SUSTAIN ABILITY

REPORT 2023



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01

A Message from the CEO

I am pleased to welcome all our stakeholders to this latest edition of ISS STOXX's Corporate Sustainability Report covering calendar 2023.

Last year proved to be both productive and rewarding, including as evidenced by a 14 percent reduction in our carbon footprint and the publication of ISS' inaugural GHG Accounting Report in May. Moreover, we achieved a 37 percent reduction in staff turnover, reflecting our continued commitment to fostering a diverse, equitable, and inclusive work environment. We were named Best ESG Index Provider by ESG Investing Awards for 2023 while achieving top rankings in the Rate the Raters survey for our ESG Research. The volume of the ISS Cares Charitable Matching Program increased significantly, and we published our first, dedicated ISS Cares Report highlighting the success of the donation matching program.

Also of note for 2023, we conducted a comprehensive ESG vendor analysis to identify those vendors which showed insufficient or poor performance regarding environmental and/or social considerations, basing our analysis on our proprietary ISS ESG datasets covering ESG Corporate Ratings, Norm-based Research, and our Modern Slavery Scorecard. Results of the analysis found that fewer than 20 vendors, of nearly 590 examined, failed to meet the specific minimum requirements set prior to the analysis.

More broadly, ISS in November 2023 combined with STOXX to form ISS STOXX. STOXX, a leading global provider of investment indices, launched its first sustainability index in 2001 and has since then launched close to 2,400 additional sustainability themed indices. Put another way, we are very well positioned to markedly build on being named Best ESG Index Provider in 2023 and we will continue to expand our suite of cutting-edge solutions to meet our clients' growing sustainable investment needs.

We remain committed to supporting U.N. Sustainable Development Goals 5, 8, 12, 13, 16, and 17, both through our products and services as well as our organizational programs and policies.

As always, I invite you to read more about our sustainability efforts in the pages that follow.



Gary Retelny
President & CEO
ISS STOXX

02

Sustainability by the Numbers

As ISS STOXX's Chief Operating & Administrative Officer overseeing our corporate responsibility program, I am extremely proud of what we've achieved in just a few short years to enhance and expand the program, which today systematically identifies, addresses, and mitigates the most material environmental and social challenges and risks our company is facing. Our corporate responsibility team has built a solid foundation from which the program will continue to grow as ISS STOXX expands its presence across the global capital markets ecosystem.



Allen Heery
COO & CAO

ENVIRONMENTAL

CLIMATE TARGETS & REPORTING	3 climate goals currently on track
	1st ISS GHG Report published in May 2023
OFFICE ELECTRICITY	100% green electricity in all ISS offices and physical datacenters since 2021
CO₂ EMISSIONS	14% reduction of ISS carbon footprint 2023 vs. 2022
	85% reduction of ISS Scope 2 emissions since 2019
	47% reduction of ISS business travel emissions since 2019
	1st ISS decarbonization plan developed

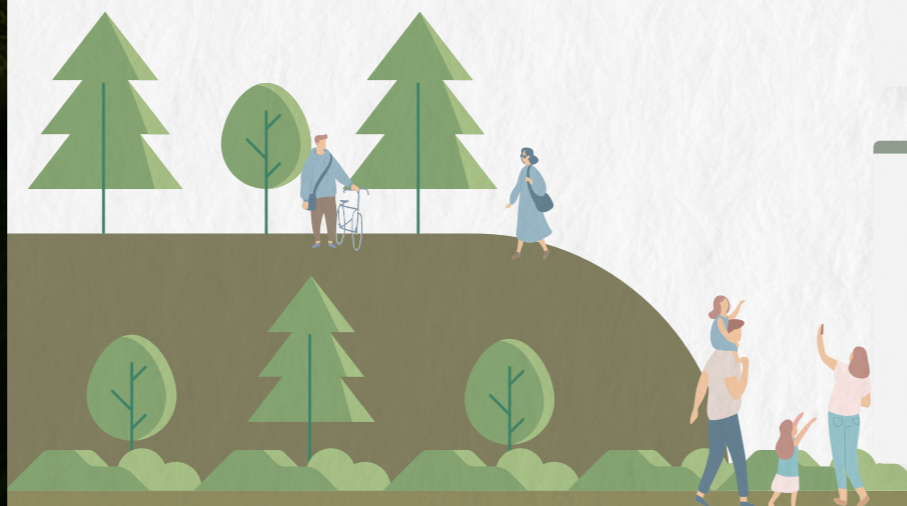
SOCIAL

WORKFORCE	3,272 employees (headcount) as of Dec 31, 2023
	60% growth in headcount year-end 2019 versus year-end 2023
	37% less turnover 2023 vs 2022
	82% favorable response in 2023 ISS people survey for Team Effectiveness & Collaboration
	187% increase in completed training courses across ISS University 2020-2023
	0 workplace accidents over the past four years
DIVERSITY	34% women in executive management positions as of Dec 31, 2023
	100% of staff trained in Diversity & Inclusion and anti-harassment
	0 tolerance policy against harassment and/or discrimination
COMMUNITIES	Almost 200 international charities in 17 countries supported by donations totaling USD 180,000 through the ISS Cares program since its inception
	1st ISS Cares Report published in 2023

GOVERNANCE

BUSINESS ETHICS	1st materiality assessment conducted (internal and external perspective)
	100% of staff trained on ISS Code of Conduct
ANTI-CORRUPTION	100% of staff trained on ISS Code of Conduct
	0 number of corruption incidents in 2023
ANTI-COMPETITIVE PRACTICES & HUMAN RIGHTS	100% of staff completed an awareness training to prevent anti-competitive practice
	0 material submissions to Business Integrity Hotline
	3rd Modern Slavery Statement published in 2023
INFORMATION SECURITY	99% of staff completed the Annual Security Training
	93% of staff successfully passed the Phishing Awareness test
SUPPLIERS	ESG supplier risk assessment of 587 material vendors (tier 1), 98% of spend

Disclaimer: all figures refer to ISS on a standalone basis without reference to the business/operations of STOXX and are for 2023 unless otherwise specified. Please see editor's note on p. 24 (Sustainability Performance).



03

About ISS STOXX

History of Sustainability at ISS STOXX

ISS STOXX has a long and storied history in the sustainability industry, including as a pioneer through many of its legacy companies.

Founded in 1985, ISS' roots are in corporate governance and proxy voting, and over the last 30+ years it has grown to become a leading player in the sustainable investment industry both through **acquisition and organically**. In 2005, ISS acquired the Washington-based **Investor Responsibility Research Center (IRRC)**, marking its first major foray into the sustainability space. At the time, IRRC was a leading provider of socially responsible investment screens for institutions focused on exclusions—ranging from tobacco to nuclear energy—as well as highly respected bespoke research to help investors understand the relevance and materiality of emerging environmental, social and governance (ESG) issues. IRRC was also a leading player in the corporate divestment movement during the Apartheid era, which, according to some observers, laid the groundwork for the responsible investment industry we see today.

More recently and over the past decade, ISS has ramped up its sustainability capabilities in response to client demand for a range of solutions covering a variety of topics. In 2015, ISS acquired **Ethix SRI Advisors AB**, a globally recognized firm that provided sustainable and responsible investment research and advisory solutions to assist in investment decision-making. Established in 1999 and with offices in Stockholm and Copenhagen, Ethix was highly regarded for its deep expertise across a range of sustainable investment

issues, including environmental, human rights, labor standards, corruption, and controversial weapons. Key services included policy development, company research and portfolio monitoring, support of active ownership programs, stakeholder communication, and reporting, all of which were folded into ISS' offerings shortly after acquisition.

Two years later, ISS acquired **IW Financial**, a U.S.-based firm offering ESG research, consulting, and portfolio management solutions and whose suite of offerings help asset management firms and other institutional clients identify risks, enhance productivity, and increase revenues by adding value to the money management process while strengthening client relationships. IW Financial's solutions allowed users to comparatively rate companies based on user-defined criteria and incorporate ESG factors into their investment platforms, products, and portfolios to quickly identify the investments that best meet their own ESG guidelines and client expectations.

That same year, ISS acquired **South Pole Group's investment climate data division**, which provided investors, asset owners, fund managers, and banks with high-quality data, analytics, and advisory services to measure the impact of climate change on portfolios. The group established the world's largest database of company-level climate change data and pioneered the development of leading, standardized investment carbon screening tools. The acquisition placed ISS firmly in the upper ranks of responsible investment research and data providers with a comprehensive suite of climate offerings.

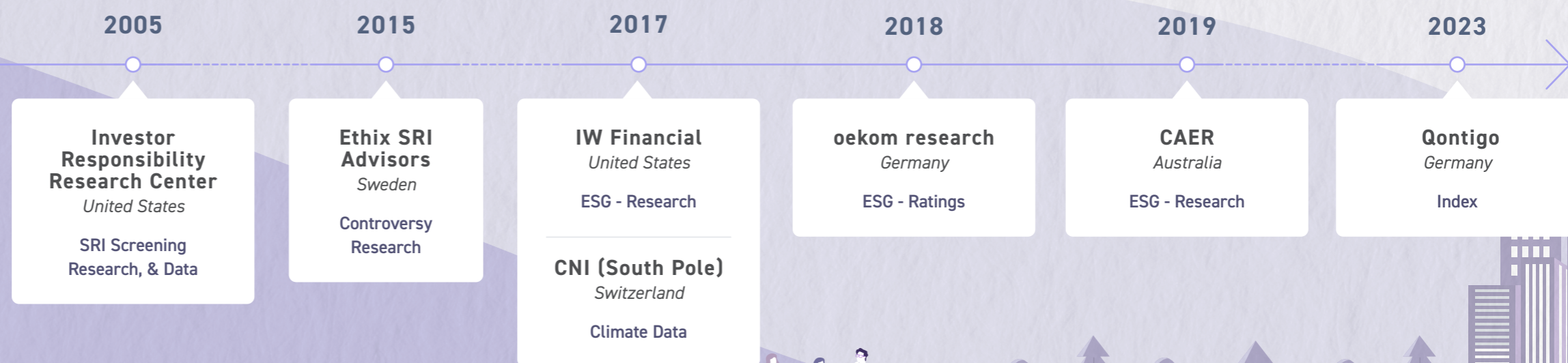
And in 2018, ISS acquired **oekom research AG**, a leader in the provision of ESG ratings and data, as well as sustainable investment research. Headquartered in Munich

and established in 1993, oekom's suite of responsible investment solutions at the time of acquisition included: corporate, industry, and country ratings; portfolio analysis; sustainability impact services; green bond services; climate risk services; and engagement services. oekom's full coverage universe included approximately 5,500 publicly traded companies across the globe, as well as 700 sovereign and sub-sovereign debt vehicles. This coverage universe has expanded markedly since the 2018 acquisition as detailed below.

ISS in 2019 acquired **CAER**, a pioneer in the provision of independent research on the ESG performance of Australasian companies. Based in Canberra, CAER has worked with institutional investors seeking to monitor portfolio companies' ESG policies, practices, and disclosures while offering clients experience utilizing ESG data and assessments, ratings, and screening capabilities.

Most recently, ISS in November 2023 combined with the index arm of **Qontigo**, known as **STOXX**, to form **ISS STOXX**. STOXX, a leading global provider of investment indices, launched its first sustainability index in 2001 and has since then launched close to 2,400 additional sustainability themed indices.

Against the backdrop of these critical mergers and acquisitions, ISS STOXX has continued to grow organically by adding hundreds in headcount to the ranks of its ESG and other teams, along with a host of cutting-edge sustainability solutions to meet institutional and corporate clients' needs.



Governance Structure

In November 2023, ISS combined with the index arm of Qontigo Ltd., known as STOXX, to form ISS STOXX. The ISS STOXX group of companies is under the umbrella of ISS STOXX GmbH, which is majority owned by Deutsche Börse

Group, along with the private equity firm General Atlantic as minority investor. The below chart displays at a high-level the legal entity structure of the new company.

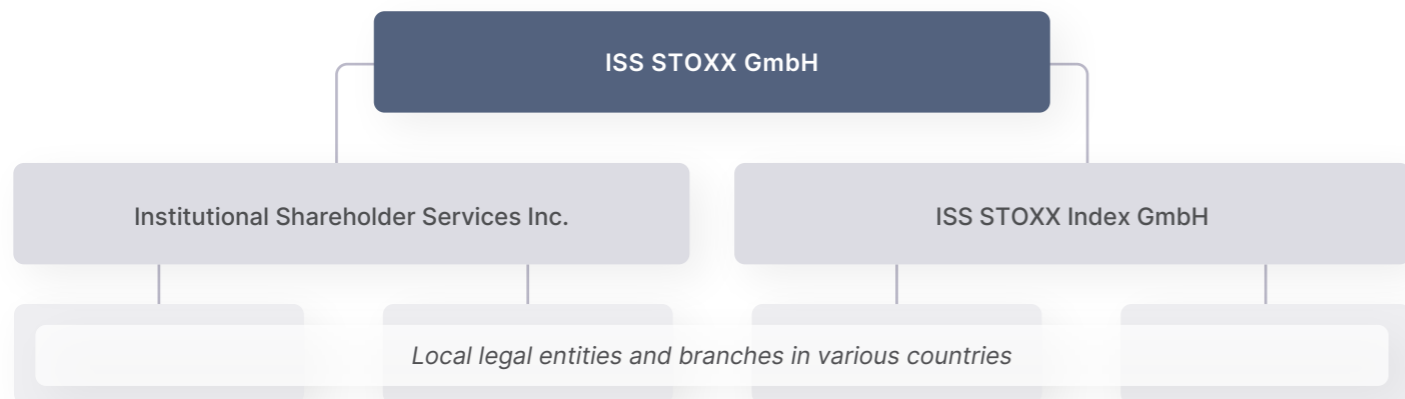


Figure 1: ISS Governance Structure
Source: ISS STOXX

ISS STOXX is dedicated to upholding the highest standards of corporate governance.

The Shareholders Committee of ISS STOXX GmbH, which has a role which is similar to that of a Board of Directors, provides supervision and guidance on the strategy and operations of the ISS STOXX group of companies. The Shareholders Committee is composed of six members of

whom five are male and one is female. One of the members of the Shareholders Committee has executive functions, serving as managing director and CEO of ISS STOXX GmbH.

The Shareholder Committees provides overall oversight of the ISS STOXX group of companies by the Administrative Leadership Team, comprised of five members.

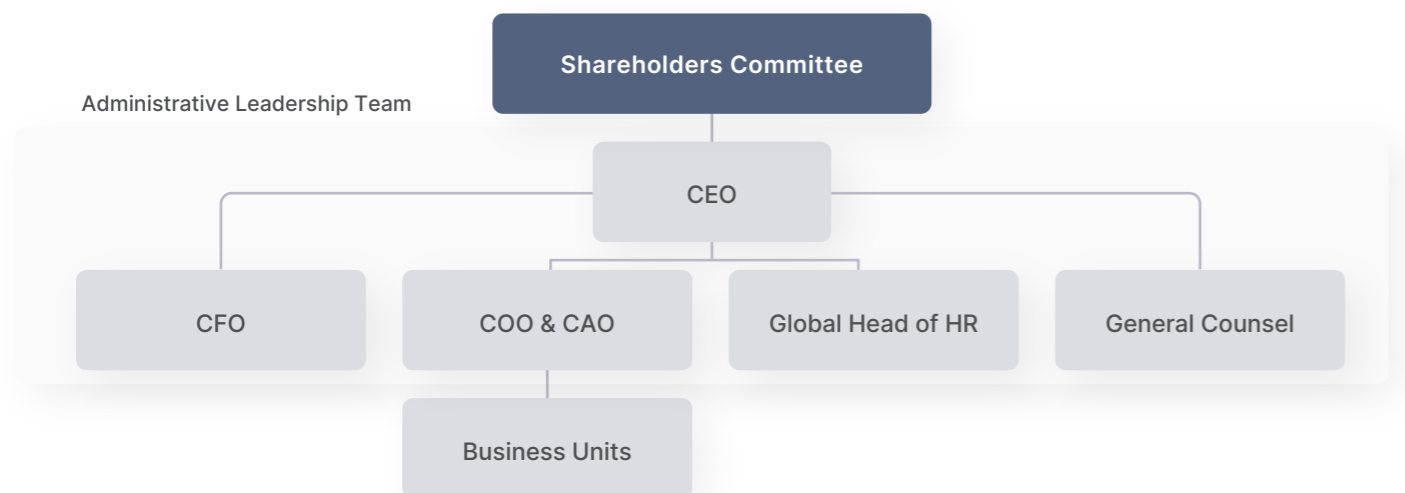


Figure 2: Decision-Making Structure of ISS STOXX
Source: ISS STOXX

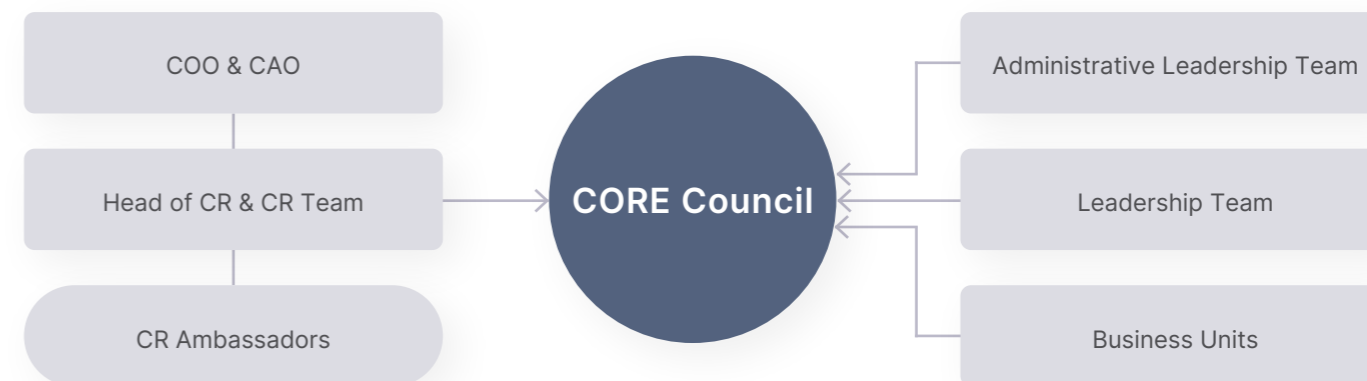


Figure 3: Decision-Making for Sustainability-Related Matters Structure of ISS STOXX
Source: ISS STOXX

The oversight of the decision-making for sustainability-related matters is delegated to the CORE (Corporate Responsibility) Council. The CORE Council is composed of

members of the Administrative Leadership team as well as the Leadership team and the business units.

As of Dec 31, 2023, the CORE Council consists of:

 ALEXIS DAUR Head of Global HR	 ALLEN HEERY COO & CAO	 STEVEN FRIEDMAN General Counsel
 MARIJA KRAMER Head of ISS-Corporate	 ROBERT HASSLER Head of Corporate Responsibility	 SUBODH MISHRA Head of Communications

The CORE Council receives regular updates every month on the company's sustainability performance, strategy, and reporting from the CR team. The CORE Council is comprised of a third of female members and two-thirds of male members.





Administrative Leadership team. The CR team collaborates with internal stakeholders in different departments according to the needs of the specific projects and is supported by the CR Ambassadors.

The CR team has the responsibility to drive the company's efforts to minimize the company's impacts on society and the environment based on a strategy that has been developed together with the CORE Council. The CR team reports directly to the COO & CAO who is also member of the

The CR Ambassadors are a group of various employees representing ISS STOXX from different business units and regions who voluntarily contribute to the sustainability efforts of the company. The CR team and the CR Ambassadors have a monthly exchange.

Main Pillars of Work

ISS STOXX, through its group companies, is a leading provider of comprehensive and data-centric research and technology solutions that help capital market participants identify investment opportunities, detect qualitative and quantitative portfolio company risks, and meet evolving regulatory requirements. With roots dating back to 1985, we today deliver world-class benchmark and custom indices across asset classes and geographies and serve as a premier source of independent corporate governance, sustainability, cyber risk, and fund intelligence research, data, and related offerings. Our products and services give clients the scale and leverage they need to grow their business more effectively and efficiently.

-  **>6,400 CLIENTS**
-  **33 OFFICES**
-  **15 COUNTRIES**
-  **1 GLOBAL COMPANY**



Till Jung
Global Head of ISS ESG

At ISS STOXX, sustainability truly is CORE, not only across our responsible investment products and services, but also in how we operate our business. I am proud about the progress we have made towards our goal of becoming carbon neutral and it is wonderful to see the strong support and commitment to our sustainability strategy from our colleagues around the globe.

Five Strong Business Lines That Are Diverse, Yet Connected

Creating a Sustainable Future for Employees and Clients



Growing Importance of ESG

Financial industry demand for high-quality, reliable, and relevant ESG and climate data and solutions continues to grow. Many investors seek transparency and the ability to evaluate portfolio company risks and opportunities related to climate, nature, and social impact. The demand is driven in part by both mandatory and voluntary disclosure initiatives and global investment stewardship codes.

Longstanding Leadership & Expertise

For more than three decades, ISS STOXX has been a market leader in providing independent governance research and, over time, has developed integrated responsible investment solutions that enable financial market participants to integrate ESG factors into their investment decisions and stewardship initiatives. ISS STOXX partners with its clients to understand their unique investment and business objectives to deliver the relevant research, actionable insights, and data solutions they need to facilitate their investment processes.



Continuous Innovation in a Changing World

ISS STOXX is continuously developing new products that support investors in addressing many of the long-term challenges that impact capital markets and the global economy, such as changing demographics, climate change, biodiversity loss, and geopolitical developments. Areas of focus in 2023 for product development and enhancements included:



Expanding the ESG ratings universe coverage to provide clients with comprehensive coverage of key indices.



Introducing additional regulatory solutions, e.g., Swiss Climate Score and the EBA Pillar solution, and adjusting our EU Taxonomy and SFDR solutions to meet the evolving regulatory landscape.



Launch of ESG Raw Data, a comprehensive set of environmental, social, and governance datapoints with no additional assessment or scoring overlay, enabling investors to extract and act on the insights most relevant to them.



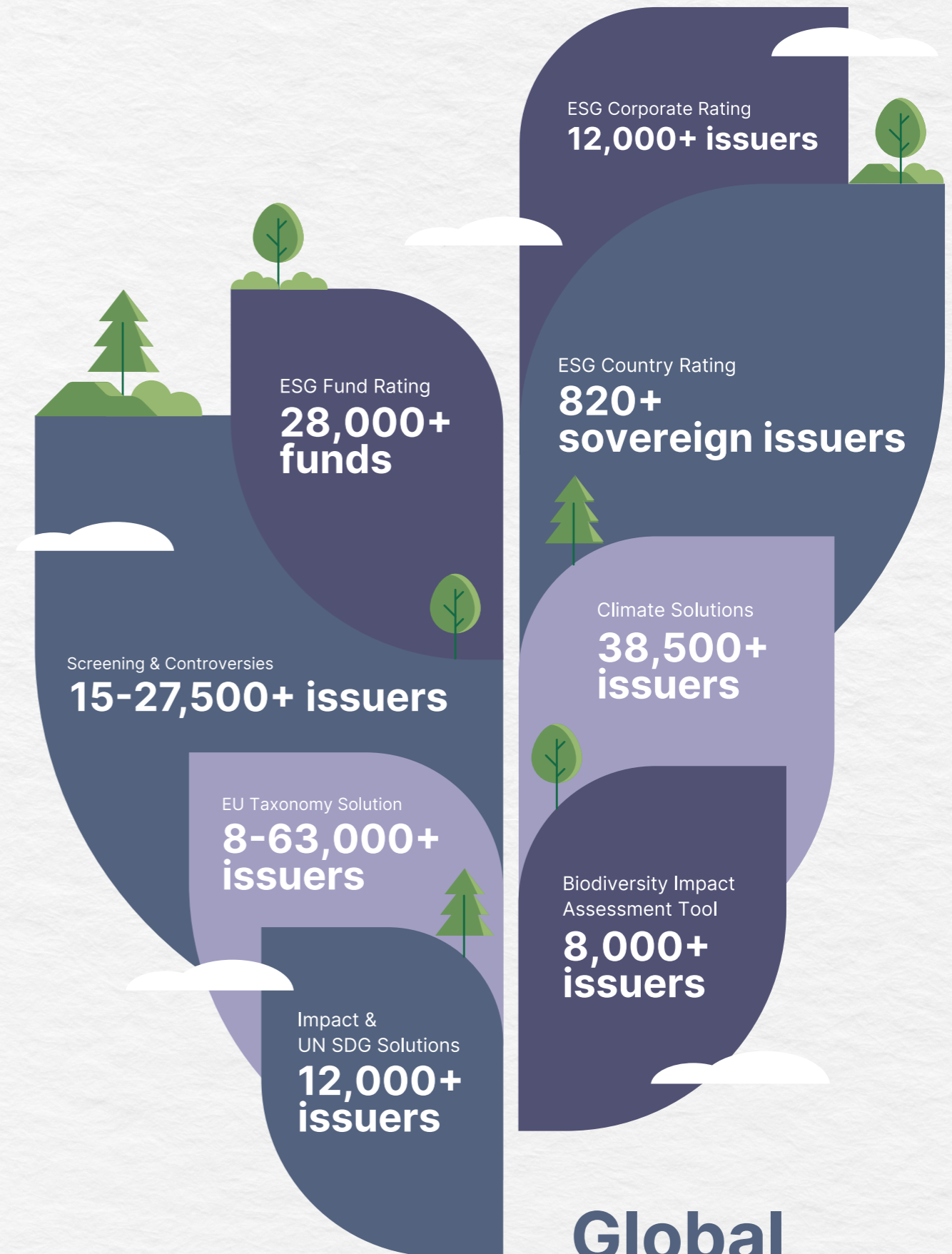
Enhancing the Biodiversity Impact Assessment Tool, enabling essential analysis at the portfolio level.



Enhancing the user experience of our proprietary DataDesk platform, which now contains >13,000 factors and >112,000 issuers.



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



Global Coverage

Figures as of December 2023

Solutions for Capital Market Participants

ISS STOXX offers a comprehensive suite of solutions providing depth and breadth across data, analytics and insights.



Takeyuki Ishida

Head of Japan and Asia Research

I am proud of how ISS Japan employees have incorporated CR. In still man dominated Japan's corporate society, female employees represent a majority in Tokyo office. Multiple languages are routinely used, exemplifying our diversity. The Covid-19 pandemic accelerated digitalization of our day-to-day operations, which resulted in a significant reduction of paper waste and other office supplies. This is particularly meaningful in the Japanese context, where paper documents had been heavily used in business practices. Most importantly, I am proud of our services to clients, which would help them achieve their objectives for sustainable future.

ESG Solutions

Advisory Services support investors with developing their own tailored responsible investment policies and strategies, which are designed to fortify due diligence on new and existing portfolio companies and align with asset owners' investment objectives.

Climate & Nature Solutions provide decisive data & actionable intelligence on climate change, nature-related risk and its impact on investments.

Collaborative Engagement Services enable investors to promote change through active ownership by cost-effectively communicating their ESG expectations to corporate management in compliance with voluntary and statutory stewardship requirements.

Engagement & Bespoke Solutions provide support and information for shareholder engagement and focused dialogue; customized solutions including indices and voting solutions.

ESG Index Solutions consist of turnkey and custom ESG index solutions that allow investors to identify, benchmark, and track portfolio companies with superior ESG performance, empowering them to successfully realize their own indexing strategies.

Governance Data solutions provide access to critical, but non-traditional sources of data on companies to give investors a more complete picture of governance risks and opportunities that can support fundamental and quantitative investment decisions.

Impact & UN SDG solutions allow investors to measure concrete sustainability impacts across three pillars: a company's product and service portfolio, operations management, and controversies.

Ratings & Rankings include comprehensive research and data sets to identify ESG risks, identify best-in-class investments, and capitalize on investment opportunities.

Raw Data provides a comprehensive set of environmental, social, and governance datapoints without additional assessment or scoring overlay.

Regulatory Solutions help navigate the complexities of global ESG regulations to meet increasing transparency and disclosure requirements.

Screening & Controversies offer tools to integrate a sustainable investing policy and ESG into investment strategy using global research, analysis, screens, and scores.

Stewardship Solutions

Benchmark Voting Research provides investors with industry-leading research reports that include analysis, vote recommendations, and rationales for each item on a company's shareholder meeting agenda, along with data profiles, issuer-specific background information, and voting information.

Custom Research enables investors to develop and apply flexible voting guidelines that reflect their unique corporate governance philosophies.

Engagement Letter Writing helps investors create a scalable and streamlined process to communicate views, ideas, and opinions on specific ballot items to executives and directors of portfolio companies.

ISS Communicator facilitates content exchange within the investment, voting, and engagement lifecycle. This tool enables multiple stakeholders to collaborate on vote recommendations and rationales as they look to drive change within their portfolio companies.

Proxy Voting enables investors to execute their votes through ISS' ProxyExchange, a premier platform for accurate and efficient voting and reporting.

Special Situations Research provides investors with independent research on high profile M&A, proxy contests, and other strategic corporate actions.

Specialty Research offers investors multiple policy choices and vote recommendations that reflect a range of investor viewpoints. Specialty policies include Faith-Based, Climate, Public Fund, Socially Responsible Investment, Sustainability, Global Board-Aligned, and Taft-Hartley.

Vote Disclosure Services support investors in tracking their active ownership practices and illustrating their stewardship story through a hosted website that displays their voting record, while meeting regulatory mandates and best practices for transparency in global markets.

Index Solutions

STOXX is a global provider of rules-based, innovative benchmarks and customized indices including the EURO STOXX 50 and DAX indices. STOXX serves more than 450 clients worldwide, among them asset managers, wealth managers, banks, exchanges, hedge funds, and asset owners.

ESG, Sustainability, and Climate Index Solutions



STOXX and DAX solutions are designed to be applied as practical and transparent investment tools. STOXX indices underlie some of the world's largest sustainability ETFs and funds. In 2019, Europe's first sustainability-focused derivatives were listed with futures on the STOXX Europe 600 ESG-X.



The trend toward sustainability is fundamentally changing the indexing business. STOXX launched its first sustainability index back in 2001 and now has 1,500-ESG & sustainability indices under the STOXX and DAX brands that cater to diverse investment objectives.



The expertise drawn into STOXX sustainability index solutions is multi-faceted. Through a curated and open ESG data architecture, STOXX partners with leading industry providers to employ the best datasets available for each case.



Sustainability indices and analytics are crucial tools for those investors seeking to transition from standard to 'green' portfolios. This trend is expected to continue as regulators, investors and pensions trustees raise the bar on issues from biodiversity to human rights, and datasets become ever-more sophisticated.

STOXX Sustainability Offerings

ESG Indices

STOXX and DAX ESG indices help investors incorporate ESG criteria into their portfolios by applying exclusion strategies as well as enhancement strategies.

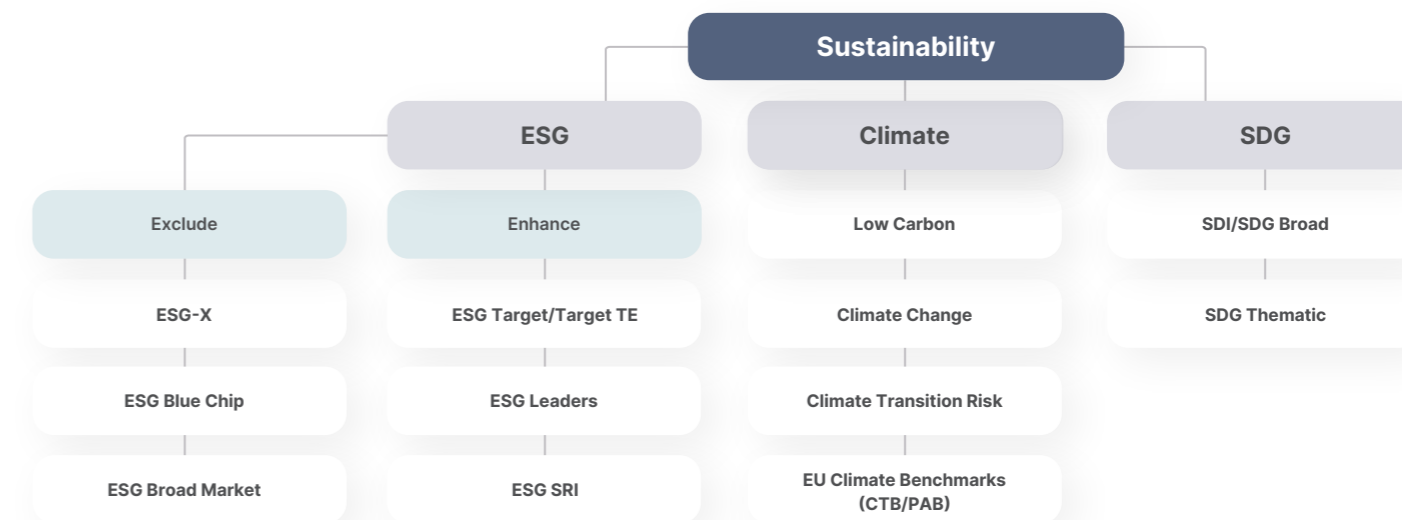
Climate Indices

Climate indices are designed to support investment by those investors seeking to align investments with the Paris Climate Agreement, EU Climate Benchmarks as well as other carbon reduction goals.

Biodiversity, SDG and Sustainable Thematic Indices

Biodiversity indices provide a comprehensive framework to help investors address biodiversity challenges. Stock selection is based on biodiversity exclusionary screens, Sustainable Development Goals (SDGs) and carbon emissions targets. Other indices in this category employ revenue-based and alternative methodologies to capture sustainability themes such as: clean water, circular economy, transition metals, electric vehicles, etc.

STOXX Sustainability Indices Overview: ESG, Climate and Thematic



STOXX Sustainability Indexing Principles and Benefits



Best-in-class data quality

Our strategic open-architecture framework leverages leading third-party data and transforms qualitative objectives into quantifiable results.



Ongoing alignment with changing investor preferences

ESG ratings are driven by product focus, and corporate governance and actions, which can change over time; we've built in a rapid re-alignment methodology.



Transparency and simplicity

We provide a clear and easy-to-explain, rules-based framework to incorporate ESG considerations into investment processes.



State-of-the-art index constructions

The combination of superior index construction expertise with leading risk model and optimization tools allows for the creation of powerful and creative indices.



Liquidity and tradability

Liquidity considerations always play a crucial role in the development and composition of indices.

STOXX SFDR Article 2 Sustainable Investments Methodology

To help investors in the construction of portfolios, STOXX has published a methodology guide for reporting the sustainable investment percentage of STOXX and DAX indices. The methodology follows the SFDR definitions and is based on fundamental choices to identify pragmatic answers, build solutions and maximize robustness in an evolving context.

Solutions for Companies

ISS-Corporate, a wholly owned within the ISS STOXX group of companies, provides market-leading expertise that empowers companies to meet the growing demands of incorporating governance and sustainability principles across their enterprise.

Partnership

ISS STOXX partners with a wide range of data solutions and index providers within the financial industry to meet evolving client requirements for accessing ESG data on platforms where traditional financial data is sourced, as well as developing and licensing indices with ESG overlays.

Partnering with Responsible Investment Stakeholders

As a global provider of responsible investment services, ISS STOXX is committed to monitoring emerging market trends. Staff across the globe participate in several best practice industry networks to keep abreast of, and actively engage in, market developments. ISS STOXX maintains an active and structured dialogue with responsible investment stakeholders, including governmental bodies, inter-governmental agencies, industry associations, academic institutions, and NGOs. ISS STOXX has participated in

the ongoing development of methodologies within the responsible investment space and engages regulatory and other bodies on key ESG disclosure initiatives. In support of our clients' needs, many of ISS STOXX's ESG product methodologies measure adherence to those initiatives, such as the **Global Reporting Initiative ("GRI")**, the **Sustainability Accounting Standards Board ("SASB") standards**, and the **Task Force on Climate-related Financial Disclosures ("TCFD")**.

[List of ISS STOXX' current industry partnerships →](#)

Awards and Recognitions



Best Governance Data Provider for ESG in 2023

ISS ESG was recognized as the Best Governance Data Provider for ESG for 2023 by the ESG Insights Awards 2023.



#1 Investor Survey Quality Rankings
#2 Investor Survey Usefulness Rankings

Top Ranked for Ratings Quality
ISS ESG has been top ranked for ratings quality based on a survey of institutional investors as part of **The SustainAbility Institute by ERM Rate the Raters 2023 Report**.



Best ESG Index Provider for 2023

ISS ESG was named Best ESG Index Provider for 2023 by the ESG Investing Awards 2023.

Source: [The SustainAbility Institute by ERM Rate the Raters 2023 Report](#)



Axel Lomholt

Head of Index Business, ISS STOXX



We believe that the adoption of sustainability as a third dimension of investing, alongside risk and return, will continue to become mainstream. Our vision for the ISS STOXX index offering is to provide investors with the tools to manage this transition, while recognising that this journey will differ by geography and by investor.

04

Materiality Assessment

Our Approach

Our approach to sustainability continues to be guided by the concept of **double materiality** with a key focus on topics that matter most to our organization, stakeholders, and society at large. In calendar year 2023, we took a systematic approach to our **materiality assessment**, to cover **both an internal and external perspective** and a clear mapping of topics on two matrices. ISS STOXX focuses on sustainability topics that are assessed as being material through stakeholders' perceived impact on business success, the environment, and society.

To obtain the necessary inputs for this materiality assessment, we gathered an:

- » External perspective through a market analysis which identified relevant sustainability topics being reported by several of our peers.
- » Internal perspective through an employee survey where randomly selected employees at ISS STOXX as well as the leadership team of ISS STOXX were asked to assess sustainability topics in terms of double materiality.

In line with our double materiality approach and covering the internal perspective, topics were mapped on a matrix with two dimensions which include impact on business and impact on environment and society.

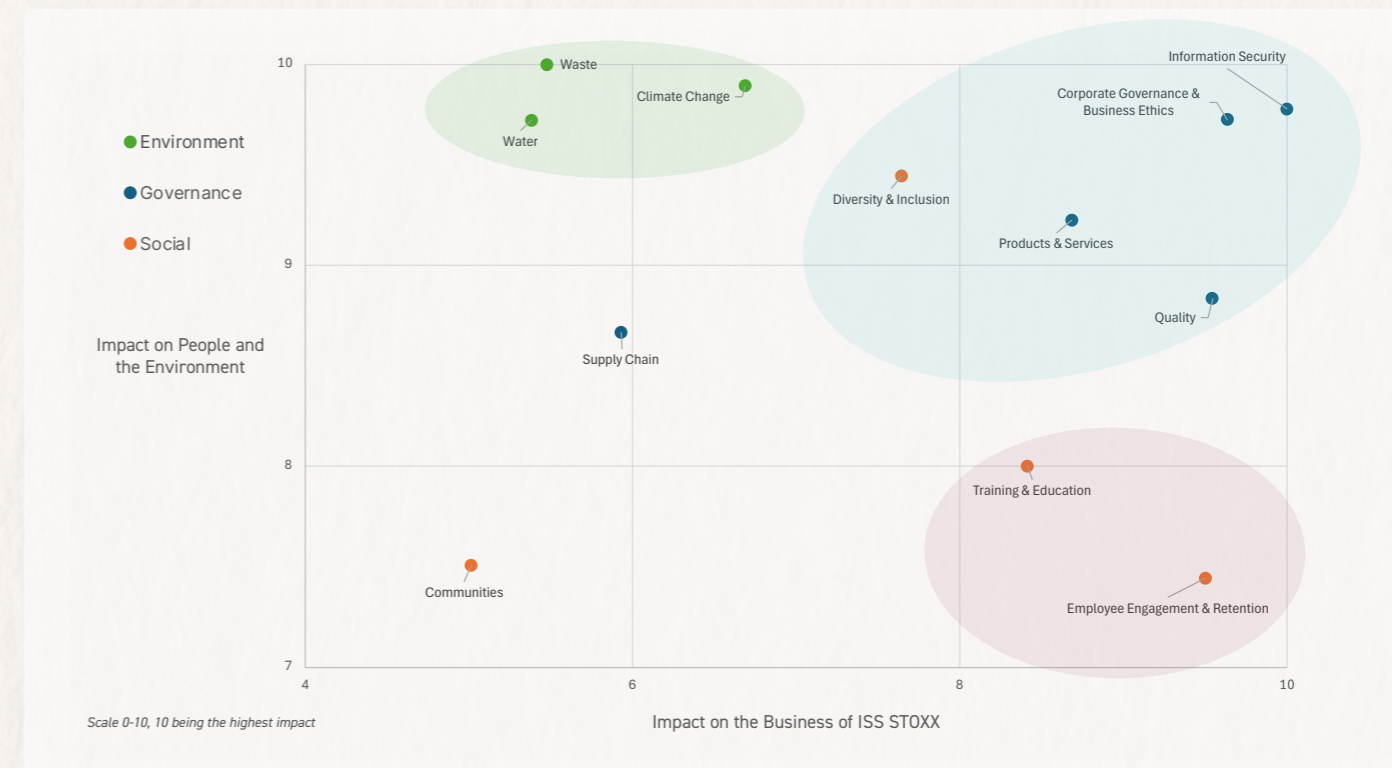


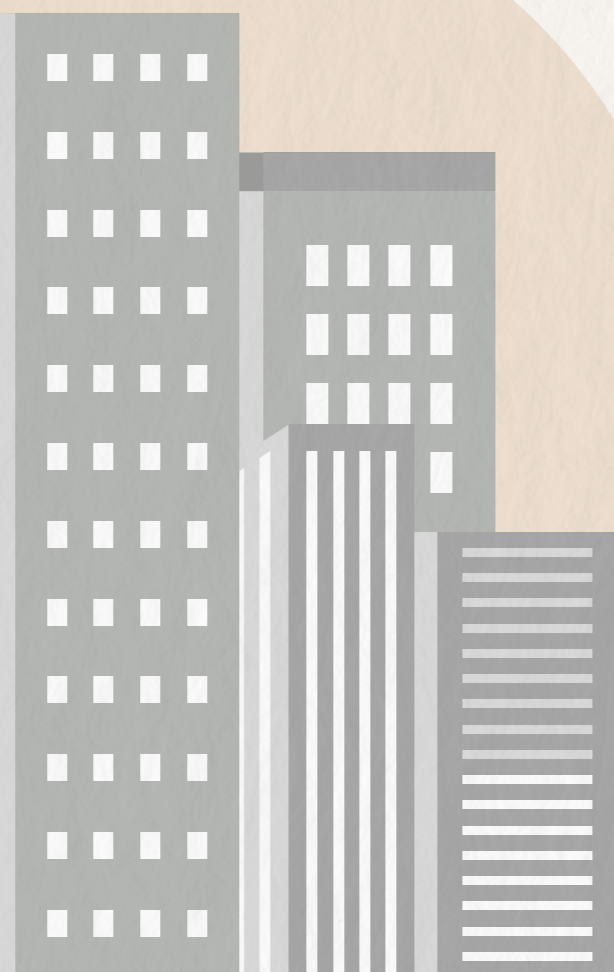
Figure 4: Double Materiality Matrix - Internal Perspective

Source: ISS STOXX

Results of the internal survey show sustainability topics generally ranking higher with regard to their impact on environment and society (from 7.44 to 10) compared with their impact on the business success of ISS STOXX (5.01 to 10). Three clusters of topics were identified:

Building on the internal assessment and when adding the external perspective (analysis of sustainability reporting of peers), the results shift slightly; however, consistencies are still being observed.

- » **Key material topics** according to internal stakeholders (upper right quadrant) that score high across both axes: Information Security, Corporate Governance & Business Ethics, Diversity & Inclusion, Products & Services, and Quality.
- » **Financially material topics** (lower right quadrant) score high only in terms of impact on the business: Employee Engagement & Retention, Training & Education
- » **Impactful material topics** (upper left quadrant) score high for their impact on people and the environment: Waste, Climate Change, and Water.



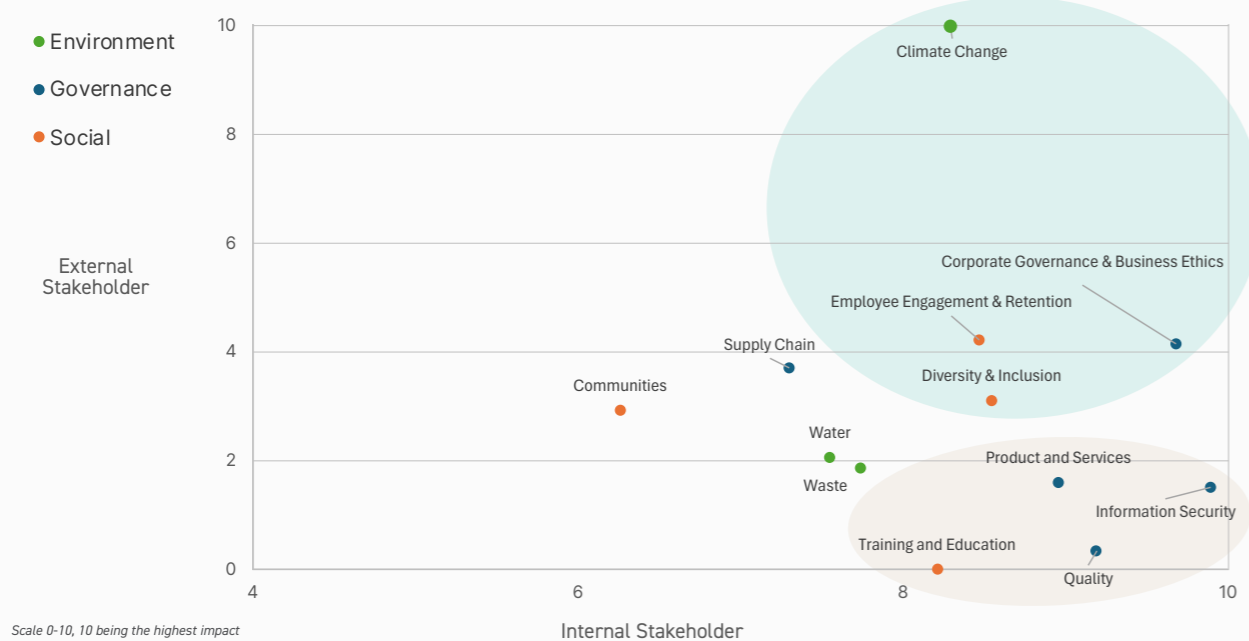


Figure 5: Double Materiality Matrix - External/Internal¹ Stakeholder Perspective
Source: ISS STOXX

Results of the peer group analysis identified two primary clusters of topics:

- » **Priority material topics** (upper right quadrant) which are key for both internal and external stakeholders: Climate Change, Employee Engagement & Retention, Corporate Governance & Business Ethics, and Diversity & Inclusion.
 - Climate change is by far the sustainability topic that most of our peers are disclosing.
- » **Internal priority material topics** (lower right quadrant) which are key for internal stakeholders: Information Security, Quality, Products & Services, and Training & Education.

¹Internal: arithmetic average of both dimensions of the double materiality assessment

Our Materiality Assessment Process



TOPIC IDENTIFICATION

- » Potential material topics are identified upon consultation of international standards and sustainability frameworks (GRI, SASB, UNGC or TCFD) as well as the ISS Corporate Rating.



STAKEHOLDER IDENTIFICATION AND ENGAGEMENT

- » Internal and external stakeholders have been identified.
- » A research report is conducted to gather external stakeholders' key material topics. Randomly selected internal stakeholders are engaged for their participation in an internal survey.



TOPIC PRIORITIZATION

- » Results from both internal survey and external research report are consolidated to obtain relevant material topics from a double materiality perspective.



REPORTING

- » Results of the materiality assessment are disclosed transparently.

05

Sustainability Performance

In the following chapters, material topics are covered, including current strategies, objectives, action plans, and monitoring activities.

We are proud of the progress achieved so far, but we are equally aware that our journey has just started.

People

Communities

Corporate Governance & Business Ethics

Information Security

Quality

Supply chain

Climate

Editor's note: Unless otherwise noted, the figures reported in this chapter cover the legacy ISS businesses and do not include the STOXX unit, which was combined with ISS in November 2023.



People

Diversity & Inclusion

At ISS STOXX, fostering, cultivating, and preserving a culture of diversity and inclusion is not just a goal – it is an essential part of our core values.

Our commitment goes beyond mere compliance, aiming to create an environment that respects, values, and celebrates the unique perspectives and experiences of every individual within our organization.

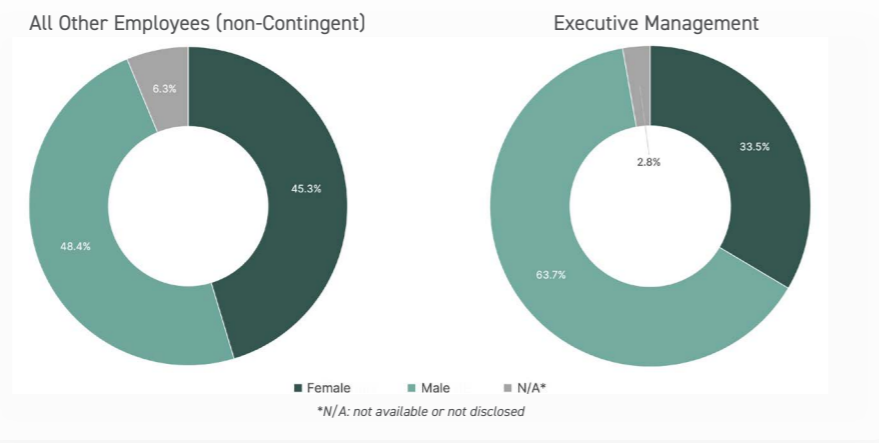
Our [Diversity and Equal Opportunities Policy](#) outlines our commitment to fostering a workplace that is free from discrimination, harassment, bias, and violence. This policy

reflects our dedication to upholding the principles of equality, fairness, and respect for all over the entirety of the employment relationship. Our commitment to diversity is reflected in our recruitment, retention, and promotion practices, which ensure that talent is recognized and advanced based on merit and potential.

We understand the importance of transparently disclosing the composition of our workforce. In pursuit of this, we routinely collect and analyze data on employees demographics.

In 2023, 34 percent of ISS' executive management team was female while 45 percent of all other employees (excluding contingent workers) were female.

Figures 6 (left) and 7 (right): Company-wide Gender Distribution - All Other Employees (non-Contingent), 2023, and Company-wide Gender Distribution - Executive Management, 2023
Source: ISS STOXX



Over the four-year period ending December, 31, 2023, the share of women within the executive management team increased three points to 34 percent.
Figure 8: Gender Distribution - Executive Management, 2020 - 2023
Source: ISS STOXX

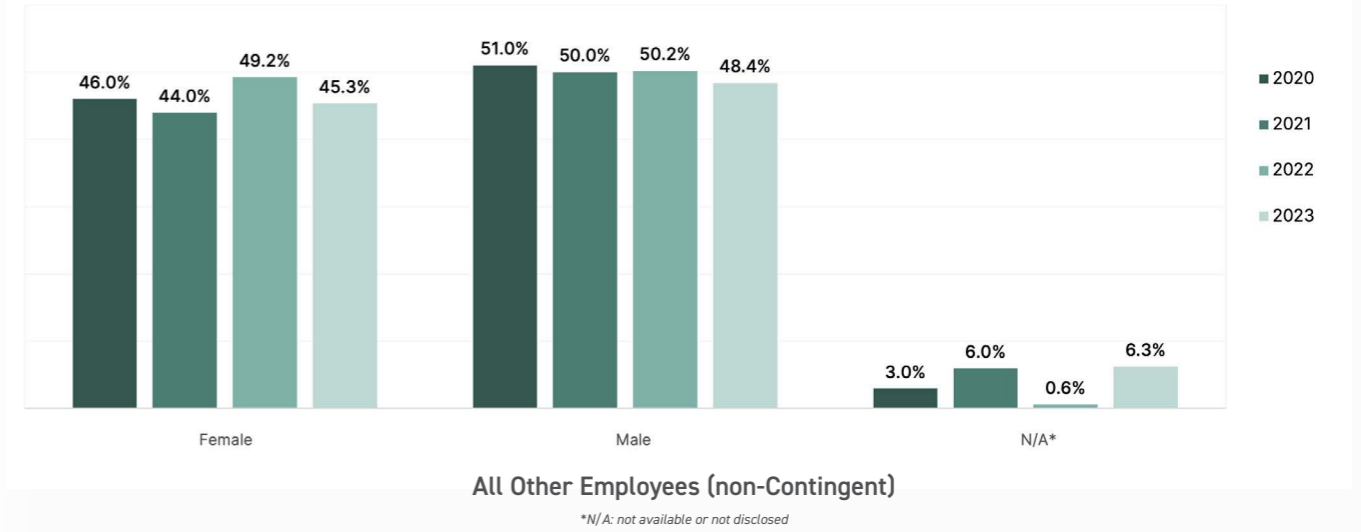


Figure 9: Gender Distribution - All Other Employees (non-Contingent), 2020 - 2023
Source: ISS STOXX

Our employees are spread across 33 global locations in 15 countries with total global headcount standing at nearly 3,300 at the end of 2023.

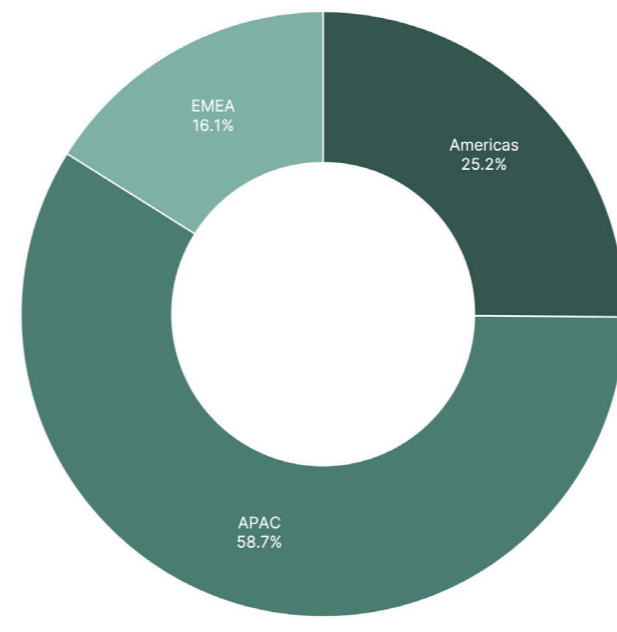


Figure 10: Company-wide Employee Distribution, 2023
Source: ISS STOXX

	2022	2023
Americas	26.1%	25.2%
APAC	56.8%	58.7%
EMEA	17.1%	16.1%

Table 1: Breakdown of Employees by Region, 2022 - 2023
Source: ISS STOXX

Our workforce is diverse with regard to age, as illustrated below.

	2022	2023
Under 30	48.8%	48.3%
30-50	42.7%	43.2%
Above 50	8.5%	8.5%

Table 2: Company-wide Age Distribution, 2023
Source: ISS STOXX

The regional distribution shows that the majority of employees under the age of 30 are located in APAC, whereas the majority of those older than 50 are in the Americas.

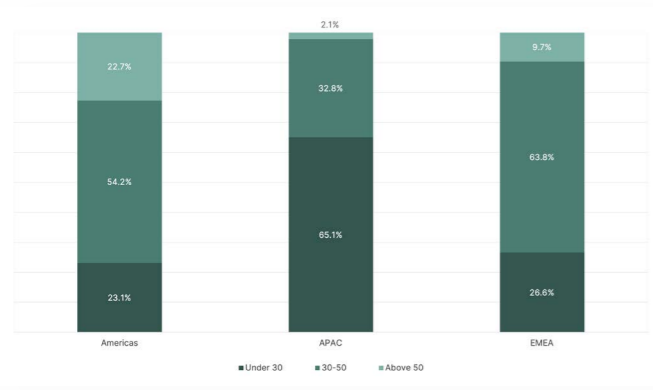


Figure 11: Company-wide Age Breakdown per Region, 2023
Source: ISS STOXX

The graph below breaks down US employees by ethnicity. ISS has started to collect, on a voluntary basis, employee ethnicity data for other geographies where doing so is not prohibited by law.

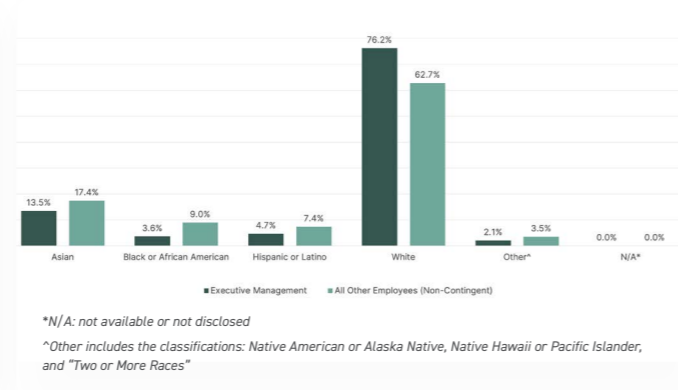
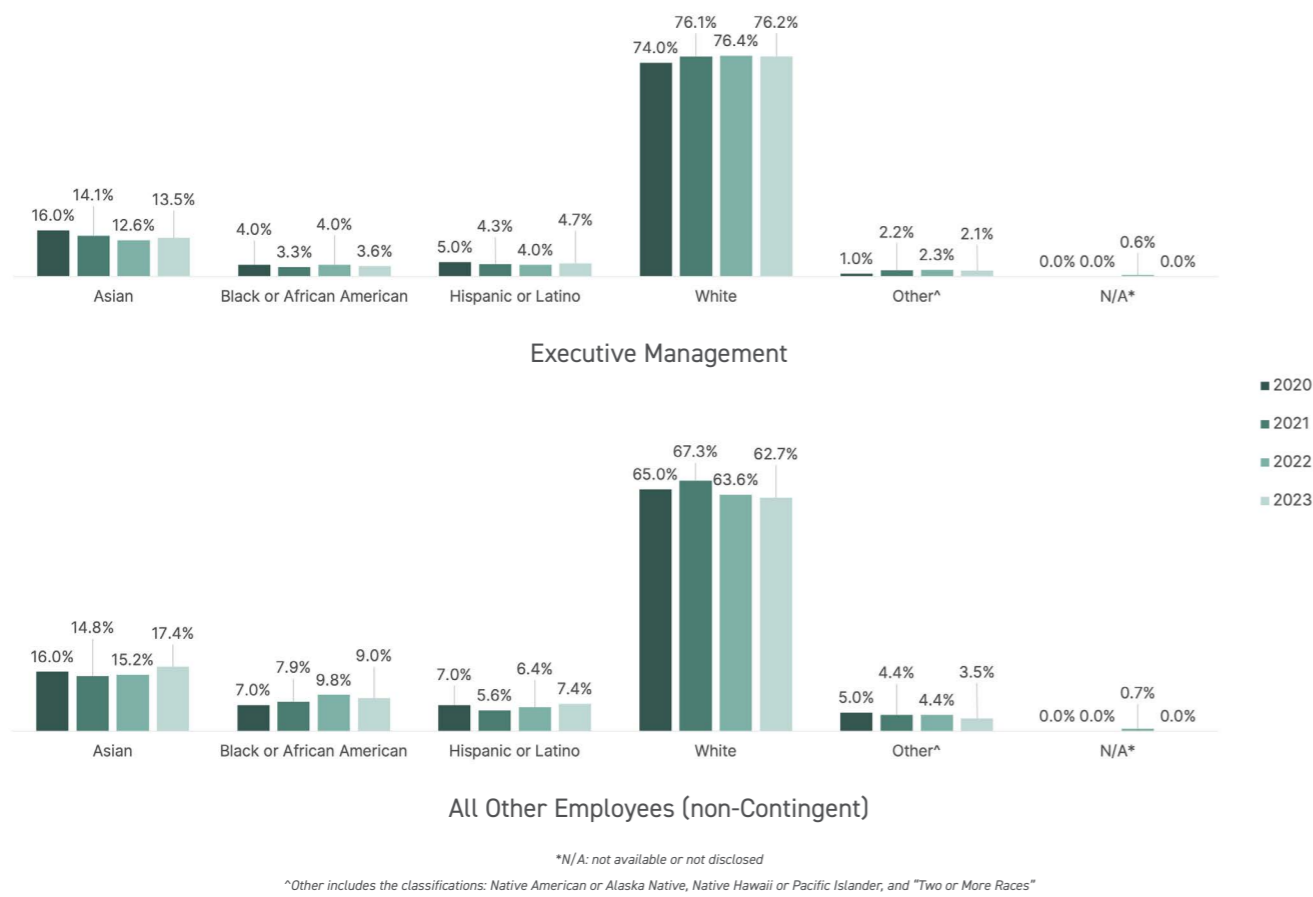


Figure 12: US Employees Ethnicity Distribution, 2023
Source: ISS STOXX



Figures 13 (above) and 14 (below): US Employees Ethnicity Distribution - Executive Management, 2020 - 2023 and US Employees Ethnicity Distribution - All Other Employees (non-Contingent), 2020 - 2023.
Source: ISS STOXX

ISS STOXX maintains a team of **DEI (Diversity, Equity, & Inclusion) Ambassadors**, a voluntary group of global employees representing the varied markets and regions within which we operate, who meet monthly to build and strengthen our DEI efforts. DEI Ambassadors report their results, findings, and ideas to the Global Head of HR. As a team, their tasks include, but are not limited to, the following:

- » Monthly meetings to discuss and advance DEI initiatives.
- » Contributing to the development of inclusive policies.
- » Impactful global communications that educate and spark discussions.

In addition to our DEI Ambassadors, we have a dedicated volunteer Head of Office in each physical office location that works with Corporate Services, IT, and Human Resources to ensure local offices positively embody all aspects of ISS STOXX' culture and values. They work on:

- » Local initiatives to support diversity and inclusion.
- » Organizing events for various cultural celebrations and office socializing opportunities (e.g., Pride, Asian Pacific Heritage Month, Hispanic Heritage Month, etc.).

The success of the DEI Ambassador team is measured not only by achieving specific goals but to reach the overarching goal of fostering a workplace culture that values diversity and inclusion. Specific goals include:

- » Regular assessment of DEI initiatives and policies.
- » Feedback from employees and stakeholders.
- » Attendance and engagement in cultural events.
- » Measuring the impact on workplace culture through surveys or other feedback mechanisms.

In 2023, we continued building upon previously implemented DEI initiatives applicable to our offices (ergonomic workstation adjustments; private dedicated quiet rooms to use for prayer, mediation, or other forms of stress relief and refocusing; and private rooms for our nursing mothers), and introduced closed-captioning technology available for those challenged to follow audio-only formats in all our Global Town Halls.

We expanded ISS STOXX' #BrilliantTogether campaign through targeted communication cover cultural events, such as: Black History Month, Women's Month, and Hispanic Heritage Month.

#BrilliantTogether

Jhanavee Sheth
Sector head EMU, ISS ESG

“The culture at ISS is centered around innovation and collaboration, with a strong emphasis on diversity. Female representation is substantial at all levels. This is what I am most proud of at ISS.”

To further motivate and foster a sense of community and inclusion, these are some of the activities our dedicated DEI Ambassadors team undertook in 2023.

Recruitment

In 2023, the team focused on [updating ISS STOXX' career page](#) to capitalize on hiring highly talented staff and empowering them with the resources and support to enhance their career, health, financial, and personal well-being.

Key developments included:

- » Being mindful of our hiring language to limit the use of gendered terms and check for statements that may reflect bias or favor specific demographics in our recruitment materials.
- » Requiring a diverse hiring panel with minorities, women, and other underrepresented groups as part of the team.
- » Actively reaching out to underrepresented communities and establishing relationships with diversity organizations as hiring partners.
- » Setting hiring goals within specific groups and a commitment to bring diversity to all levels of our organization, including our board.

Quarterly Wrap-Ups

For the first time, the team in 2023 dispatched firmwide [Quarterly Wrap-Ups](#) describing how our employees across the globe came together to embody all aspects of ISS STOXX' culture and values.

Speakers

In recognition of the importance to many employees of periods of cultural celebration, the team engaged with other stakeholders to provide learning opportunities. For example and in June to mark Pride Month in the U.S., [two firmwide and virtual lunch-and-learn sessions](#) covered The Rise Journey: "Why Pride is Year Round," a seminar centered on the rich LGBTQIA+ history, hurdles, and triumphs. The sessions provided a brief history of Pride Month in the U.S., how the event has evolved throughout the years, as well as "Allyship Is A Verb: Lessons From The LGBTQ+ Community."

Training

We invest in training that addresses unconscious bias, promotes cultural competency, and equips our employees with the skills to thrive in an inclusive workplace. At ISS, all employees are required to complete [annual training on harassment prevention and unconscious bias](#). By fostering a learning environment, we aim to continuously strengthen our commitment to diversity and inclusion. In 2022 and 2023, [100 percent of the workforce completed the Diversity & Inclusion and the anti-harassment training](#). Both trainings are undertaken via an independent third-party platform (KnowBe4).

ISS STOXX adheres to a [0-tolerance policy regarding harassment and/or discrimination](#). All employees are required to report breaches of the policy through regular reporting channels (discussion with the manager and/or HR). All submissions are considered and given prompt attention, and remediation plans, if necessary, are implemented.

Employee Engagement & Retention

[At ISS STOXX, exceptional people are the driving force behind our success](#). We firmly believe that by prioritizing the well-being and growth of our employees, we create a positive ripple effect that benefits everyone. We are deeply committed to investing in our people and dedicating ourselves daily to building a workplace that is diverse, equitable, and inclusive.

Employees are put at the center of everything we do, and we are dedicated to fostering their engagement and retention, prioritizing both professional development and individual well-being. This section provides an overview of the company's initiatives in these areas.

In the fall of 2023, the [second annual ISS People Survey](#) was undertaken to facilitate employees candidly sharing their feedback, ideas, and thoughts with the ISS Leadership Team. The input received is used to help assess what aspects of the ISS employee experience are effective and where there may be room for improvement.

Survey in both 2023 and 2022 followed the same structure and question format allowing for ease of and measuring of progress.

People Survey

In 2023, [69 percent of the workforce responded](#) to the survey, which was structured under two main pillars: (i) Team Effectiveness & Collaboration; and (ii) Strategic Alignment & Organizational Framework. The questions in the survey are sorted throughout these two blocks. In the 2023 survey, Team Effectiveness & Collaboration scored a favorable rating of 82 percent, while Strategic Alignment & Organizational Framework scored 64% favorable.

The [top scoring items](#) of the 2023 People Survey mirror those in 2022 and [reflect ISS' culture of embracing differences and being #BrilliantTogether](#) as:

93%	My direct manager works well with different people regardless of ethnicity, gender or personal background.
93%	I am being treated with respect as an individual.

The second scoring item of the 2023 People Survey showed 92 percent of respondents voted as favorable that "There is good cooperation and teamwork within my team."

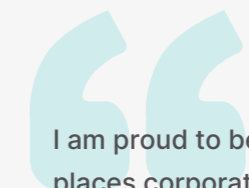
Response Rate	69%
Team Effectiveness & Collaboration (% favorable)	82%
Strategic Alignment & Organizational Framework (% favorable)	64%

Table 3: Key Indicators People Survey, 2023
Source: ISS STOXX

Following the 2022 results, various ISS People Survey working groups have been established: the Leadership Team appointed representatives across the globe to run point on communication team results and identifying any areas of improvement within the teams. This collaborative group has been led by a member of the HR team and continued working through 2023. The results of these working groups have been shared in a Global Townhall.

LOOKING FORWARD

Through our policies and activities, we aim to foster a workplace that values the unique contributions of every individual. It is therefore critical that we regularly monitor our diversity and inclusion initiatives to ensure that we remain responsive to the evolving needs of our workforce. We will continue to assess the success of our DEI initiatives through employee satisfaction surveys, monitoring diversity metrics, and leveraging feedback mechanisms for employees.



I am proud to be part of a firm that places corporate responsibility front and center of its operations. From our steadfast commitment to employee diversity, engagement and well-being along with the high standards we set for our sustainability management activities, ISS always leads from the front.



Dennis Lizano
Head of ESG Research Manila, ISS ESG

Health & Safety

At ISS STOXX, we are dedicated to **maintaining a safe and healthy working environment for all**. This section provides an overview of our Health & Safety practices, outlining our approach and measures to prevent and mitigate occupational health and safety impacts.

0 workplace accidents from 2020 through 2023

Our Health and Safety Program is Built on Several Key Elements

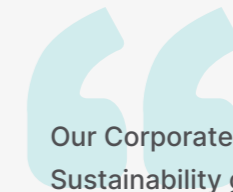
- Mandatory training for all employees, covering basic occupational health and safety and fire safety. Where needed and tailored to regional differences, earthquake safety training is provided.
- Encouragement of employee involvement through health and safety committees where applicable, including roles such as first-aiders and fire wardens, with additional training provided.
- Regular reviews of risk assessments and a structured process for investigating work-related incidents.
- Provision of additional training on ergonomics where applicable.

We have implemented **diverse work-life balance initiatives**, recognizing the importance of adapting to personal contexts and life-changing stages of our workforce, to provide flexible work arrangements, generous parental and special-care leave, and a hybrid policy allowing for two remote working days per week.

ISS STOXX offers a **competitive compensation and benefits program** designed with our employees' health, well-being, and financial security in mind.

While program elements may vary by region, benefits may include:

- » Medical / Dental / Vision
- » Short and long-term disability benefits
- » Paid time off (vacation, holiday, bereavement, family leave)
- » Life insurance
- » Retirement benefits
- » Employee Assistance Program (EAP)



Our Corporate Responsibility and Sustainability goals are the core of our ISS STOXX culture. I'm most proud of the global perspective our company holds and the intentional focus to retain talented people from all over the world to collaborate and contribute new ideas. Over many years I've been privileged to be part of the exciting periods of rapid growth through organic and inorganic expansion and, equally important, the stability and balance through more volatile times. This is all due to the dedication and collaborative attitude of our people, ultimately creating the right framework for growth opportunities across our continually evolving company.



Jennifer Pen

Head of Business Operations

It is also important to **provide employees with opportunities for career growth** and to that end we have an extensive training program, to learn more please see [Training & Education](#).

Staff Retention

Recruiting the right talent is as important as retaining the right talent and is a crucial step for long-term success.

	2020	2021	2022	2023
Voluntary Turnover	9.3%	21.3%	22.6%	14.1%
Involuntary Turnover	1.8%	0.6%	1.1%	0.9%

Both voluntary and involuntary turnover have decreased from 2022 to 2023. Most substantially, the voluntary turnover was **reduced by 37 percent**. The involuntary turnover has been an average of 1.1 percent per year over the past four years.

Table 4: Turnover Rates, 2020-2023
Source: ISS STOXX

LOOKING FORWARD

Looking ahead, we are committed to advancing our employee engagement and retention efforts while we remain focused on ensuring the health & safety of our employees and preventing work-related accidents.

Training & Education

ISS STOXX is committed to **developing the expertise and skills** of its employees necessary to drive meaningful personal and professional change. Employees have **multiple learning channels** at their disposal to provide the tools and knowledge needed to perform successfully.

The main learning hub is a **centralized and digital Learning Management System** dubbed **ISS University (or ISSU)** introduced in 2020. The platform has a wide range of materials and educational courses addressing several aims from deep dives into product specification and general information about the company to trainings and onboarding new colleagues. **Employees are free to browse the course library and consume on-demand.**

The library size in ISSU has more than doubled from 2020 to 2023. And the **number of completed courses** has grown year after year, with an **increase of 187 percent from 2020 to 2023**. Our employees find extensive value with ISS University, with login activity increasing by 156 percent from 2020 through 2023.

In 2023, the average hours of training provided per employee were **4.2 hours**, with a slight decrease of 6.7% regarding the 2022 values (4.5 hours).

The percentage of workforce with a career- or skill-training increased from 39.8 percent in 2022 to 56.4 percent in 2023.

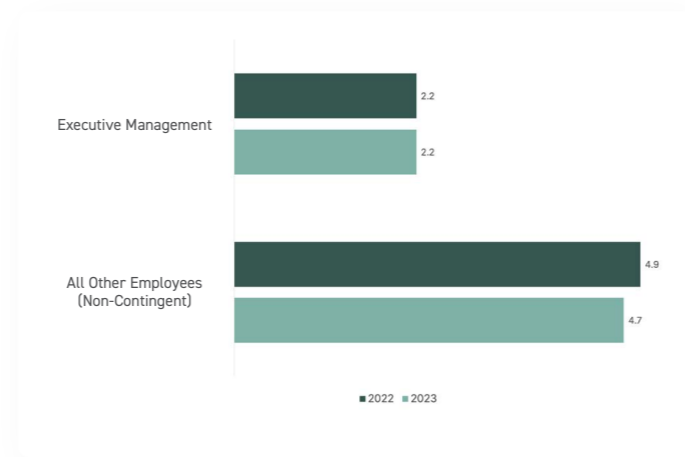


Figure 15: Average Hours of Training per Employee Category, 2022 - 2023
Source: ISS STOXX

Sustainability Spotlight

Starting in 2023, the CR (Corporate Responsibility) team launched an internal **"Sustainability Spotlight"** newsletter, which is sent to all employees **four times a year** and highlighting various sustainability challenges and how the company, as well as individual employees, can contribute to the solution. Sustainability Spotlight is thematically linked to a "World Day" and were sent out in 2023 on the following days:

- » World Water Day
- » World Bee Day
- » Earth Overshoot Day
- » World Food Day

By equipping our employees with a deeper understanding of these issues, we empower them to integrate sustainability considerations into their daily work/life and decision-making processes.

Brown Bag Lunch Series

We foster a culture of collaboration and knowledge sharing to leverage the diverse expertise of our employees. The **Brown Bag Lunch Series program** is a perfect example. Since its launch in 2022, **more than 20 sessions** have been held with an **average of 200 employees attending per session**, on a variety of topics – many of them with a focus on sustainability, such as energy transition, food and agriculture, and biodiversity.

Tailored Programs

ISS STOXX also provides tailored programs to managers, two of them being launched in 2023: the **#Brilliant Manager Program** and the **Manager Connect series**.

The **#Brilliant Manager Program** aims to **foster a unified managerial workforce globally**. Ensuring that employees leading teams consistently adhere to our managerial standards, lead effectively and efficiently, and drive employee satisfaction and business outcomes in alignment with our corporate and annual goals.

The **Manager Connect Series** is part of the new **"#Brilliant Managers Program"** and was created to **equip our managers with the necessary skills** and means to collaborate effectively with Human Resources to address employee matters within their scope. In these sessions and under the overall theme of "Empowering our Managers for Success," general knowledge about HR-related topics is provided as well as tools necessary for their managerial roles.

Lastly, the **Managerial Foundation Program (or MFP)** is a tailored training for new managers. Two MFP sessions are run per year, one in the spring and another in the fall, with a class for employees in North America and EMEA, and another for APAC. The MFP provides 20 training hours per attendee. In 2023, there were a total of **157 graduates**, and the MFP provided on average **21.2 training hours per graduate**.



LOOKING FORWARD

In 2024, we are expanding our Learning & Development offering with new tools to enhance our employees' skillsets, enhancing our content offering in our internal university via standardized onboarding.

Corporate Governance & Business Ethics



Business Ethics

In striving to achieve excellence, a sound corporate culture supported by ethical behavior is of the utmost importance. Everyone at ISS STOXX is a champion of the pillars which undergird our workforce: **Integrity, Collaboration, Empowerment, Flexibility, Diversity & Client Service.**



Integrity

We speak our mind and we debate our point of view for the betterment of the company, but at the end of the day we stand behind decisions made by the team. Our culture is one of respect, transparency and honesty.



Collaboration

Our people are the key to our success. Our approach is rooted in the belief that through working together and supporting each other we can achieve so much more than the individual high performer.



Empowerment

We give our people the support they need to make a difference. We reward those that innovate and share ideas they believe will benefit the company. Our culture is one in which people can be confident when they speak up and when it comes to ideas, all voices are equal.



Flexibility

We are nimble in responding to the changing needs of our business. We seek creative ways to solve both internal and external opportunities and in doing so, provide growth to our employees and improved value for our clients.



Diversity

We believe that each individual within our global team enriches the environment we work in, supports our creative thinking, and helps to drive innovation which is critical to our future growth.



Clients

Above all else, we seek to provide excellence to our clients. Everyone at ISS STOXX has a role to play in building long term client relationships based on the quality of our people, the value of our services and the high standards we set for ourselves.

Ultimately, we are guided by the most basic principle: Doing the right thing!

Doing the right thing means that employees must use good judgment, make appropriate, and ethical decisions and take responsibility for their actions.

Our business practices are guided by our [General Code of Conduct](#) and ensure that we comply with the highest standards of integrity regarding bribery, corruption, conflicts of interest, antitrust, information and data security, and whistleblowing procedures.

Conflicts of Interest

Our overriding goal is to **serve our clients with their full trust and confidence.** We earn and retain this by providing high quality services which are understood by our clients to rest upon high degrees of transparency, objectivity, and independence.

Because of the breadth of our client base, we understand and take seriously the potential for real or perceived conflicts of interest which may result from our many business activities. ISS STOXX has adopted and publicly

discloses its **conflict-of-interest policies**, which detail ISS STOXX's procedures for addressing potential or actual conflicts of interest that may arise in connection with the provision of services. Potential conflicts of interest need to be effectively managed and mitigated by appropriate measures. ISS STOXX's conflict mitigation policies are publicly available on our website.

[Due Diligence Materials](#) →



The [Code of Ethics](#), which applies to company employees who are dedicated to ISS STOXX business units which provide investment advisory services (referred to internally as the "Governance Solutions" and "ISS ESG" business units) as well as employees who work in "general and administrative" departments, devotes **special attention to preventing and disclosing conflicts of interest.**

In this regard, the Code of Ethics addresses the potential conflicts between the company's Global Research teams and other services provided by subsidiaries or affiliates, conflicts within the institutional advisory business, conflicts arising from an analyst's stock ownership, conflicts in connection with an issuer's review of a draft report, and conflicts generally. In each case, the goal of the Code of Ethics is to prevent conflicts wherever possible and, more generally, to manage and disclose potential or actual conflicts.

Employee Training

Employees subject to the Code of Ethics or General Code of Conduct are required to **complete trainings** related to these documents upon hire and on an annual basis thereafter.

Legal Proceedings

From time to time, ISS STOXX may have litigation matters incidental to the conduct of its business. ISS STOXX is **not currently subject to any litigation that it deems to be material.**

Compliance Risk Assessment and Audits

ISS STOXX's **compliance program is monitored on an ongoing basis** by its Compliance department, with specific monthly, quarterly, and annual checks conducted throughout the year. The monitoring is then memorialized through a quarterly report. Overall, testing reveals that the compliance program is functioning well with only minor violations identified.

Business Integrity Hotline

ISS STOXX maintains a Compliance department dedicated to helping ensure the company and its employees follow applicable laws, regulations, and company policies. In addition, ISS STOXX maintains a **Business Integrity Hotline** – available 24 hours per day, 7 days a week – for employees to raise concerns including anonymously. **In 2023, no submissions were filed through this hotline.**

The company prohibits retaliation against an employee for reports or complaints made in good faith regarding the misconduct of others. Open communication of issues and concerns by all employees without fear of retribution is vital to the continued success of the company.

	2021	2022	2023
Workforce Trained in Business Ethics Issues	100%	100%	100%
Awareness Training Performed to Prevent Anti-Competitive Practices	100%	100%	100%
Number of Confirmed Corruption Incidents	0	0	0
Number of Reports Related to Whistleblower Procedure	2	0	0

Table 5: Key Indicators of Corporate Governance & Business Ethics, 2021 - 2023

Source: ISS STOXX

LOOKING FORWARD

ISS STOXX will continue to monitor its compliance program in order to determine the adequacy and effectiveness of its compliance policies and procedures.

Information Security

Executive Summary



The Information Security Office is headed by the Chief Information Security Officer (CISO) who reports to the CEO on information security and related matters and is supported by various local IT and business stakeholders throughout the company.



The Information Security Management System (ISMS) is supported by the technical expertise of the IT infrastructure teams which work closely with the Information Security Office. This approach ensures rapid reactivity to cyber threats and a deeper understanding of firmwide information security metrics and reports.



ISS STOXX’s cyber security governance is aligned with the main industry standards, such as ISO 27001, 27002 or NIST, and has a dedicated security governance team, reporting to the CISO, responsible for defining and auditing cyber security guidelines and methods, technical standards, and processes.



We keep our infrastructure and business secure and resilient by improving our cyber defenses against breaches of critical assets, and we govern cyber regulations to protect data and privacy. We ensure the security of corporate information and critical assets in close collaboration with external audits with SOC1 and SOC2 certifications, embedding a security mindset throughout our organization.



We continue to enhance our cybersecurity capabilities, including cloud security, identity and access management, metrics and data analytics, as well as third-party security reviews. An important part of our defense strategy is ensuring that all ISS STOXX remain aware of cybersecurity issues and know how to report incidents. There were no material incidents related to data and cybersecurity breaches across our global operations in 2023.



Our approach rests on having the right talent, technology, systems, controls, policies, and processes in place to help ensure appropriate management and mitigation of related risks. Our privacy policy and principles aim to provide a consistent global approach to managing data privacy risk and must be applied by all of our global businesses and global functions. Our privacy principles are available at <https://www.issgovernance.com/privacy/>

Key Elements of Our Security Program



The technology and development team is made up of **more than 500 employees worldwide** to provide round-the-clock coverage. The members of the Information Security Office are strategically dispersed across seven geographically disparate global offices with explicit information security roles and responsibilities.

teams to refine and expand current product roadmap plans and develop a comprehensive technology strategy for ISS STOXX' products and platforms.

The **Chief Information Officer (CIO)** oversees ISS STOXX' Infrastructure, Data Centers, Corporate Technology and Information Security programs, which include incident management and works closely with Product Management

ISS STOXX's control framework is **modeled against ISO 27001** and is supplemented with control frameworks from NIST, OWASP, ISO, SEC guidelines and industry best practices. Controls apply to all ISS STOXX business units and office locations, and some business units are subject to annual external validations in place using our global controls.

Our Approach and Performance

We have implemented a number of **key technical security controls in the reduction of cyber incident likelihood** including the rollout of endpoint protection and data loss prevention tools, multi-factor authentication, and the adoption of enterprise security architecture approaches.

Internal and external teams also conduct periodic penetration testing and robust vulnerability assessment processes are in place. Our policies and standards include controls on encryption, vulnerabilities, incident management, asset management, physical and logical access, as well as a whitepaper available on our [website](#) for our clients and prospects to consult.

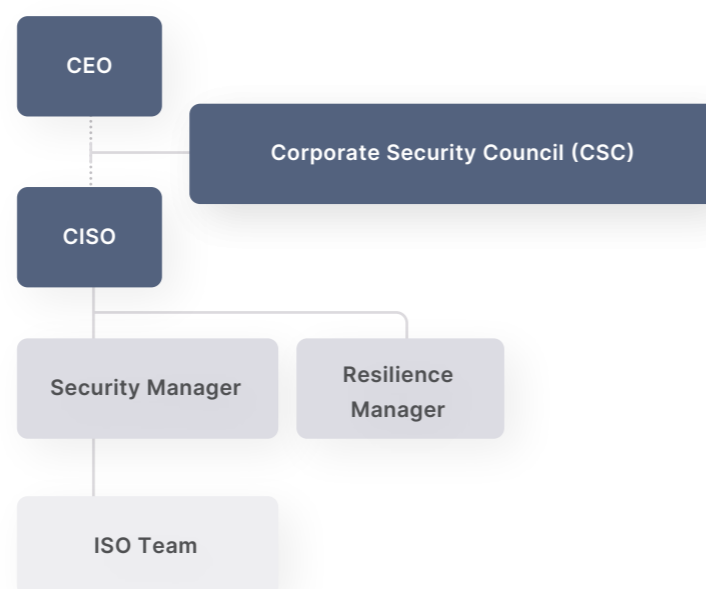
Additional Assessments Cover

- ✓ Internal information security audits throughout the year.
- ✓ Annual client assessments including evidence, feedback, and remediation.
- ✓ Expert, external third-party engagement to facilitate improvement of information security capabilities at the firm.

Structure

We have established a **Corporate Security Council (CSC)**, chaired by the Chief Information Security Officer, to coordinate security governance and ensure consolidated reporting of security risks for each of the asset groups: IT, Business Continuity, Compliance, Data, Suppliers and People, with a quarterly risk review meeting focusing on emerging risks and ensuring that current risks are monitored and mitigated.

The CSC is an executive-level team made up of ISS STOXX Leadership Team members, which together coordinate corporate security initiatives, enable the organization to optimize spending, manage infrastructure, and minimize security risks.



Training and Awareness

Technical resilience exercises are conducted for the **evaluation of threat detection and response planning**. These are in addition to annual cyber security crisis simulations for evaluation of business continuity and reactivity.

Our employees must pass **annual cybersecurity training**, and compliance is monitored. We use general and targeted phishing simulations to help our employees better recognize and respond to possible threats. When an employee does not pass the simulation, they are referred for further training with specific content.

Our **information security training and awareness program for all employees** aims to prevent, detect, and respond to cyber threats and incidents, and consists of several initiatives, including:

- » Recertification of our Acceptable Use Policy
- » Onboarding process
- » Ongoing firmwide phishing awareness education
- » Regular communications on cyber security best practices
- » Annual events, such as Cyber Security Awareness Month
- » Security training, such as secure development and access privileges
- » Good security practices as part of the corporate results meeting agenda
- » Tabletop exercise with technical teams
- » Monthly Information Security Newsletter

	2021	2022	2023
Workforce that has Completed the Annual Security Training on Time	99%	99%	99%
Workforce that has Successfully Passed the Phishing Awareness Test	94%	92%	93%
Workforce that has Completed the Phishing Awareness Remediation Training on Time	100%	100%	100%

Table 6: Key Indicators Information Security Initiatives, 2021 - 2023
Source: ISS STOXX

Crisis and Incident Management

ISS STOXX strives to be as prepared as possible for crisis situations at the global, regional, national, and/or local level — from process safety incidents to pandemics and cyber-attacks — through extensive emergency response procedures. Our **emergency and crisis management policies** and practices focus on the protection of our employees, the safety of our sites, and the protection of our intellectual property. Incident management is centralized, and all unusual incidents are recorded and reported according to

standardized procedures. This enables us to identify risks at an early stage and, if necessary, initiate appropriate mitigation and reporting measures reducing potential impacts. All incidents are carefully followed up to evaluate the root cause and subsequently to identify potential ways and means for improvement, which is integrated into existing concepts as necessary. **There were no material incidents** related to data and cybersecurity breaches across our global operations in 2023.

LOOKING FORWARD

We analyze the possible security risks for investment projects and, as part of strategic plans, define appropriate safety and security concepts. Our guiding principle is to identify risks to the company at an early stage, assess them appropriately and obtain the appropriate protections. To this end, in 2024, our focus is on continuing to make improvements to our processes and monitoring for responding to cyber incidents and data incidents, through the following initiatives:

- » Expanding the principles of a Security Operations Center.
- » Strengthening of cloud security.
- » Continuing internal security awareness training, including through phishing tests, certifications, and quarterly communications on best practices.
- » Increasing security posture in relation to the Zero Trust Architecture principles.
- » Augmenting internal audit procedures, documentation, and execution.
- » Increasing Access Management Process.
- » Enhancing our threat intelligence.

To further protect and safeguard our assets, we will continue to monitor and assess current and emerging cyber security threats and ways to adapt and respond. We will work to ensure business resilience through the development of well-architected software and ensure operational stability and compliance. We will also continue to improve business continuity capabilities with the support of cyber threat resilience to protect our business.

Quality

The ISS STOXX Approach to Quality

Quality is at the heart of ISS STOXX's solutions and services. We see the provision of **high-quality products and services** as a fundamental part of our business activity. This requires a structured approach to **integrating quality controls into all relevant operations and internal departments**. These controls are designed to ensure high levels of accuracy and timeliness in our research, recommendations, ratings, and other analytical offerings (collectively, "Research Offerings"). Quality controls include rigorous training programs, extensive review processes, and quality control reviews for Research Offerings and for many data sets (including verification processes with companies) to confirm the data collected and used.

Independence

ISS STOXX has an **investor pays business model** for the Research Offerings produced by ISS STOXX. These are conducted on behalf of, and paid for by, subscribing institutional investors, and with very limited exceptions are not commissioned or paid for by the subject issuers themselves. A separate legal entity, ISS-Corporate, provides advisory services, analytical tools, and publications to issuers. This entity is separated by a firewall that provides functional and physical separation between the groups which is designed to ensure the independence of the Research Offerings.

ISS STOXX operates on an arm's length basis from its majority shareholder, Deutsche Börse Group, and its minority shareholder, General Atlantic, and these companies have adopted policies designed to protect and preserve the independence and integrity of ISS STOXX Research Offerings.

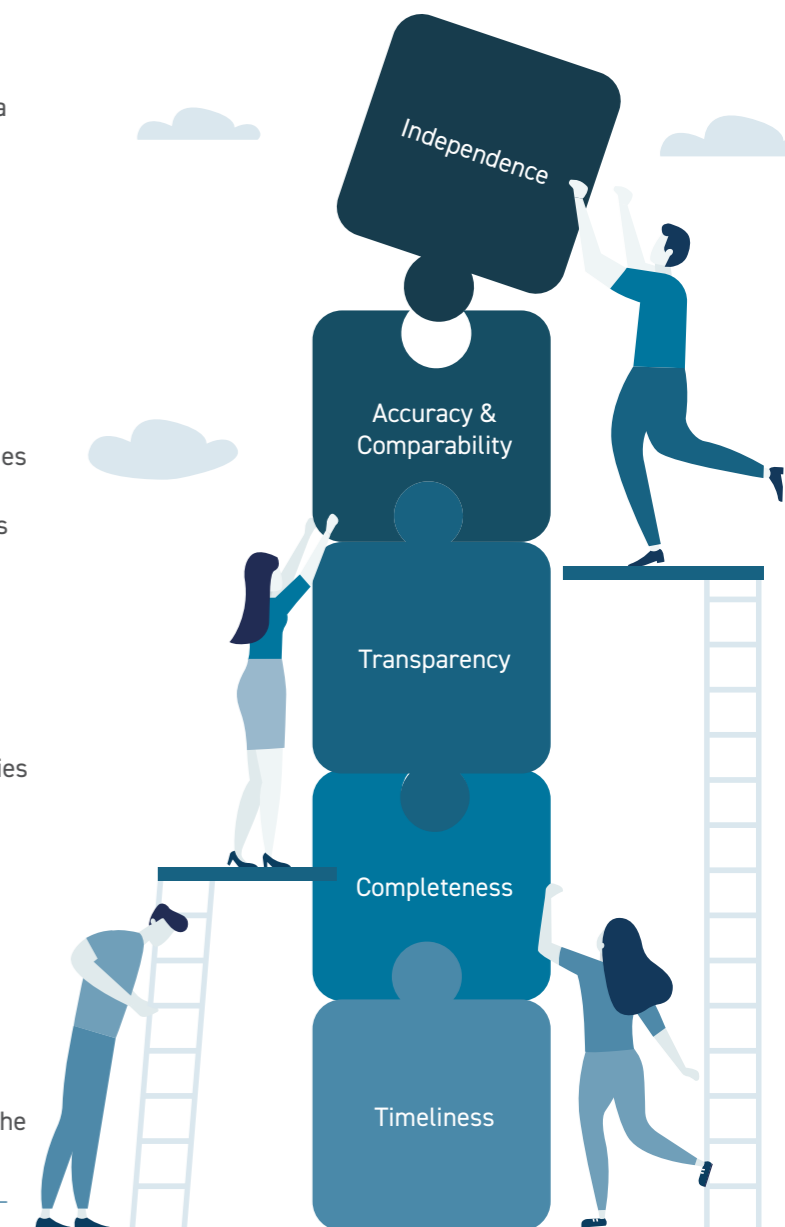
[Due Diligence Materials](#) →

Compliance Protocols

ISS STOXX has robust policies and procedures to ensure the integrity and quality of the research process. This topic is covered in detail in the [Corporate Governance & Business Ethics section](#).

Quality of Research

The quality program applicable to the Research Offerings is governed by the principles of:



Governance Research & Voting

Governance Research and Voting quality controls are designed to ensure **high levels of quality, accuracy, and timeliness for our research and voting recommendations and to maintain the independence and integrity of advice provided to clients**. Our focus on the importance of quality runs through every stage of our processes, from the comprehensive procurement of the information disclosed by public companies, through the rigorous recording

and review of company and meeting data, analysis by appropriately trained and supervised analysts according to clients' chosen voting policies, and finally the use of ISS STOXX's proprietary technology and tools to deliver our insightful, data-driven research straight to clients' desktops through our market-leading investor workflow and voting tools.



Quality is at the forefront of our responsibilities to our clients, every day.

The focus on quality throughout ensures that our clients can rely on the information, research, recommendations and tools from ISS STOXX that help them fully implement, manage, and monitor their voting decisions and other stewardship responsibilities.

I am proud of all our employees who work together to make ISS the leader in corporate governance and ESG solutions for the investment and business communities. ISS strives to lead by example in its corporate responsibility initiatives, through minimizing its footprint on the environment, adopting matched giving and employee wellness programs, and supporting a diverse, collaborative, transparent and respectful workplace.



Vasili Kolesnikoff

Head of Australia and New Zealand Research

Commitments

- » We constantly strive to provide the **highest quality data**, independent insightful research and voting recommendations, and timely delivery to clients.
- » We invest in **our people, processes, and technology** to support our services and our clients.
- » We commission an **annual SSAE18 external audit review** of all control objectives and supporting activities for processes employed by the Research, Data and Operations teams. The resulting SSAE 18 audit reports are made available to our clients.
- » We regularly **review and test** the effectiveness of our quality controls.
- » We make **Governance Research & Voting reports available**, free of charge, to all companies that are the subject of a report.
- » We are **transparent** – quality is strengthened by transparency of methodology, with Governance Research & Voting policies and relevant supporting information (policy development information, supporting FAQs, etc.) made publicly available on our website via the **Policy Gateway section**.

Activities in 2023

- » **Voting policy updates** implemented with effect from February 2023, including the expansion of a climate board accountability policy for high emitting companies to all markets globally.
- » **Expansion of efficiency and speed-of-delivery initiatives** - investing in people, processes and/or technology to maintain quality while improving efficiency and speed of delivery where there are needs and opportunities to do so.
- » Continued to make progress under the five pillars of the **Research Operations multi-year** strategic plan - Business Process, Report Production, Standardization, Knowledge Management, and Default Text Editing (DTE).
- » **Training** of analysts in line with **policy development requirements**, on new/emerging topics and policies, and for career growth.
- » **Recruitment** and training of analysts to replenish and grow our teams.
- » **2023/2024 benchmark policy development process** undertaken, including: review of new and emerging topics and trends; policy survey open to investors, companies and any other interested market participants; policy roundtable discussions; input from engagements throughout the year; consideration of regulatory changes and of changes to national and international standards and codes; public open comment period to elicit feedback on proposed changes; and announcement of changes for 2024.
- » **ISS Governance Thought Leadership program** for 2023, with multiple ISS Insight publications, proxy season bulletin podcasts and notes, and other informational resources for clients.

Results

- » High quality data, analysis, and recommendations maintained across **production of over 50,500 ISS Benchmark research reports, 97,000 ISS Specialty research reports, and 1.1 million client-specific Custom research reports** [numbers as measured for full year 2023].
- » **Improvements** in research delivery speed across a number of key markets in 2023 proxy season, with associated benefits to clients in their voting and stewardship programs.
- » **Progress in recruitment** and training of new staff, to make our teams and workloads more sustainable.
- » Over **40+ champions** from multiple teams and locations across our research teams globally supported progress under the five pillars of our Research Operations multi-year strategic plan - Business Process, Report Production, Standardization, Knowledge Management, and Default Text Editing (DTE).

LOOKING FORWARD



- » Expansion of ISS Governance Specialty Climate Policy coverage and of ISS Governance Climate Awareness Scorecard universe to approximately 7,000 companies in 2024.
- » Net zero climate data and assessments being made available for use in client custom voting policies in 2024.
- » Continuation of speed-of-delivery initiatives and other improvement opportunities in 2024, including the five pillars of our Research Operations multi-year strategic plan.

ESG Research

The quality program of ISS ESG research is governed by five foundational principles covering: independence, comparability, completeness, timeliness, and transparency.

ISS ESG has **robust research methodology and processes** in place. They are designed to **ensure the consistent and timely delivery of high-quality and reliable research**, covering the general approach, the data and information sources used.

ISS ESG research takes into account national and global normative frameworks and standards where appropriate. Systems and controls are deployed to ensure the reliability of the use of information in the research process, and any limitations thereof. These efforts are guided and supported by a dedicated Quality Management & Assurance team.



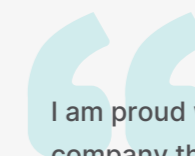
ISS ESG's research team of approximately 250 analysts undergo extensive training at the time of onboarding.

We continuously provide analysts with various forms of **market education and training** to help ensure that research and analyses are in line with market requirements, investor expectations and our quality approach.

and disclosing (potential) conflicts of interest, objective and impartial methodology governance, methodology transparency and robust research processes.

Results

- » External recognition: **Ranked #1 on quality** by investors in **2023 Rate the Raters Survey**.
- » The inaugural ESG Corporate Rating Survey yielded **511 responses** from a variety of financial market stakeholders from various geographic areas and types of organization (investors, corporates and others).
- » Launched the **annual methodological documentation review** of 25 ISS ESG solutions.
- » **Developed a Quality Framework** to complement and enhance the existing Quality Management System, with phased roll-out plan across ESG research teams. The framework:
 - » Is benchmarked against best practice Quality Standards, such as ISO 9001:2015, with focus on process management, PDCA, risk-based thinking, and the 7 Quality Principles.
 - » Includes focus on Quality Principles and Awareness via dissemination of Quality Tools and Quality Training.
 - » Prioritizes Learning & Development (L&D), with a new L&D Policy patterned after the ISO standards (i.e., ISO 9001:2015 and ISO 30422:2022).



I am proud working for a research company that focuses on quality over quantity, enabling investors to take qualified investment decisions and to support non-financial reporting initiatives. We are as transparent as possible, not only in the methodological approach but also in our external communication which creates mutual trust and confidence with our clients.



Anjali Chinchankar

Head of ESG Client Success – Southwest Europe

Commitments

ISS ESG is committed to **providing independent, timely, accurate, and insightful research and data analytics** by ensuring organizational independence, managing

Activities in 2023

- » Submitted and published **endorsement statement** regarding Japan's Financial Services Agency (JFSA's) Code of Conduct for ESG Evaluation and Data Providers in June 2023.
- » Updated and published **comprehensive ESG Corporate Rating Methodology** document in September 2023.
- » Carried out **inaugural public ESG Corporate Rating Survey** to solicit feedback and preferences by financial market participants to inform the ESG Corporate Rating methodology and process development.
- » Explored existing **third-party quality standards** for suitability of application to ISS ESG Research strategic objectives and goals.
- » Worked on **formalized process improvement cycles** across key research processes.
- » Initiated preparation for formalized **internal audits** for key research processes.
- » Developed and strengthened **robust onboarding and continuous training** programs in ESG Research.
- » Implemented **maintenance framework** for harmonized methodology documentation within ESG Research & Data.

LOOKING FORWARD



- » Communicate and follow up on results of the inaugural ESG Corporate Rating Survey to inform and enhance ESG Corporate Rating methodology and process.
- » Continue Quality Management, Methodology Governance, Methodology Transparency and Stakeholder engagement initiatives and programs for high-quality investor services, meeting client and stakeholder expectations and fostering audit- and regulation-preparedness.
- » Progress with Methodology Transparency initiative by publishing comprehensive methodology documents for additional ISS ESG investor solutions.

Supply Chain

Our Vendors

All of ISS STOXX's clients-facing products and services are **developed in-house** and delivered by full-time employees. Our suppliers support us by supplying IT hardware and software, market and other financial data, office equipment and management, marketing, media, and event services.

The vast majority of our vendors are from the United States of America (59.0%). The rest of our top 5 vendors' countries are located in the United Kingdom (10.5%), India (6.6%), the Philippines (4.8%) and Australia (4.3%).

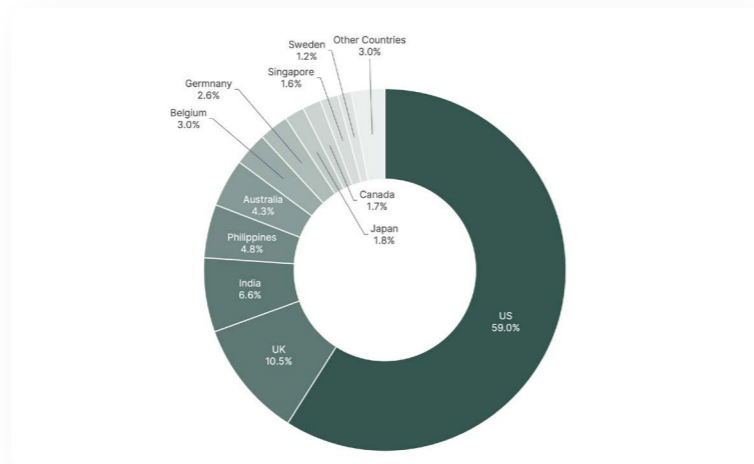


Figure 18: Regional Distribution of our 2022 Vendors by Spend
Source: ISS STOXX

More than half of our spend goes into three categories: Information Technology (20.8%), Rent (18.9%) and Consultants, temps and professional fees (12.3%). The rest of our top 5 categories are: HR and benefits (10.6%) and Market data (10.1%). The graph discloses additional details into categories with lower spend.

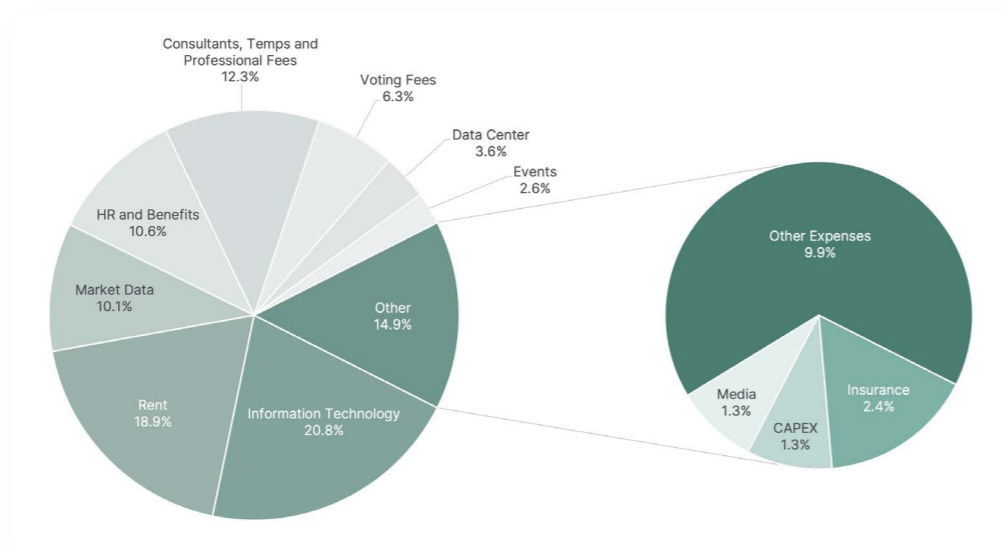


Figure 19: Distribution of the Main Categories 2022 Vendors by Spend
Source: ISS STOXX

ISS STOXX is committed to **respecting and promoting human rights and environmental protection across our supply chain**, in partnership with our vendors. Along with our CORE (Corporate Responsibility) policy, the responsible management of our supply chain is guided by our **Vendor**

Sustainability Policy. Through the implementation of this policy, we promote **sustainable business practices with our vendors by advocating for environmental stewardship, fair labor practices, human rights protection, and business ethics, while, conversely, condemning human rights abuse.**

Modern Slavery Statement

The goal of our annual **Modern Slavery Statement** is to outline our **approach to identifying and addressing modern slavery risks** that ISS STOXX may face. Considering the nature of our business – namely, as a research and data provider that does not produce or offer physical goods – and because our services are being produced and delivered by in-house salaried professionals, we believe there to be a **very low risk** of modern slavery within our business.

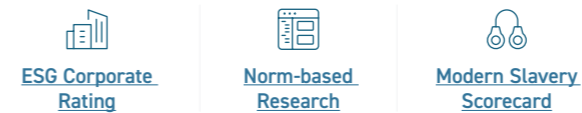
However, we acknowledge that we may be exposed to such a risk through our supply chain.

Based on our commitment to the Sustainable Vendor Policy as well as the insight that our supply chain could potentially contain certain environmental and social risks, we produced a ESG Vendor Risk Analysis.

ESG Vendor Risk Analysis

In 2023, we conducted a **comprehensive ESG vendor analysis** to identify those vendors which showed **insufficient or poor performance regarding environmental and/or social considerations**. The analysis was based on the following data sets from ISS ESG:

Of 1,563 vendors overall, **587** were considered **material vendors**, based on an annual outlay of USD10,000 or more, and consequently included in the analysis. In sum, the group of vendors deemed material represent **97.5 percent** of ISS STOXX's **total spend on vendors**. Of the group deemed material, 75.1 percent were covered by the ISS ESG research and analyzed according to the above-mentioned research solutions. For the remaining 24.9 percent, the vendors were checked manually regarding their location, industry and potential involvement in controversies.



Results of the analysis find that **fewer than 20 vendors failed to meet the specific minimum requirements** set prior to the analysis. As of this writing, ISS STOXX has started an internal process to identify appropriate approaches to engaging with the identified vendors to take remedial actions or, if needed, to move to alternatives.

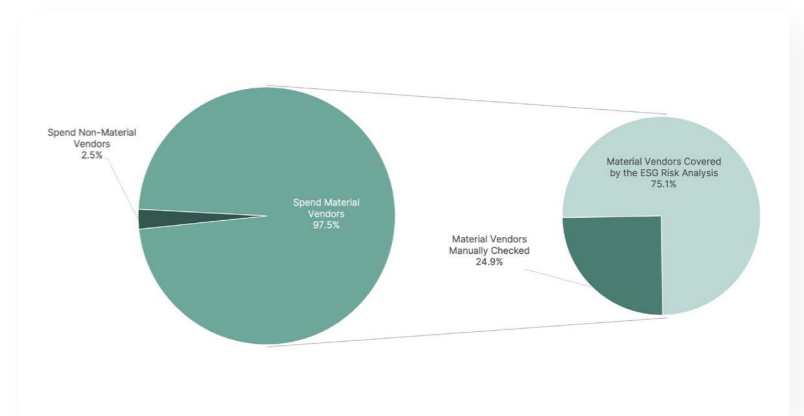


Figure 20: Spend Distribution and 2022 Material Vendors
Source: ISS STOXX

LOOKING FORWARD

ISS STOXX will in 2024 conduct its first ESG vendor assessment of the consolidated ISS STOXX list of suppliers and continue to identify those vendors failing to meet our ESG minimum requirements. In addition to this post vendor selection approach, we will in 2024 develop a vetting process to incorporate ESG considerations in the vendor selection process.

Climate

2023 was the warmest year on record, according to Copernicus, the Earth Observation component of the European Union, with extreme weather phenomena evidenced globally. ISS STOXX recognizes our role of in [addressing environmental challenges affecting the communities](#) in which we operate and working to mitigate the impacts of climate change.

Considering the nature of our business, it is not surprising that ISS STOXX maintains a [relatively small carbon footprint](#) across its locations and through its supply chain while striving to become a carbon-neutral company.

ISS GHG Accounting Report

In 2023, we focused our efforts on better understanding our carbon footprint and how our policies align with the GHG Protocol guidance. We published in May the [ISS GHG Accounting Report](#) which detailed our carbon footprint calculation and approach to decarbonization, which is summarized in the next pages.

ISS Carbon Footprint

As mentioned before, ISS combined with the index arm of Qontigo, in November 2023 to form ISS STOXX. The carbon footprint methodologies between the two entities, however, differed significantly and so the following data refer solely to ISS. We expect to be able to calculate carbon footprint information for ISS STOXX, based on the ISS methodology, starting in 2024.

	2023 tCO ₂ e
Scope 1 Direct GHG emissions	15
Stationary Combustion	15
Scope 2 Indirect GHG Emissions (Market-Based)	356
Electricity ¹	0
Cooling	0
Heat and Steam	356
Scope 3 Other Indirect GHG Emissions	8,831
Supply Chain	5,439
» Purchased Goods and Services (Cat. 1)	3,149
» Capital Goods (Cat. 2)	2,290
Fuel and Energy Related Activities (Cat. 3)	1,343
Waste Generated in Operations (Cat. 5)	36
» Waste	29
» Water	7
Business Travel (Cat. 6)	537
» Air	530
» Bus/Car	6
» Rail	1
Commuting (Cat. 7)	1,239
Remote Working (Cat. 7)	237
Total GHG Emissions (Market-Based)	9,202

Table 7: Emissions Breakdown of ISS' Carbon Footprint 2023
Source: ISS STOXX

Total GHG emissions over all three scopes in 2023 amounted to **9,202 tCO₂e** (metric tons of carbon dioxide equivalent). The total GHG emissions decreased by 14 percent from last year.

Scope 1 emissions were **15 tCO₂e**, a reduction of 8 percent over the prior period.

Scope 2 (market-based) emissions were **356 tCO₂e**, representing an increase of 17.5 percent over the prior year and mainly due to staff returning to the office post-pandemic. Scope 2 emissions account for 3.9 percent of the overall carbon footprint.

Scope 3 emissions, which in 2023 amounted to **8,831 tCO₂e**, were reduced by 15.0 percent over the prior period. Scope 3 emissions account for 96.0 percent of the overall carbon footprint.

Please see ISS Greenhouse Gas Accounting Report for a detailed carbon footprint from 2019 to 2022.

[ISS GHG Accounting Report](#) →

¹It includes the electricity used in offices and physical datacenters.

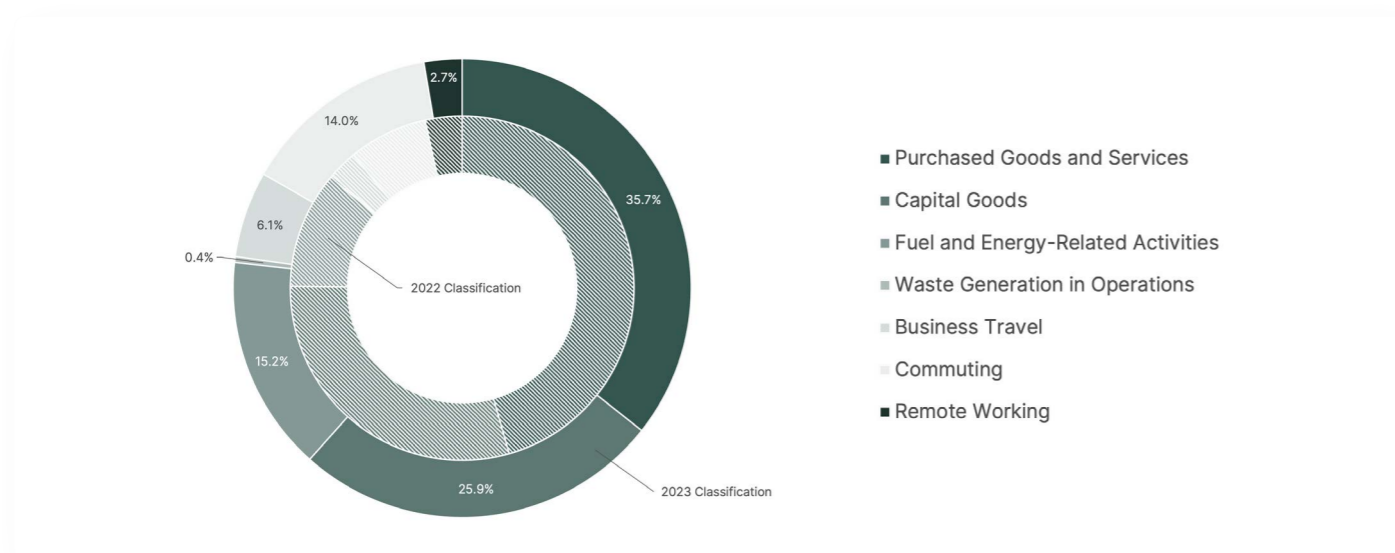


Figure 21: Scope 3 Carbon Footprint by Category, 2022 - 2023
Source: ISS STOXX

ISS calculates its Scope 3 emissions considering the most relevant categories. These include categories 1 (Purchased Goods and Services), 2 (Capital Goods), 3 (Fuel and Energy-Related Activities), 5 (Waste Generation in Operation), 6 (Business Travel), and 7 (Commuting and Remote Working).

In 2023, supply chain emissions (purchased goods and services and capital goods) accounted for more than 60 percent of total ISS emissions (by comparison, the figure

stood at 73 percent in 2022). Commuting represents 14 percent of the emissions and business travel 6 percent, with both categories increasing significantly (60 and 88 percent points, respectively) due to the return to office. Waste emissions, despite doubling are minimal. Remote working has decreased by 34 percent points and in 2023 represented 3 percent of the emissions. Fuel and energy-related activities, meanwhile, increased by 18 percent points and comprise 15 percent of Scope 3 emissions.

tCO ₂ e	2019	2020	2021	2022	2023
Scope 1 ²	-	-	-	16	15
Scope 2 (Market-Based)	2,365	1,713	325	303	356
Scope 3	9,339	7,860	7,427	10,393	8,831
Total Emissions	11,074	9,574	7,752	10,712	9,202

Table 8: ISS' Carbon Footprint Breakdown by Scope, 2019 - 2023
Source: ISS STOXX

² It includes the electricity used in offices and physical datacenters.

Please see ISS Greenhouse Gas Accounting Report for a detailed carbon footprint from 2019 to 2022.

[ISS GHG Accounting Report →](#)

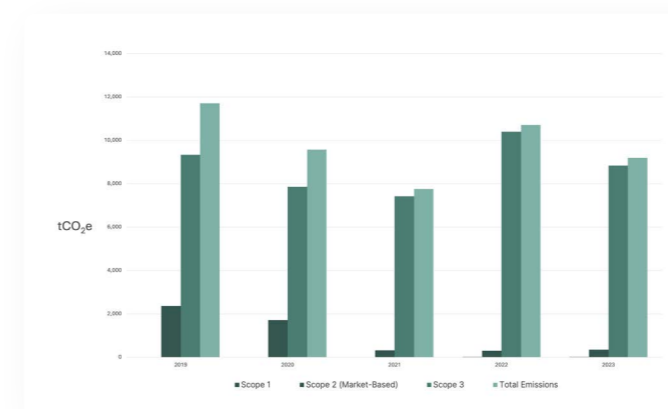


Figure 22: ISS Carbon Footprint by Scopes, 2019-2023
Source: ISS STOXX

Scope 1 emissions saw a 6.3 percent decrease compared with 2022 (the first year for which we have data). Scope 2 emissions (market-based) evidenced a substantial decrease of 84.9 percent compared with 2019, mainly through the purchase of Energy Attribute Certificates (EACs). Scope 3 emissions returned to near pre-pandemic levels in 2023, experiencing a slight decrease of 5.4 percent compared with 2019. Lastly, **ISS' overall carbon footprint has decreased by 21.1 percent since 2019.**

ISS STOXX distinguishes between a **directly influenceable carbon footprint** and an **indirectly influenceable carbon footprint**. Supply chain emissions (Scope 3, categories 1 and 2), in addition to fuel and energy-related emissions (Scope 3, category 3), comprise the indirectly influenceable carbon footprint. All other categories in Scope 3 (together with Scope 1 and 2) are part of the directly influenceable carbon footprint.

	2023 tCO ₂ e	% of Total Emissions (Market-Based)
Directly Influenceable (Market-Based)	2,421	26.3%
Indirectly Influenceable	6,781	73.7%

Table 9: Carbon Footprint Breakdown by Directly and Indirectly Influenceable Categories
Source: ISS STOXX

ISS' **directly influenceable carbon footprint** in 2023 stood at **2,421 tCO₂e** while its indirectly influenceable carbon footprint amounted to 6,781 tCO₂e.

The directly influenceable carbon footprint decreased significantly due to the pandemic, dropping from 3,470 tons in 2019 to 888 tons in 2021, but rose again to 2,421 tons in 2023. Even if the company grew its ranks by more than 60 percent, we were able to **reduce the directly influenceable carbon footprint by more than 30 percent.**

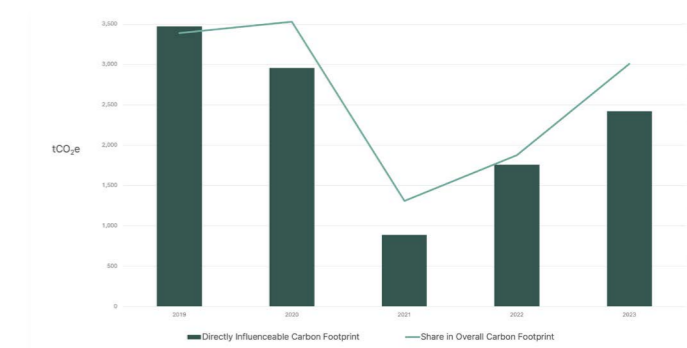


Figure 23: Directly Influenceable Carbon Footprint, 2019 - 2023
Source: ISS STOXX

Climate Strategy

Our climate strategy has always focused on the **Avoid, Reduce, and Compensate** approach.

AVOID

The first goal is to **avoid emissions whenever and wherever possible**. Here, our primary approach is to switch to green electricity, which is relevant to electricity consumption across all our offices and physical datacenters and can be undertaken using two strategies:

- Switching to **green electricity tariffs**
- Purchasing EACs** where green tariffs are not available

ISS has **since 2021** successfully realized avoidance of GHG emissions with this strategy and has **no GHG emissions from its offices and physical datacenters**.

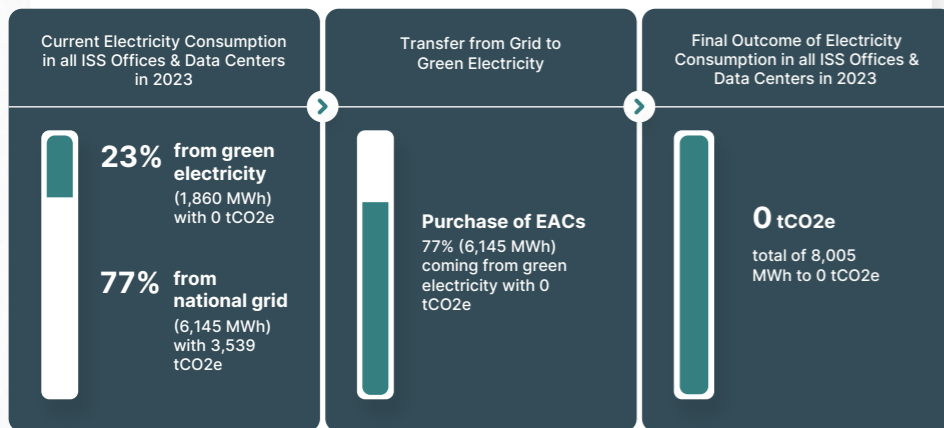


Figure 24: Market-Base Instruments Purchase Mechanism, 2023
Source: ISS STOXX

REDUCE

Where we can't avoid emissions, we endeavor to reduce them. To systematically **identify potential reductions** across all scopes of our carbon footprint, we developed and implemented a **Decarbonization Plan** to help us identify and prioritize appropriate measures to further reduce our emissions in the future.

In 2023, we made modest yet important progress on our path to carbon neutrality.

Decarbonization Plan

1 A carbon footprint analysis provided detailed insights into the different sources of emissions across the company.

2 Based on that analysis, we identified several reduction areas – either directly or via the increase of efficiency – and are prioritizing them.

3 We will work on prioritized action items in 2024.

A good example of a successful reduction of a significant emission category is with ISS business travel: Over the five year period from 2019 to 2023, ISS decreased its absolute CO₂e emissions from business travel from 1,006t to 537t, representing a decline of nearly 47 percent.

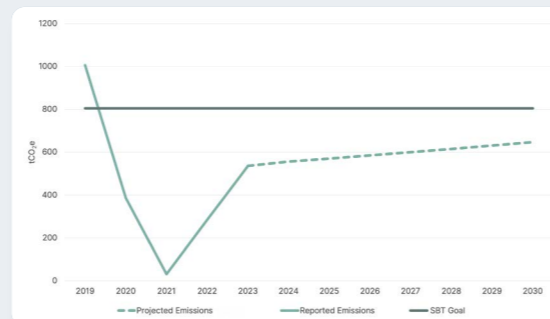


Figure 25: Business Travel Emissions Current Path vs SBT Goal
Source: ISS STOXX

While the decline over the second and third years was primarily due to the pandemic, 2023 emissions stood at just 53 percent of absolute emissions in 2019 despite ISS' total employee headcount growing by 60 percent during that period.

COMPENSATE

Since the initial implementation of our climate strategy in 2019, we have committed to fully compensating for those emissions that **we cannot avoid or reduce** – i.e., our directly influenceable carbon footprint – with high-quality carbon offsetting projects by established partners.

Due to recurring media controversies regarding the reliability of offsets in the media, however, ISS paused the purchase of carbon offsets in 2023. We are evaluating alternative approaches with the intent of resuming carbon removal projects in 2024.

SBT Goals

ISS SCIENCE-BASED TARGETS

50% Scope 1 & 2 GHG emissions reduction by 2030

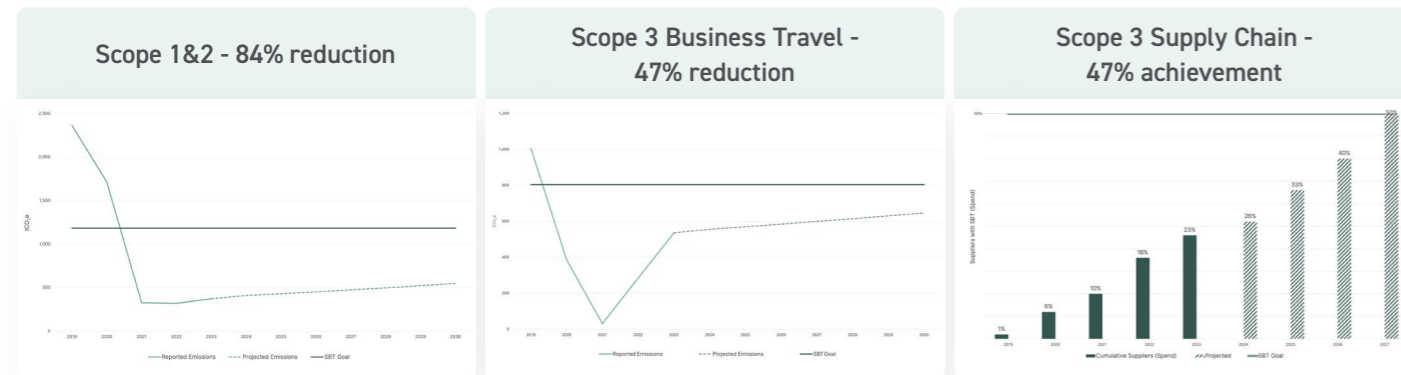
20% Scope 3 Business travel emissions reduction by 2030

50% Suppliers by spend to have a Science-Based Target by 2027

From 2019 baseline. The above represents ISS goals based on the requirements of the SBTi and grounded in climate science. These are not SBTi approved goals.

Goal Achievements 2019-2023

The overview shows that **ISS is on track to achieving its SBT goals** with regard to Scope 1 and 2 emissions as well as Scope 3 business travel. In both categories our emissions are below the goal. With regard to the supplier engagement goal, we have yet to reach 50 percent of the goal but continue to work toward that.



Figures 26, 27 and 28 (from left to right): Scope 1&2 Emissions Target Trajectory, Scope 3 Business Travel Target Trajectory and Scope 3 Supply Chain Target Trajectory

Source: ISS STOXX

LOOKING FORWARD

- » We will calculate the first combined ISS STOXX carbon footprint in 2024 based on the established ISS methodology.
- » Further develop the decarbonization plan and implement concrete measures to reduce emissions in 2024.
- » Update our SBT goals, which were created for ISS in 2022, to reflect a broader, ISS STOXX carbon footprint.
- » Identify realistic and reliable alternatives to carbon offsets in the area of carbon removal projects.

We highlight our strong commitment to our environmental and social responsibilities. We will continue working together to ensure that sustainability remains at the core of everything we do. **Together, we can continue to make ISS STOXX a force for positive change.**

06

Appendix

Governance Structure

Shareholders Committee

	Data as of Dec 31, 2023
Total number of board members	6
Gender:	
» Male	83.3%
» Female	16.7%
» Non-binary	0%
Age:	
» Under 30 years old	0%
» 30-50 years old	50.0%
» Above 50 years old	50.0%
For minority or vulnerable group	0%
Executive	16.7%
Independent	0%

CORE Council

	Data as of Dec 31, 2023
Total number of CORE Council members	6
Gender:	
» Male	66.7%
» Female	33.3%
» Non-binary	0%
For minority or vulnerable group	0%

SASB Standard Index



ISS STOXX reports according to the SASB framework for the Professional and Commercial Services Industry. Unless otherwise noted, figures are presented as of December 31, 2023, principally for ISS and excluding the STOXX business.

“As the Company works on the integration of its people and business activities following the creation of the ISS STOXX group of companies in November 2023, we note that some of the specifics outlined in this report may not necessarily be applicable across the entire ISS STOXX organization. As part of the overall integration efforts, the company is working to implement a consolidated Corporate Responsibility Program.”

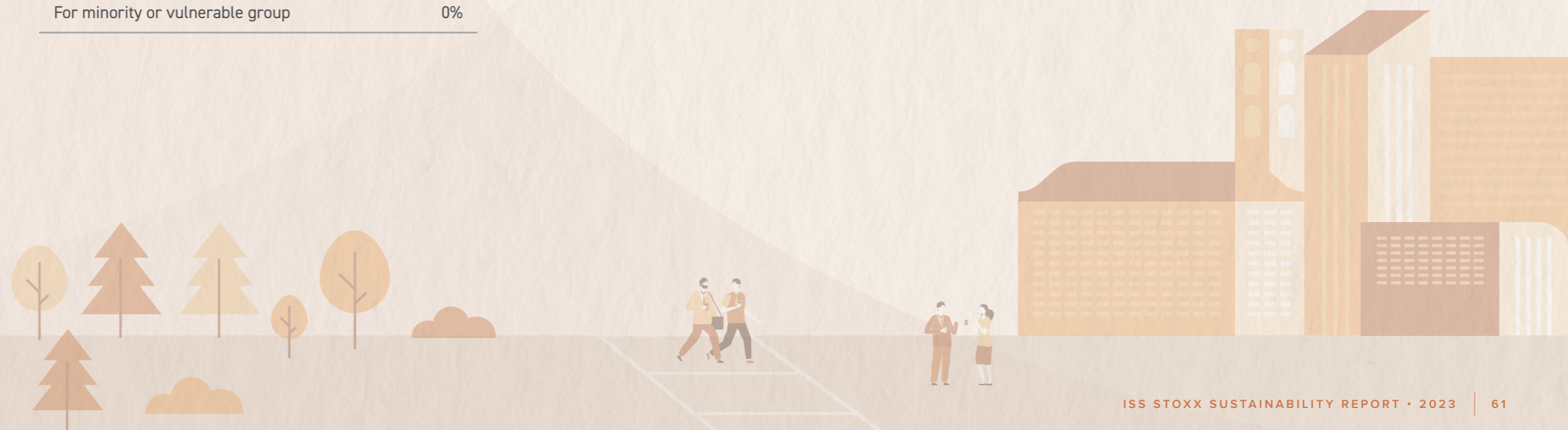


Table 1: Sustainability Disclosure Topics & Accounting metrics

Theme	Accounting Metric	Code	Disclosures/Response (and/or reason for omission)
Data Security	Description of approach to identifying and addressing data security risks	SV-PS-230a.1	<p>Internally, scans of ISS' perimeter internet-facing networks and internal infrastructure are performed monthly by the ISS Information Security Office, including discovery, and full and ad hoc scanning. Application scans, including static and dynamic, are performed quarterly by the Quality Assurance team. Externally, web application layer vulnerability assessments and a network external penetration scan are performed annually. ISS is currently partnering with Cobalt for these services.</p> <p>IT and the Information Security Office are notified of new security vulnerabilities by industry alerts, automatic notifications received through vendors, subscription services or other verifiable sources such as SANS or the US-CERT Coordination Center. Change control procedures are in place to protect information assets, systems, and applications. Formal change control procedures are documented and enforced to minimize the risk of corruption. Introduction of new systems and major changes to existing systems and applications follow a formal process of documentation, requirements, specifications, quality control, and managed implementation. The ISS patch cycle is determined based on two criteria: criticality and OS cadence. Key Information Security and Information Technology members attend a monthly vulnerability meeting to ensure scans are reviewed, vulnerabilities are assessed for risk to ISS and the patch cycle/content is adjusted as needed. All patches and updates to network devices adhere to the standard ISS change control process. If the patch or update is intended to address a security issue, it is tested and then deployed to the production environment at the earliest timeframe allowed by the change control process. Guidelines are endpoints and UAT/Prod are monthly and Dev/QA are daily.</p> <p>ISS has several mitigating controls, including secure builds, web and email gateways, endpoint antivirus, and network segmentation at the Datacenters. ISS has monitoring capabilities to detect malicious activity related to Common Vulnerabilities and Exposures (CVE), including Tenable Security Center, BitSight, IPS and McAfee Security Information Event Manager (SIEM).</p> <p>ISS understands that secure management of financial information is one of its most important responsibilities. The company operates under a sophisticated set of policies and processes designed to protect the security and confidentiality of client's information and to reduce operating risk. ISS has a control framework modeled against the ISO-27001 standards and a business continuity management system modeled after the ISO-22301 standards. ISS also pulls in control frameworks from NIST, OWASP, SEC guidelines, and industry best practices when implementing controls within the ISS environment.</p>

Theme	Accounting Metric	Code	Disclosures/Response (and/or reason for omission)
Data Security	Description of policies and practices relating to collection, usage, and retention of customer information	SV-PS-230a.2	<p>ISS is committed to protecting the privacy and the confidentiality of its and its clients' confidential information. ISS maintains physical, electronic, and procedural safeguards that aim to protect information against loss, misuse, damage or modification and unauthorized access or disclosure.</p> <p>ISS' privacy program, which is co-managed by the Information Security and Privacy teams, is designed to ensure the confidentiality of any personally identifiable information which ISS collects and that relevant data privacy regulations are followed. Privacy risk assessments are conducted regularly by the Information Security and Privacy teams as part of the Privacy program. Security awareness and confidentiality training is conducted for newly hired employees and annually thereafter. ISS' annual security awareness program comprises a web-based training module and an information security policy acknowledgement. All employees are required to recertify each year that they have read and agree to abide by the Regulatory General Code of Conduct under the US Securities and Exchange Commission ("SEC") Rule 204A-1.</p> <p>ISS operates on a least privilege basis whereby access to any system has to be explicitly granted on an as needed basis. Users are typically authenticated against the central directory, such as Active Directory. Role-based access policies are enforced for network and host account access requirements for production systems. Personnel revoke access as a component of the termination process upon notification from the human resources department.</p> <p>Please reference https://www.issgovernance.com/privacy for the ISS Privacy Policy.</p> <p>As a registered investment adviser, ISS is subject to recordkeeping requirements in the Investment Advisers Act of 1940, including Rule 204-2 thereunder. ISS maintains records for at least the period required under applicable laws and rules and may maintain records for longer periods to address client and/or operational needs. Rule 204-2 of the Investment Advisers Act mandates that ISS retains documents and records for a minimum period of five years. ISS maintains client proxy records for five (plus current) years and is accessible through ISS' online voting platform, ProxyExchange. If data requirements extend beyond the five years, ISS offers an extended subscription option for twelve years of data storage and access. Class action records are maintained indefinitely unless we receive an explicit deletion/destruction request from the client.</p> <p>Destruction of records is overseen by the Legal, Compliance and IT Security groups, with the procedures for destruction depending on the mode in which the records were maintained. Certificates of Destruction are received and maintained.</p>

Theme	Accounting Metric	Code	Disclosures/Response (and/or reason for omission)
Data Security	(1) Number of data breaches, (2) percentage involving customers' confidential business information (CBI) or personally identifiable information (PII), (3) number of customers affected	SV-PS-230a.3	ISS has not experienced a data breach. The Information Security Office manages the Information Security Incident Response Program. With team coverage across the globe and support from local IT, infrastructure teams, and business stakeholders, ISS provides around-the-clock coverage. The program scope includes incidents impacting client information, privacy, business continuity and/or disaster recovery declaration, and other events as required.
			All employees are required to report any observed or suspected security weakness in systems, applications, services, or other information assets to either management or directly to the Information Security Office as quickly as possible to prevent information security incidents. If you see something, say something. Incident response is included in the security awareness training, which is conducted for newly hired employees and annually thereafter.
			The program requires that incidents are reported, acted upon, escalated, and resolved in a timely, repeatable, and reliable manner. Detailed supporting plans and procedures provide step-by-step instructions for handling all phases of event and incident response. These phases include identification, notification, triage, verification, containment, eradication, recovery, and post-mortem. Specific roles and associated responsibilities are also defined. As a step in the incident response plan, communication and notification expectations are identified. The communication model established for client communication is to direct all communication through your designated account management team under the direction of the Information Security Office. Clients are notified in a reasonable time frame and should expect notification no later than three days after an incident has been verified, depending on the type and situation of the event. During notifications, ISS would identify what occurred, what ISS is doing to resolve the incident and establish expectations for updates until the incident has been resolved.

Theme	Accounting Metric	Code	Disclosures/Response (and/or reason for omission)	
Workforce Diversity & Engagement	Percentage of gender and racial/ethnic group representation for (1) executive management and (2) all other employees	SV-PS-330a.1	» People - Diversity & Inclusion (pp. 26-28) » Diversity & Equal Opportunities Policy	
			(1) Voluntary and (2) involuntary turnover rate for employees	» People - Employee Engagement & Retention (p. 31)
			Employee engagement as a percentage	In 2022: 65% In 2023: 60% » People - Employee Engagement & Retention (p. 31)

Theme	Accounting Metric	Code	Disclosures/Response (and/or reason for omission)
Professional Integrity	Description of approach to ensuring professional integrity	SV-PS-510a.1	» Corporate Governance & Business Ethics (pp. 38-40) » General Code of Conduct » Code of Ethics » Vendor Sustainability Policy » Conflict mitigation policies
		Total amount of monetary losses as a result of legal proceedings associated with professional integrity	SV-PS-510a.2 » Corporate Governance & Business Ethics (pp.38-40) ISS STOXX is not currently subject to any litigation that it deems to be material, therefore no further information is disclosed regarding this metric.

Table 2: Activity metrics

Activity metrics	Code	Disclosures/Response (and/or reason for omission)				
		2020	2021	2022	2023	
Number of employees by: (1) full-time and part-time, (2) temporary, and (3) contract	SV-PS-000.A	Employees Full-time	2,104	2,553	2,981	3,183
		Employees Part-time	61	72	63	56
		Temporary/Contract	68	48	40	33
		Total Headcount	2,233	2,673	3,084	3,272





Employee hours worked, percentage billable	SV-PS-000.B	Due to ISS STOXX's business model, where pricing is not dependent on hours worked, we do not generally record/track employee hours worked.
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United Nations Global Compact (UNGC) Index

WE SUPPORT



ISS STOXX has been a signatory to the [UN Global Compact](#) since August 2021 and aims to reflect, where appropriate, the 10 UN Global Compact Principles across the breadth and depth of its business activities. This index shows company sustainability initiatives, as of December 2023 unless otherwise noted, with regard to the 10 Principles and where the information can be found in the report.

United Nations Global Compact (UNGC) Principles		Location in Report/Relevant company guideline(s)
 Human Rights	<p>Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights.</p>	<ul style="list-style-type: none"> → Corporate Governance & Business Ethics (pp. 38-40) → Supply Chain (pp. 50-51) → CORE Policy → Modern Slavery Statement 2022 → Vendor Sustainability Policy
	<p>Principle 2 Businesses should make sure that they are not complicit in human rights abuses.</p>	
 Labor	<p>Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p>	<ul style="list-style-type: none"> → Supply chain (pp. 50-51) → People - Diversity & Inclusion (p. 26) → Freedom of Association Statement → CORE Policy → Diversity & Equal Opportunities Policy → Modern Slavery Statement 2022 → Vendor Sustainability Policy
	<p>Principle 4 Businesses should uphold the elimination of all forms of forced and compulsory labor.</p>	
	<p>Principle 5 Businesses should uphold the effective abolition of child labor</p>	
	<p>Principle 6 Businesses should uphold the elimination of discrimination in respect of employment and occupation.</p>	
 Environment	<p>Principle 7 Businesses should support a precautionary approach to environmental challenges.</p>	<ul style="list-style-type: none"> → Climate (pp. 52-58) → Main Pillars of Work (pp. 10-17) → CORE Policy → TCFD Report 2022 → Sustainable Travel Policy → Vendor Sustainability Policy
	<p>Principle 8 Businesses should undertake initiatives to promote greater environmental responsibility.</p>	
	<p>Principle 9 Businesses should encourage the development and diffusion of environmentally friendly technologies.</p>	
 Anti-Corruption	<p>Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<ul style="list-style-type: none"> → Corporate Governance & Business Ethics (pp. 38-40) → CORE Policy → General Code of Conduct → Code of Ethics → Vendor Sustainability Policy

About this Report

This Sustainability Report informs the company's stakeholders of the management and performance of ISS STOXX's material sustainability topics based on a double materiality focus. We conducted a thorough materiality assessment to identify and prioritize the sustainability issues most relevant to our business and stakeholders.

As we work on the integration of our people and business activities following the creation of the ISS STOXX group of companies in November 2023, we note that some of the specifics outlined in this report may not necessarily be applicable across the entire ISS STOXX organization. As part of the overall integration efforts, the company is working to implement a consolidated Corporate Responsibility Program.

The report contains some forward-looking statements. These statements are drawn from the current understanding of the context and expectations at present. However, any forward-looking statement provides no guarantee that said action/results will occur in the future (as they are impacted by future risks and uncertainty). Totals and percentages shown in this report may not equal the sum of individual totals or to 100% due to rounding adjustments.

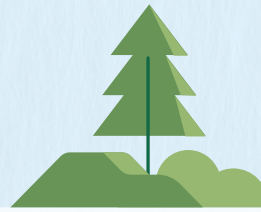
The reporting period covers the calendar year 2023 (from January 1 to December 31).

The report was published in English on June 3, 2024.

Contact Us:

Visit [Sustainability Reporting](#) to access previous reports.

For questions about this report, please email: cr@iss-stoxx.com



ISS STOXX

ISS STOXX GmbH, through its group companies, is a leading provider of comprehensive and data-centric research and technology solutions that help capital market participants identify investment opportunities, detect qualitative and quantitative portfolio company risks, and meet evolving regulatory requirements.

ISS STOXX, which is majority owned by Deutsche Börse Group, is comprised of more than **3,400** professionals operating across **33** global locations in **15** countries.

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