Sustainability

Modern Slavery Solution

Methodology & Research Process

July 2026

Version 1.0

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

ISS STOXX

Contents

Tables & Figures

Tables

Figures

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

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

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

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

REGULATION (EU) 2024/3005	DELEGATED REGULATION	REQUIRED INFORMATION	ISS GERMANY AG DISCLOSURE
Rating Product Disclosures			
ANNEX III.1.f	Article 3(1)	ESG rating providers shall disclose information on the ESG rating's clearly defined objective and marking whether the rating is assessing risks, impacts, or both, according to the double materiality principle, or any other dimensions, and in the case of double materiality the proportion of the risk and impact materiality. ESG rating providers shall disclose at the level of each ESG rating product: a) a description of the risks covered, where the ESG rating is assessing risks; b) a description of the impacts covered, where the ESG rating is assessing impacts; c) information on how the risk and impact materiality are taken into account according to the double materiality principle, where applicable; d) where the ESG rating is based on other materiality dimensions, a description of those dimensions.	Please refer to: • Modern Slavery Solution Objective • Materiality
ANNEX III.1.g	Article 3(2)	ESG rating providers shall disclose the ESG rating's scope, namely, whether it covers an individual E, S, or G factor or whether it is an aggregated rating aggregating E, S and G factors, or whether it covers specific issues such as transition risks. ESG rating providers shall disclose at the level of each ESG rating product: a) a description of what is covered under the E, S or G factors and which factors are aggregated, where applicable; b) a description of the specific issues that the ESG rating covers.	Please refer to: • Assessment Components
ANNEX III.1.h	N/A	ESG rating providers shall disclose in the case of an aggregated ESG rating, the weighting of the three overarching E, S and G categories of factors (for example 33 % for the E factor, 33 % for the S factor, 33 % for the G factor), and the explanation of the weighting method, including weight per individual E, S and G category.	• This requirement is not applicable to the Modern Slavery Solution as it is not an aggregated rating.

REGULATION (EU) 2024/3005	DELEGATED REGULATION	REQUIRED INFORMATION	ISS GERMANY AG DISCLOSURE
ANNEX III.1.i	N/A	ESG rating providers shall disclose within the E, S or G factors, specification of the topics covered by the ESG rating, and whether they correspond to the topics from the sustainability reporting standards developed pursuant to Article 29b of Directive 2013/34/EU.	Please refer to: • Assessment Components
ANNEX III.1.j	N/A	ESG rating providers shall disclose information on whether the rating is expressed in absolute or relative value.	Please refer to: • Key Outputs and Signals
ANNEX III.1.o **ANNEX III.1.p**	Article 3(3) Article 3(4)	ESG rating providers shall disclose if an ESG rating of a rated item covers the E factor, information on whether that rating takes into account the targets and objectives of the Paris Agreement or any other relevant international agreements. ESG rating providers shall disclose if an ESG rating of a rated item covers the S and G factors, information on whether that rating takes into account any relevant international agreements. ESG rating providers shall at the level of each ESG rating product: a) include an indication of whether the ESG rating takes into account the targets and objectives of the Paris Agreement and which other international agreements are considered, with reference to basic identifying information on these agreements together with an explanation of their relevance to the ESG rating; b) specify whether the ESG rating is assessing alignment of commitments against the objectives of the agreements referred to in point (a).	Please refer to: • Global Context and Methodological Foundations • Disclosure and Performance Assessment • Controversy Assessment

REGULATION (EU) 2024/3005	DELEGATED REGULATION	REQUIRED INFORMATION	ISS GERMANY AG DISCLOSURE
Basic Methodological Disclosures			
ANNEX III.1.a	Article 4(1)	ESG rating providers shall disclose an overview of the rating methodologies used and changes thereto, including whether analysis is backward-looking or forward-looking and the time horizon covered. ESG rating providers shall disclose: a) the title of the rating methodology used; b) a description of the types of rated items in relation to which the methodology referred to in point (a) applies; c) the time horizon over which the ESG rating is considered valid, where applicable d) a list and overview of the relevant supporting models and key rating assumptions, where applicable; information on measures and procedures to ensure the quality and reliability of data used; e) a description of the defined ranking system of rating categories used, with reference to: i. the meaning of each rating category for absolute and relative values and how the ranking system should be interpreted; ii. in the case of relative values, an explanation as to whether they are relative to a specific industry, geographical area, peer groups or other comparative references and their respective description. f) the dates of the most recent update of the methodology and a description of the changes introduced to the previous version.	Please refer to: Points a) and f) • Appendix B – Version Control Points b) to e) • b): Modern Slavery Solution Objective • c): Modern Slavery Solution Objective; Update Cycle • d) Appendix A: Relevant Supporting Models and Key Rating Assumptions; Quality Assurance • e) Risk Assessment Outputs
ANNEX III.1.b	Article 4(2)	ESG rating providers shall disclose the industry classification used. ESG rating providers shall provide: a) the name of the issuing body of the industry classification used; b) the name and version of the industry classification used;	Please refer to: • Supplier Risk Relevance to Industry Classification

REGULATION (EU) 2024/3005	DELEGATED REGULATION	REQUIRED INFORMATION	ISS GERMANY AG DISCLOSURE
		c) any publicly available link to the official documentation of the industry classification system.	
ANNEX III.1.c	Article 4(3)	ESG rating providers shall disclose an overview of data sources, including whether data is sourced from sustainability statements required under Directive 2013/34/EU or from information disclosed under Regulation (EU) 2019/2088 and whether sources are public or non-public, and an overview of data processes, estimation of input data in case of unavailability and frequency of data updates. ESG rating providers shall include a description of the engagement process with rated items or issuers of rated items, including how the input from such engagement is taken into account.	Please refer to: • Data Sources: Sources of Information • Data Processes: Data Collection; • Estimation of Input Data: Sources of Information • Frequency of Data Updates: Update Cycle • Engagement with rated items or issuers of rated items is not part of the Modern Slavery Solution process.
ANNEX III.1.e	Article 4(4)	ESG rating providers shall disclose information on whether and how the rating methodologies are based on scientific evidence. ESG rating providers shall where applicable, describe the process for identifying relevant scientific evidence.	• This requirement is not relevant to the Modern Slavery Solution
ANNEX III.1.k	N/A	ESG rating providers shall disclose where applicable, reference to the use of artificial intelligence in the data collection or rating process including information about current limitations and risks of using artificial intelligence.	Please refer to: • Sources of Information

<table>
<tr><th>REGULATION (EU) 2024/3005</th><th>DELEGATED REGULATION</th><th>REQUIRED INFORMATION</th><th>ISS GERMANY AG DISCLOSURE</th></tr>
<tr><td colspan="4">Limitations in data sources, methodologies and information</td></tr>
<tr><td>ANNEX III.1.m</td><td>Article 5</td><td rowspan="2">ESG rating providers shall disclose any limitation in data sources and methodologies used for the construction of ESG ratings.
ESG rating providers shall disclose any limitation on the information available to ESG rating providers.
ESG rating providers shall explain any limitations in respect of the following:
a) the availability or consistency of data used in the rating process;
b) the completeness, timeliness and accuracy of information;
c) the use of assumptions, proxy reference points and data estimation.</td><td rowspan="2">Please refer to:
• Limitations
• Limitations to Methodologies & Data</td></tr>
<tr><td>ANNEX III.1.q</td><td>Article 5</td></tr>
<tr><td colspan="4">Organisational Disclosures</td></tr>
<tr><td>ANNEX III.1.d</td><td>Article 6(2)</td><td>ESG rating providers shall disclose the ownership structure of the ESG rating provider.
ESG rating providers shall disclose:
a) a chart illustrating their ownership links with any parent undertaking and subsidiaries. The chart shall indicate, where applicable, whether any of those entities perform any of the activities listed in Article 16 (1) or services referred to in Article 16(6) of Regulation (EU) 2024/3005.</td><td>Please refer to:
• Ownership Structure</td></tr>
<tr><td>ANNEX III.1.l</td><td>Article 6(3)</td><td>ESG rating providers shall disclose general information on criteria used for establishing fees charged to clients, specifying the various elements taken into consideration, and general information on the business/payment model.
ESG rating providers shall disclose the following:
a) how the criteria they apply for establishing fees ensure that fees are fair, reasonable, transparent and non-discriminatory in accordance with Article 27 of Regulation (EU) 2024/3005;</td><td>Please refer to:
• Pricing Policy</td></tr>
</table>

REGULATION (EU) 2024/3005	DELEGATED REGULATION	REQUIRED INFORMATION	ISS GERMANY AG DISCLOSURE
		b) whether the ESG rating provider operates a subscription-paid model, an issuer-paid model, a combination of those models, or another model; c) a description of the relevant business model, and the proportion of total annual revenue derived from each model; d) where applicable, the impact of fees charged for services other than ESG rating activities on the determination of fees for ESG ratings, together with a description of those other services.	
ANNEX III.1.n	Article 6(1)	ESG rating providers shall disclose the main risks of conflicts of interest and the steps take to mitigate them. ESG rating providers shall indicate the areas of the ESG rating provider's activities, services or organisational structure from which the main risks of conflicts of interest may arise.	Please refer to: • Conflict of Interest Policy

Introduction

Understanding Modern Slavery

Modern slavery is a grave violation of fundamental human rights, such as freedom, decent work, and dignity. It results in severe abuses including, but not limited to forced labor, the worst forms of child labor, human trafficking, and debt bondage. According to the International Labor Organization, modern slavery refers to situations in which a person cannot refuse or leave because of threats, violence, coercion, deception, and/or abuse of vulnerability.

Figure 1. The Continuum of Decent Work and Modern Slavery

Where does Modern Slavery fit?

Modern slavery happens at the most extreme end of a spectrum that ranges from decent work to serious criminal exploitation.

Modern Slavery

Worker cannot refuse or cease work because of coercion, threats, or deception.

Worker may also be deprived of personal freedom.

Dangerous or Substandard Working Conditions

Worker can refuse or cease work but doing so may lead to detriment.

Worker is not paid fairly and does not receive some or all entitlements.

Worker may be required to work excessive hours.

Workplace is unsafe.

Decent Work

Workers' rights respected.

Worker free to refuse or cease work.

Source: Adapted from The Commonwealth Modern Slavery Act 2018: Guidance for Reporting Entities

While there has been some progress in identifying and recording incidents of modern slavery, there are still significant barriers for investors in obtaining actionable data and analysis on modern slavery.

Given the complexities in identifying modern slavery, the Modern Slavery Solution situates modern slavery within the context of broader human and labor rights to capture potential drivers of exploitation. Modern slavery typically occurs on a continuum, where workers experience a gradual erosion of their working conditions, including underpayment of wages, excessive overtime, and hazardous work (See Figure 1). There are also well-documented links between modern slavery and other human rights challenges, including corruption, discrimination and marginalization of ethnic minorities and forced displacement.

Modern Slavery Solution Objective

ISS STOXX's Modern Slavery Solution (MSS) provides an opinion, expressed in absolute outcomes, on companies' exposure to modern slavery risks, their readiness to address these risks, and potential impacts from their identified involvement in modern slavery controversies. Both the assessed risks and impacts may occur in the company's direct operations and/or its supply chain.

The Solution serves as a proactive tool that empowers investors in their decision-making, offering a holistic and forward-looking perspective on these critical aspects of company risk exposure and management. It enables investors to identify, evaluate, and act on modern slavery risks, as well as assess their potential impact on investments.

A defining aspect of the MSS is its ability to analyze a company's exposure to modern slavery risks across its entire operational landscape. To do this the assessment considers both company-specific attributes and industry-wide factors that influence the risk landscape. The transparency and quality of a company's labor-related disclosures for its employees and workers in its supply chain are also assessed.

Given the hidden and intricate nature of modern slavery, identifying instances of such exploitation poses significant challenges. The MSS addresses this challenge by adopting a broader perspective that places modern slavery within the context of labor rights and human rights. It considers key risk drivers such as geographic context at country level, industry structure, supply chain models, the implementation of fundamental labor protections that support effective risk mitigation, and actual controversy involvement for impacts assessment.

Global Context and Methodological Foundations

The MSS is aligned with international frameworks and initiatives such as the United Nations Sustainable Development Goals (SDGs). Notably, Target 8.7 of the SDGs strives to eradicate forced labor, human trafficking, and child labor. In addition, the United Nations Guiding Principles on Business and Human Rights (UNGP) provide a framework for companies and states to prevent and mitigate human rights impacts caused by business activities. The principles offer guidance on human rights due diligence, remediation, and reporting, emphasizing the responsibility of companies to identify, prevent, and address modern slavery risks throughout their operations and supply chains.

Several countries have also implemented national legislation specifically targeting forced labor and modern slavery. Laws such as the United Kingdom Modern Slavery Act, the Australian Modern Slavery Act, and the Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act require companies to disclose their due diligence measures in identifying and mitigating risks related to forced labor and child labor. Some countries have adopted regulations with stricter obligations for companies to implement specific due diligence measures, monitor due diligence effectiveness in preventing modern slavery, and report on their due diligence implementation progress. Some examples include the French Duty of Vigilance Law and the German Act on Corporate Due Diligence Obligations in Supply Chains. In addition, the European Union (EU) Corporate Sustainability Reporting Directive (CSRD) establishes requirements for companies operating within the EU to disclose human rights and environmental due diligence measures, where they meet the employee and turnover thresholds specified in the Directive. The German Act on Corporate Due Diligence Obligations in Supply Chains requires companies above a certain size to conduct due diligence to identify and prevent human rights violations, including modern slavery, in their supply chains.

In addition to legislation, international collaborations and initiatives play a significant role in addressing modern slavery risks. Examples include the Investor Alliance for Human Rights, the Modern Slavery Investor Initiative, and the Global Business Initiative against Human Trafficking.

ISS STOXX takes into account the requirements from these legislations as well as the frameworks of these initiatives to understand clients' use cases and the obligations that companies are subject to in developing the underlying methodology of the MSS.

Materiality

The MSS methodology takes into account whether an organization has risk exposure to specific issues, and actual or potential adverse impacts on society. A matter is deemed material if the stakeholder has exposures to relevant risks, and/or if the issue can significantly impact individuals or society in the short, medium, and long term. As a result, MSS provides an assessment of a company's degrees of exposures to modern slavery risks based on the company's own operation, supply chain, and industry profile, its readiness to manage and reduce risks via policy and measures on labor rights and governance, and impacts caused via controversies in direct operation or linked through its business relationships. These relationships span the entirety of an organization's value chain, both upstream and downstream, and include both direct and indirect contractual ties.

While the Solution does not prioritize financial materiality, its findings can offer valuable insights to investors regarding their potential reputational, regulatory, and legal risks. These risks are closely intertwined with the financial risks that emerge from the adverse impacts of investments on society. The insights gained from the Solution can be operationalized through diverse investment strategies, including embedding sustainability considerations into portfolio construction, engaging with invested companies, exercising voting rights, or divesting from entities with elevated impacts.

Assessment Components

The MSS covers specific social and governance issues related to modern slavery and is made up of three components. The components cover the exposure of companies to modern slavery risk, their management of modern slavery risks, and their involvement in modern slavery controversies. The further granular topics covered by these components correspond to the social topics S1 Own workforce and S2 Workers in the value chain, and the governance topic G1 Business conduct from the sustainability reporting standards developed pursuant to Article 29b of Directive 2013/34/EU. Details on the three main components of MSS are as follows:

- **Modern Slavery Risk Assessment:** An assessment of a company's exposure to modern slavery risks considering key risk indicators, including geographic context at country level (e.g., corruption, inequality, poverty, and government instability), industry structure (e.g., outsourcing to countries with poor labor protections), reliance on high-risk raw materials and goods, and industry exposure to modern slavery controversies.

- **Modern Slavery Disclosure & Performance:** An assessment of a company's preparedness to identify and mitigate modern slavery risks via policy and measures to prevent child and forced labor, ensure freedom of association and collective bargaining, maintain fair payment and employment practices, monitor labor rights compliance in the supply chain, and provision of whistleblowing mechanism.

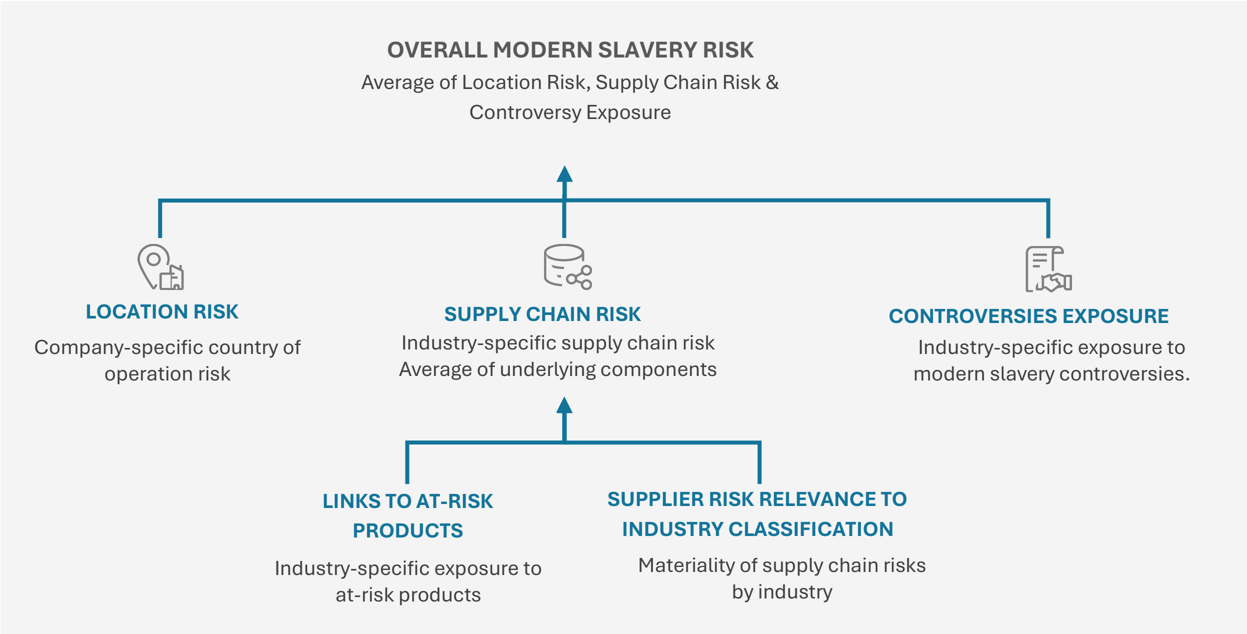
- **Modern Slavery Controversies**: An evaluation of a company's actual impacts via identifying alleged or verified involvement of the company in relevant controversies, either in its operation or through its business relationships. The assessment considers controversies related to modern slavery as well as broader labor rights as an indicator of modern slavery risk.

Given the complexity of the issue, modern slavery risks and impacts may persist even with high-quality management processes in place. As such, these components have not been combined into a single score. Instead, investors can determine the importance they assign to each component. Further details and underlying derivation logic of each component are explained below.

Modern Slavery Risk Assessment

The Modern Slavery Risk Assessment evaluates a company's exposure to modern slavery risks in its operations and its supply chain. The Modern Slavery Risk Assessment is an average of Location Risk, Supply Chain Risk and Controversy Exposure (see Figure 2).

Figure 2. Structure of the Modern Slavery Risk Assessment



Source: ISS STOXX

Location Risk

The Location Risk Assessment identifies a company's vulnerability to modern slavery in its countries of operation, based on key factors that enable exploitative work, undermine support services, and impede access to justice. The assessment relies on data about the company's countries of operation, and the vulnerability of these countries to modern slavery and related issues.

Identifying Countries of Operation

The Location Risk Assessment is assessed through company's locations of operation based on ISS STOXX's Geospatial Asset Database, enabling precise identification of the locations where a company operates and the nature of its operations.

The Geospatial Asset Database contains verified, site-level information on physical assets owned or operated by issuers. It includes datapoints on location, identify, and asset-defining characteristics, such as asset type, associated products and services, area and production output. These details enable the evaluation of a specific operation's relevant exposure to modern slavery risks, which contributes to a more refined inclusion of locations for the risk assessment.

In the absence of this precise information or where data collection from the Geospatial Asset Database is incomplete, information about a company's subsidiaries and their respective countries of incorporation is sourced from FactSet Data Management Solutions (DMS). FactSet captures data for the following types of companies:

- **Publicly Listed Companies:** Where market capitalization exceeds USD 50 million (USD 750 million for Korean companies). Japanese companies are included irrespective of market value.

- **Subsidiaries:** Those in which the parent entity holds a stake of 50% or more.

FactSet also collects data on certain private companies but does not cover private equity funds or joint ventures. Updates to information on countries of operation are generally conducted by FactSet on an on-demand basis and driven by corporate actions, such as mergers and acquisitions, name changes, public debt issuances, and initial public offerings (IPOs). These updates draw from annual reports, public filings, share registers, and daily/transactional announcements.

Determining Countries' Exposure to Modern Slavery

The country-based modern slavery vulnerability assessment is based on ISS STOXX's Sovereign Rating Social & Governance Score. The Social & Governance Score is expressed on a twelve-point scale from A+/4.00 (excellent performance) to D-/1.00 (poor performance). This score is derived from the weighting and aggregation of absolute performance assessments within the three topics described in Table 1. These absolute performance assessments consider both the legislative and factual situation in a country.

Table 1. ISS STOXX's Sovereign Rating Social & Governance Topics

TOPIC	DESCRIPTION
Political Systems and Governance	Covers topics related to the form of state and government, elections, judicial independence, and the rule of law. It also encompasses issues related to government transparency, monitoring by non-governmental institutions, sustainable development strategy, corruption perception, and violent/non-violent conflicts.
Human Rights and Fundamental Freedoms	Encompasses safeguarding civil and political rights, freedom of assembly, religion, asylum, torture, arbitrary arrest, death penalty, equality before the law, freedom of movement, privacy rights, and freedom of speech and press. Additionally, it covers issues related to non-discrimination, gender equality, and women's representation in politics and work.
Social Conditions	Encompasses various issues related to social conditions. These include health-related issues such as public health expenditure, life expectancy, access to healthcare, and risk of catastrophic health expenditure; Education issues such as public spending, pupil-teacher ratio, and education quality; and labor-related issues such as basic rights, social security, income inequality, poverty, and migrant integration. It also addresses wealth distribution, population dependency, and social security systems.

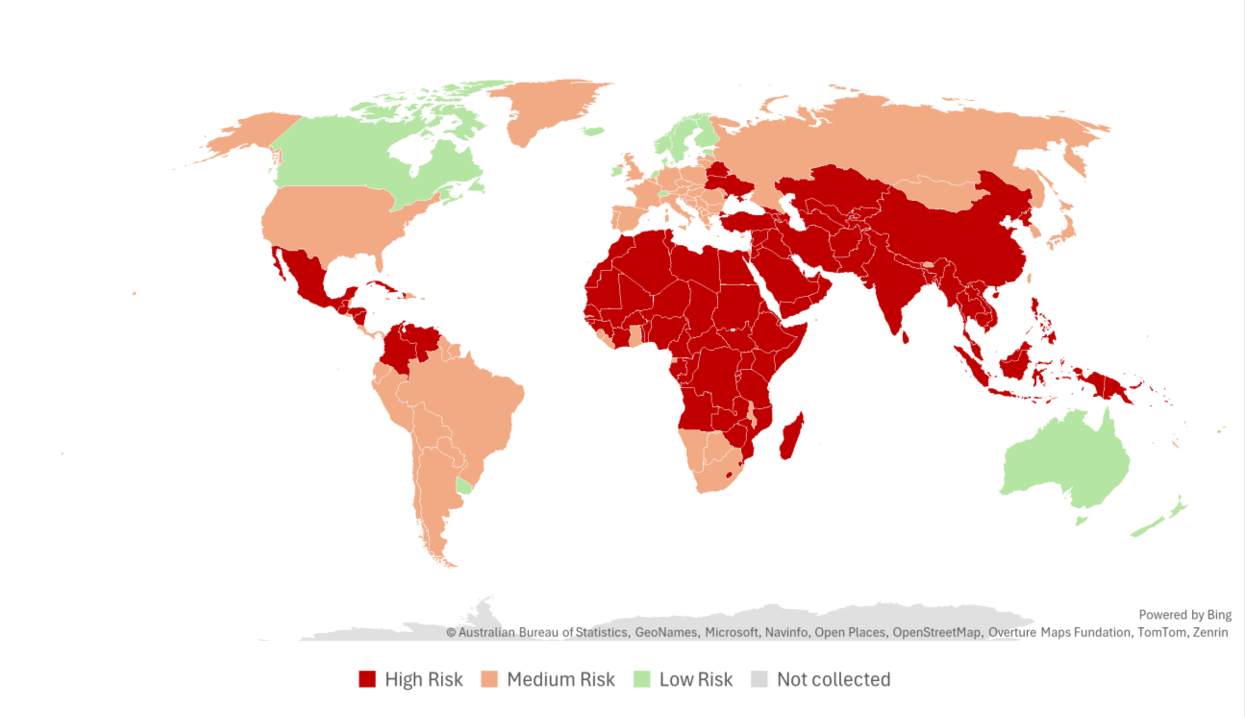
Source: ISS STOXX

To leverage these Sovereign Rating Topics, the MSS assigns a risk category to each country based on the Sovereign Rating Social & Governance Rating Score. Countries are categorized into three distinct risk levels, depicted for each country in Figure 3:

- **High Risk:** >= 1.00 and < 2.00
- **Medium Risk:** >= 2.00 – 3.00
- **Low Risk:** >= 3.00 – 4.00

In rare instances where a country is not covered by the ISS STOXX's Sovereign Rating, a peer group average is used to assign a proxy Social & Governance Score to that country. Peer groups are defined using the World Bank classifications of Income Group and Region.

Figure 3. Modern Slavery Solution Location Risk Assessment (March 2026)



Source: ISS STOXX

Location Risk Classification

Once a company's countries of operation have been identified, and risk scores have been assigned to those countries, the following classification is applied to each company to generate its overall Location Risk Assessment:

- **High**: The company has operations in at least one country which is highly vulnerable to modern slavery.
- **Medium**: The company has operations in at least one country with a moderate level of vulnerability to modern slavery. It does not have operations in any high-risk countries.

- **Low**: The company has operations in at least one country with a low level of vulnerability to modern slavery. It does not have operations in any medium or high-risk countries.

The approach adopted in the Location Risk Assessment aligns with the principles outlined in the United Nations Guiding Principles on Business and Human Rights (UNGPs). These principles emphasize the importance of a company's human rights due diligence focusing on risks to people rather than risks to business. While there is often a convergence between these risks, the primary focus is on evaluating how a company's operations either cause, contribute to, or are linked with adverse human rights impacts, or have the potential to do so.

In practice, this means that the key determinant of risk is the location of the company's operations. The size or revenue of an operation is not considered as a primary factor, as this could inadvertently exclude smaller operations in regions where the risks to people are more severe. That is, the assessment identifies *vulnerability* to modern slavery, based on systemic social and governance factors that enable modern slavery, rather than prevalence.

Supply Chain Risk

The Supply Chain Risk Assessment evaluates modern slavery risk in a company's supply chain. It is based on the average of two elements, Supplier Risk Relevance to Industry, and Links to At-Risk Products. Based on this combined assessment, each company is assessed as having High, Medium, or Low, Supply Chain Risk.

Supplier Risk Relevance to Industry Classification

The Supplier Risk relevance to specific industries is assessed using the GICS (Global Industry Classification Standard) Sub-Industry classification 2023 version, developed by S&P Dow Jones Indices and MSCI, for each company. This assessment relies on the weighting of specific topics for companies evaluated under the ISS STOXX Corporate Rating.

For each GICS Sub-Industry, a ratio is calculated. This ratio compares the average weight assigned to the Suppliers Topic in the ISS STOXX Corporate Rating to the average weight for the broader Staff and Suppliers Topic for companies in that GICS Sub-industry. The weight assigned to the Supplier topic within the broader Staff and Suppliers Topic is the result of several factors, including the industry's degree of outsourcing, geographic distribution of suppliers, and dependence on high-risk raw materials.

GICS Sub-Industries are then categorized into three distinct risk levels based on these ratios:

- **High Risk**: Supplier Topic is greater than 33.3% of the weight of the Staff and Suppliers Topic
- **Medium Risk**: Supplier Topic is between 16.7% and 33.3% of the weight of the Staff and Suppliers Topic.
- **Low Risk**: Supplier Topic is less than 16.7% of the weight of the Staff and Suppliers Topic.

Companies are then assigned a Supplier Risk Relevance to Industry Classification based on the GICS Sub-Industry to which they belong.

Links to At-Risk Products Classification

The Links to At-Risk Products Classification identifies the likelihood of a company being exposed to at-risk products within their supply chain. The classification draws from the United States Department of Labor (DoL) List of Goods Produced by Child Labor or Forced Labor. The DoL List provides information about goods and their source countries with well-established reports of forced or child labor during production.

Identification of At-Risk Goods

To determine the likelihood of a company being exposed to at-risk products, a systematic process was followed. DoL goods representing a meaningful proportion of international trade were identified, and these goods were then mapped to the relevant Global Industry Classification Standard (GICS) Sub-Industries.

To identify DoL Goods that comprised a meaningful proportion of international trade, goods were mapped to the Harmonized System (HS) 4 Categories[1]. Goods that were too broad for accurate mapping or had unclear characteristics were excluded. For instance, 'Baked goods' was one such item listed on the DoL list and was excluded.

Subsequently, using global trade data, it was determined whether exports of at least one of the HS-4 Categories linked with the DoL Good from the countries on the DoL List represented 5% or more of global exports in that HS-4 category over the past five years. Goods that did not meet this threshold were excluded from subsequent analysis.

However, in some circumstances, goods that did not appear to constitute a meaningful proportion of international trade according to the mapping process were included. If reputable sources indicated that exports of a particular good from a specific country significantly contributed to international trade, even when limited trade data was available, that good was not excluded. This exception was especially relevant for developing economies where trade data may not be fully available.

As a result of this mapping process, 70 At-Risk Goods were identified for the Links to At-Risk Product Assessment, shown in Table 2.

[1] The Harmonized Commodity Description and Coding System (HS) is an international nomenclature for the classification of products developed by the World Customs Organisation (WCO). There are over 1200 four-digit product categories (HS-4).

Table 2. Products included in the Links to At-Risk Products Assessment

PRODUCTS INCLUDED IN THE AT-RISK GOODS ASSESSMENT			
Açaí Berries	Cottonseed (Hybrid)	Melons	Silk Fabric
Artificial Flowers	Cucumbers	Metallurgical Grade Silicon	Silk Thread
Aluminum	Diamonds*	Mica	Silver
Bananas	Electronics	Nails	Squid
Beans (green, soy, yellow)	Fireworks	Nickel	Tantalum ore (coltan)*
Bricks	Fish	Oil (palm)	Tea
Carpets	Flowers	Pepper	Textiles
Cashews	Footwear	Polysilicon	Thread/Yarn
Caustic Soda	Furniture	Polyvinyl Chloride	Timber
Christmas Decorations	Garments	Poultry	Tin ore (cassiterite)*
Citrus Fruits	Gems	Rice	Tobacco
Coal	Gloves	Rubber	Tomato Products
Cobalt Ore (Heterogenite)*	Gold	Rubber Gloves	Toys
Cocoa	Hazelnuts	Sandstone	Tungsten ore (wolframite)*
Coffee	Leather	Sesame	Vanilla
Corn	Leather Goods/ Accessories	Sheep	Zinc
Cotton	Matches	Shrimp	

*Goods that were included in the Links to At-Risk Products Assessment despite trade data not being fully available.
Source: ISS STOXX

Mapping At-Risk Goods to Companies

Once the list of At-Risk Goods was determined, they were associated with GICS Sub-Industries based on their distribution and usage. For example, bananas and cocoa are important in food industries, while bricks and nails are used extensively in construction. Electronics rely on components such as tungsten, cobalt, and copper, while textiles like cotton and silk are essential in fashion and healthcare. As a result, these At-Risk goods have a broad impact across a wide range of industries, connecting them to Modern Slavery Risks through complex global supply chains.

To reflect this mapping in a company's supply chain risk assessment, the Links to At-Risk Products Classification has been assigned to each GICS Sub-Industry based on the number of At-Risk Goods associated with it:

- **High Risk:** 4 or more products
- **Medium Risk:** 2 - 3 products
- **Low Risk:** 1 or fewer products

Companies are assigned a Links to At-Risk Products Classification based on the GICS Sub-Industry to which they belong.

Controversy Exposure

In addition to the Location and Supply Chain Risk, the MSS Risk Assessment assesses a company's exposure to modern slavery controversies, based on its industry. Identifying and quantifying such exposure is essential to understanding the systemic and ongoing risks associated with modern slavery and the maturity of corporate practices in the management of labor rights. Leveraging ISS STOXX's Norm-Based Research, the Controversy Exposure component identifies the proportion of modern slavery controversies associated with a specific GICS industry. These proportions are categorized as follows:

- **High**: GICS Industry accounts for over 3% of modern slavery controversies.
- **Medium**: GICS Industry accounts for 1% to 3% of modern slavery controversies.
- **Low**: GICS Industry accounts for less than 1% of modern slavery controversies.

The Controversy Exposure includes Norm-Based Research modern slavery assessments with scores from 2 to 10, reflecting both historical controversies, which may or may not have been remediated, and ongoing controversies. The following controversies are excluded:

- **Controversies with a Case Score of 3:** These case scores indicate that a company's involvement is beyond scope.
- **Duplicate Controversies:** Where a parent company is assigned the controversy of a subsidiary.

Table 3 provides some examples of the distribution of modern slavery controversies among different GICS industries and the resulting Controversy Exposure score. For more details on how controversies are assessed, see Controversy Assessment.

Table 3. Examples of GICS Industry Exposure to Modern Slavery Controversies

GICS INDUSTRY	PROPORTION OF MODERN SLAVERY CONTROVERSIES BY INDUSTRY	CONTROVERSY EXPOSURE
Food Products	8.35%	High
Tobacco	3.75%	High
Construction & Engineering	2.08%	Medium
Metals & Mining	1.25%	Medium
Pharmaceuticals	0.62%	Low
Banks	0.41%	Low

Source: ISS STOXX

Disclosure and Performance Assessment

The Modern Slavery Disclosure & Performance Assessment is designed to evaluate a company's commitment and actions regarding modern slavery risks. Mirroring the Modern Slavery Risk Assessment, the Disclosure & Performance Assessment evaluates a company's preparedness to address risks within both its operations and supply chain. It considers both the existence and quality of the company's policies and procedures that are important for mitigating modern slavery risks.

The Modern Slavery Disclosure & Performance Assessment is based on ten ISS STOXX Corporate Rating metrics that are listed in Table 4. Alignment of companies' commitments against the objectives of international agreements and frameworks, such as the UN Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights, and the OECD Guidelines for Multinational Enterprises, are covered by the assessment methodology of ISS STOXX's Corporate Rating.

Table 4. Indicators used in the Modern Slavery Disclosure & Performance Assessment

INDICATOR	DESCRIPTION	WEIGHT	SUM OF INDICATORS WEIGHT
Policy on forced and child labour	*Evaluates the existence of a policy that ensures the prevention of forced and child labor*	8.3%	30%
Measures to prevent forced and child labour	*Evaluates the existence and quality of measures to ensure prevention of forced and child labor in a company's operations*	8.3%	
Policy on freedom of association and collective bargaining	*Evaluates the existence of a policy that ensures that employees can exercise their right to freedom of association and collective bargaining.*	6.7%	
Measures to ensure freedom of association and facilitate collective bargaining	*Evaluates the existence and quality of measures to ensure employees can exercise their right to freedom of association and to facilitate collective bargaining.*	6.7%	
Whistleblower mechanisms	*Evaluates the existence and quality of a company's whistleblower mechanisms for employees*	3.4%	10%
Payment practices	*Evaluates whether the wages paid by the company allow for a decent standard of living for workers and their families.*	3.3%	
Position on non-regular employment	*Evaluates a company's position on the use of different employment types and contracts.*	3.3%	
Supplier standard with regard to labor rights and working conditions	*Evaluates the existence and quality of a standard on labor rights and working conditions for suppliers and contractors.*	25%	60%
Procedures to ensure compliance with the supplier standard on labor rights and working conditions	*Evaluates the existence and quality of procedures to ensure the compliance of key suppliers with the company's supplier standards on labor rights and working conditions.*	25%	
Measures to enable key suppliers to safeguard labor rights and improve working conditions	*Evaluates the existence and quality of measures to ensure the compliance of key suppliers with the company's supplier standards on labor rights and working conditions.*	10%	

Source: ISS STOXX

Weighting of Indicators

The weighting of these indicators is designed to reflect their materiality in managing modern slavery risks. Given that modern slavery incidents most frequently occur within a company's supply chain, the supplier-related indicators account for over half of the score's overall weight.

At the operational level, indicators relating to policy and measures to prevent forced and child labor are most highly weighted, followed by policies and measures to ensure freedom of association and collective bargaining. The indicators on child and forced labor address the most severe human rights abuses and forms of modern slavery, including work because of coercion, threat or deception, and deprivation of worker's personal freedom. The freedom of association and collective bargaining indicators assess workers' ability to raise grievances and participate in decisions that affect their working conditions, which are key preventive measures against exploitation. The International Labour Organization (ILO) considers freedom of association and the right to collective bargaining as "enabling" rights for all other workplace-related labor rights. To avoid undue influence on the score from indicators that are only applicable in some industries, industry-specific indicators, such as payment practices, are assigned a lower weight.

Disclosure & Performance Category

Each company is assigned a Disclosure & Performance Category, based on its Disclosure & Performance Score:

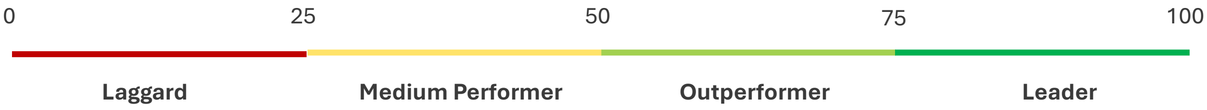
- **Laggard**: 0 to <25. The company lacks transparency in their approach to modern slavery and does not disclose adequate policies and procedures to identify and mitigate modern slavery risks.

- **Medium Performer**: >=25 to <50. The company has disclosed some policies and procedures to address modern slavery risks but has yet to demonstrate best practices.

- **Outperformer**: >=50 to <75. The company has disclosed several policies and procedures to identify and mitigate modern slavery risks, with some of these disclosures demonstrating best practices.

- **Leader**: >=75 to 100. The company has disclosed comprehensive policies and procedures to identify and mitigate modern slavery risks, with the quality of these disclosures reflecting best practices. Leading companies typically demonstrate outperformance by prohibiting forced labor and child labor, as well as by implementing robust measures to uphold high standards on wages, working hours, and union rights, for both their employees and workers throughout their supply chains.

Figure 4. Disclosure & Performance Score Categories



Source: ISS STOXX

Controversy Assessment

The MSS Controversies Assessment identifies companies involved in, or linked through their business relationships, to modern slavery incidents in their operations or supply chain. While a company may have robust disclosures for its Modern Slavery related policies and procedures, repeated controversies raise concerns about the efficacy of such measures and may be indicative of ongoing and systemic risks.

Leveraging ISS STOXX's Norm-Based Research, the assessment identifies allegations of companies failing to adhere to global norms as outlined in relevant international initiatives and guidelines. The methodology of Norm-Based Research is developed based on expectations set forth in core normative frameworks, including the Principles of the UN Global Compact (UNGC), the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (OECD Guidelines for MNEs), and the UN Guiding Principles for Business and Human Rights (UNGP). These assessments are categorized and presented according to a rating scale from 10 to 1, shown in Figure 5 which considers the severity, remediation, and verification, of the controversy.

Figure 5. Norm-Based Research Traffic Light Signals and Rating Scores

10	Verified very severe failure
9	Verified severe failure
8	Alleged failure
7	Verified failure, undergoing remediation
6	Fragmentary information
5	Under observation
4	Undergoing remediation
3	Involvement beyond scope
2	Past involvement
1	No allegation

Source: ISS STOXX

Each company is assigned an overall modern slavery controversies assessment, called the Overall Modern Slavery Controversies Flag, which indicates its ability to mitigate and remediate modern slavery incidents. This flag is based on the Norm-Based Research traffic-light system and aligns with the flag for the company's worst modern slavery controversy. It is determined using the Norm-Based Research indicators in Table 5.

Table 5. Modern Slavery Controversy Assessment Components

INDICATORS	ASSESSMENT
Case Score	Score 1 – 10
Severity	Assesses credibility of information, scope of impact, status of practice, impact, and recurrence.
Remediation	Assesses commitment to and implementation of effective remedial measures.
Verification	Assesses whether the information is verified by an authoritative, unbiased source with first-hand knowledge of the situation.
Case update date	Indicates the latest date the controversy assessment was updated.

Source: ISS STOXX

The MSS Controversies component includes controversies classified under Modern Slavery and the broader Labor Rights Norm Areas in the Norm-Based Research Taxonomy. The taxonomy of relevant themes is shown in Table 6 below.

Table 6. Norm-Based Research Taxonomy Themes Related to Modern Slavery and Labor Rights

NORM-BASED RESEARCH TAXONOMY	THEMES
Modern Slavery	Human Rights due diligence
	Torture/inhumane treatment
	Forced labor
	Child labor (worst forms of child labor)
Labor Rights	Child labor
	Forced labor
	Union rights
	Workplace discrimination
	Working conditions
	Workplace health and safety

Source: ISS STOXX

Key Outputs and Signals

Solution Outputs

The MSS includes a comprehensive array of outputs aimed at equipping investors to assess and manage modern slavery risks, both at an issuer and portfolio level. All outputs are expressed in absolute values (including numeral scores and classification types) and include datasets available on the DataDesk platform and Portfolio level Reports.

The MSS datasets can be categorized into three primary components: Modern Slavery Risk Assessment, Modern Slavery Disclosure & Performance, and Modern Slavery Controversies. These datasets provide absolute risk classifications, disclosure and performance classifications, and details about issuers' involvement in modern slavery controversies. A detailed description of each data point is available in the Solution's dedicated data dictionary.

Table 7. Overview of MSS Assessment Outputs

MODERN SLAVERY RISK	DISCLOSURE & PERFORMANCE	CONTROVERSIES
• 14 data points • Company and industry-specific risk profiles • Country of operation, supply chain and product risk	• 25 data points • Company's preparedness to address risks in its operations and supply chain	• 9 data points • Company's involvement in modern slavery and labor rights controversies

Modern Slavery Risk Assessment

The Modern Slavery Risk Assessment dataset comprises 14 data points, evaluating an issuer's exposure to modern slavery risks across its operations and supply chain, as well as its vulnerability to controversies at the industry level. This dataset includes factors related to location risk, supply chain risk, links to at-risk products, and controversy exposure. Additionally, supplementary data points offer further details about specific aspects of an issuer's performance and exposure to modern slavery risks. These supplementary data points include:

- **Highest Risk Location**: Identifies the issuer's country of operation with the highest Location Risk Assessment score. This may be a location with a High, Medium, or Low risk assessment depending on the company's overall Location Risk Assessment and countries of operation.

- **High Risk Countries of Operation**: Provides a list of the issuer's countries of operation considered to have a high vulnerability to modern slavery.

- **Use of Geospatial Asset Database**: Identifies if the location risk assessment of an issuer is generated using the Geospatial Asset Database.

- **Links to At-Risk Products Count:** Presents an aggregated count of at-risk products linked to the issuer's GICS Sub-Industry.

- **Links to At-Risk Products Type:** Lists specific at-risk products linked to the issuer's GICS Sub-Industry.

Modern Slavery Disclosure & Performance

Modern Slavery Disclosure & Performance dataset includes 25 data points, with 20 data points from the Corporate Rating dataset showing the numerical and letter grades of the 10 Corporate Rating metrics that are leveraged for this Pillar assessment. These 20 data points show an issuer's performance as assessed in ISS STOXX's Corporate Rating on a scale from A+/4.00 (excellent performance) to D-/1.00 (poor performance).

The remaining 5 data points show the assessment of an issuer's performance in addressing modern slavery risks in their operations and supply chains based on the numeric scores of the 10 Corporate Rating metrics. These include a final Disclosure & Performance Score ranging from 0 to 100 and the company's respectively assigned Disclosure & Performance category, along with industry-specific comparisons, enabling investors to assess an issuer's performance relative to industry peers.

Modern Slavery Controversies

The Modern Slavery Controversies dataset consists of 9 data points that provide an overview of an issuer's exposure to modern slavery controversies. These include the following:

- **Modern Slavery Controversy**: Reflects the modern slavery controversy with the highest score based on severity, remediation, verification, and recency that has been recorded for an issuer.

- **Overall Modern Slavery Controversies Flag:** Based on the Worst Modern Slavery Controversy, it uses traffic light signals (Red/Amber/Green) to offer an overview of the issuer's overall performance.

Furthermore, the dataset provides counts of modern slavery and labor rights controversies with a score of 4 or higher. These counts are further divided into controversies where the issuer was directly involved through its operations or linked through its supply chain. Notably, controversies related to Child Labor and Forced Labor are listed under both Modern Slavery and Labor Rights due to their classification in the Norm-Based Research Taxonomy.

Modern Slavery Portfolio Report

The Portfolio Report is a structured DataDesk-based report that provides valuable insights into the modern slavery risk and performance of portfolios. The report includes sections on risk exposure and risk management. It highlights top and bottom performers, relevant modern slavery controversies, and assesses geographic and sector risk. The report helps portfolio managers understand and manage modern slavery risks, compare risk and performance with relevant benchmarks, and align their portfolios with ethical and responsible investment practices.

As part of the portfolio report, an appendix is provided, listing GICS Sectors with a detailed description of their exposure to modern slavery risks and At-Risk Goods linked to the sector.

Risk Assessment Outputs

As the Modern Slavery Risk Assessment is based on an issuer's GICS sub-industry and operational locations, its coverage is more extensive than other elements of the Solution. To take advantage of this, two distinct outputs are provided: the Modern Slavery Risk Assessment Dataset and a dedicated Risk Assessment Portfolio Report. These outputs cover a significantly expanded universe of issuers.

Modern Slavery Risk Dataset

The Modern Slavery Risk Assessment dataset consists of 14 data points. Detailed descriptions of the Dataset can be found in the Assessment Output section, Modern Slavery Risk Assessment, above, and in the solution's dedicated Data Dictionary.

Modern Slavery Risk Portfolio Report

The Modern Slavery Risk Portfolio Report mirrors the Risk Assessment component of the Modern Slavery Portfolio Report. It offers an overview of the portfolio's modern slavery-related risks and provides insights into locations and sectors with the highest concentrations of modern slavery risks within the portfolio being assessed. These insights enable investors to have a nuanced understanding of the prevalence of risk within their holdings, facilitating well-informed decisions on risk management.

Assessment Process

Sources of Information

The Modern Slavery Solution (MSS) draws from various ISS STOXX sustainability solutions as well as several reputable external sources, combining both proprietary and external information. These sources include:

- **Corporate Rating:** ISS STOXX's Corporate Rating is used as an input for the assessment of Modern Slavery Risk and Disclosure & Performance. The Corporate Rating incorporates both quantitative and qualitative data from public and private sources and follows a periodic review process.
    - Use of Estimated Data: The Corporate Rating incorporates estimated data when precise reported data is unavailable. The share of estimated data across the Corporate Ratings universe typically ranges from 5% to 10%.
- **Sovereign Rating:** ISS STOXX's Sovereign Rating is used as an input for the Modern Slavery Risk Assessment, providing insights into Social and Governance risks at the country level. The Sovereign Rating incorporates both quantitative and qualitative data from public sources only and follows a periodic review process.
    - Use of Estimated Data: The Sovereign Rating does not incorporate any estimated data. All data points are captured as published by the primary source.
- **Norm-Based Research:** ISS STOXX's Norm-Based Research is used as an input for the Modern Slavery Risk Assessment and Controversies components of the Solution. This data undergoes comprehensive

validation and periodic review and is compiled by thematic experts. Norm-Based Research is conducted using data from public sources only.

  - Use of Estimated Data: ISS STOXX's Norm-Based Research does not incorporate estimated data. The research process is incident driven and relies on stakeholder allegations, that is, reported data. In the absence of allegations, there is no trigger for research.

  - Use of Artificial Intelligence: While the NBR assessment process is carried out manually by ISS STOXX research analysts, artificial intelligence is leveraged during the data collection process to screen publicly available traditional media and stakeholder publications for allegations of controversy involvement.

- **Geospatial Asset Database:** ISS STOXX's Geospatial Asset Database is used as an input for the Modern Slavery Risk Assessment component to identify an issuer's locations of operation. The data collection and verification process has rigorous collection and validation criteria to ensure the accuracy and completeness of the data. ISS STOXX Geospatial Asset Database collects data from public sources only.

  - Use of estimated data: The Geospatial Asset Database does not incorporate estimated data. The data collection and review process relies on reported information published by issuers and satellite imagery data.

- Sustainability statements required under Directive 2013/34/EU, if disclosed by the entities covered by ISS STOXX's Corporate Rating, can also be leveraged for the Corporate Rating process, of which input flows into MSS assessment model. Information disclosed under Regulation (EU) 2019/2088 is not considered relevant for the abovementioned solutions, and therefore does not contribute to the assessment outcome of MSS.

- **External Data:** MSS also leverages data from reputable external sources, including the World Bank Income Group Classification, the U.S. Department of Labor List of Goods Produced by Child Labor or Forced Labor, and the United Nations Commodity Trade Statistics Database (UN Comtrade). These data sources are used as inputs for the Modern Slavery Risk Assessment.

  - Use of Estimated Data: These external datasets are used as primary sources for the Modern Slavery Solution. It is not known to what extent these sources rely on estimated data.

In case of absence of input data, for the component where the missing input data is used, an assessment outcome of "Not Collected" or "Not Applicable" will be generated. The MSS does not make any estimation when input data sources are missing.

Data Collection & Research Processes

The data collection and research processes in the upstream solutions leveraged by the Modern Slavery Solution are structured to maintain data accuracy and reliability:

- **Manual Research and Data Collection:** The research, assessment, and data collection for the sources listed above are carried out primarily through manual processes.

- **Verification:** Rigorous review processes have been established for each of the internal sources listed to verify data and assessment outcomes, ensuring reliability and accuracy.

- **Risk Management:** Protocols have been established for each of the internal sources listed to address and mitigate risks associated with data collection.

Update Cycle

Data Output Update

The assessment outputs of the MSS are updated on a continuous basis, as most components of the Solution receive real-time updates through the respective internal sources from which they are derived. This includes aspects derived from the ISS STOXX Corporate Rating, Sovereign Rating, and Norm-Based Research. As a result, there may be daily changes in the Risk Assessment, Disclosure & Performance, and Controversies components of the Modern Slavery Solution. The assessment outputs are considered valid until the next update cycles of each upstream solution, which typically runs on an annual basis or is event-driven.

At the same time, ad-hoc data revision and correction can be carried out if issues are identified at upstream solutions' output, affecting the accuracy of data feeding into the MSS' derivation and assessment process.

Methodology Review

There are two main types of Methodology Revision Process for the MSS:

Annual Review Process: The MSS has an annual process during which the underlying methodology is reviewed for potential enhancements due to regulatory changes or otherwise, as well as to accommodate updates to input data sources, including new publications of the U.S. Department of Labor List of Goods Produced with Forced Labor or Child Labor, the UN Comtrade Data, and the World Bank Income Group Classification.

Ad-hoc Review Process: Any methodological changes in the upstream solutions leveraged by the MSS will trigger an assessment of downstream impacts and can lead to revision of the methodology to ensure alignment with the updated upstream approach.

Regarding methodology update triggers, a methodology revision can stem from:

- Identified needs to enhance the solutions coming from new regulatory developments, client demands, and existing limitations of the methodology.

- Updates to external datasets that are leveraged for the solution.

- Changes in upstream solutions' methodologies that have an impact on the solution's current derivation logic and outputs.

Limitations

The Modern Slavery Solution's methodology and data may be subject to certain limitations. The below outlines such limitations as well as the action taken to address these:

Limitation in Availability or Consistency of Data Sources

- The coverage of the Risk Assessment pillar of the solution is considerably larger than that of the other two pillars, Disclosure & Performance and Controversies. This is due to the larger scope of FactSet data leveraged for the Risk Assessment Pillar. ISS STOXX research team is continually working on expanding the coverage of underlying datasets, such as Corporate Ratings, which in turn will result in increasing the coverage of the other two pillars.

- Within the Location Risk assessment component of the Risk Assessment pillar, ISS STOXX has integrated proprietary Geospatial Asset Database to allow for a more granular and accurate identification of companies' operation locations. However, as the coverage of this database is still limited, FactSet data is leveraged for issuers where Geospatial Asset data is not yet available. This can result in certain inconsistencies due to differences in the underlying methodology of the two datasets. ISS STOXX is working on expanding its Geospatial Asset Database, which can contribute to a gradually improved consistency of assessment outputs where asset data is leveraged.

Limitations in the Completeness, Timeliness, and Accuracy of Information

- As outlined above, the Location Risk component within the Risk Assessment pillar of the solution is leveraging two input data sources, Geospatial Asset Database and FactSet data. The Geospatial Asset Database includes proprietary metrics indicating the accuracy and completeness of data collection at both issuer and asset level, while FactSet data provides location information at issuer level. As a result, assessment using FactSet data where Geospatial Asset data is not yet available can entail a lower level of granularity.

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

- Estimated data is leveraged in the ISS STOXX Corporate Rating, one input data source of the MSS, and accounts for 5-10% of this solution's assessment outputs, as detailed in the Sources of Information section above. This can affect the accuracy and granularity of final assessment output under the MSS, where estimated data was used in the input source.

Quality Assurance

ISS STOXX has established a quality management system that includes the following quality controls for the Modern Slavery Solution and internal sources from which it is derived:

- ISS STOXX products are based on a consistent and rigorous rating methodology designed to yield comparable risk and performance across companies and industries.
- Methodology and scoring approaches are built into proprietary software utilized by the analysts and designed in a way to ensure objectivity, consistency, and comparability of assessments.
- A geographically diverse team of analysts enrich the observation and interpretation of sustainability performance and trends.
- Rigorous training programs are mandatory for all analysts, ensuring a high standard of proficiency.
- Assessments are proofread by experienced analysts who are familiar with the assessment methodology.
- Periodic quality control and assurance reviews are conducted to ensure the correct data collection, methodological implementation, and research processes.
- For Geospatial Asset Database, internal metrics on the completeness and accuracy of collected data is leveraged in the derivation logic to ensure data quality when integrating into the assessment.
- For Norm-Based Research and Corporate Ratings, where relevant, ISS STOXX engages directly with stakeholders to review, confirm, and supplement information in assessments.
- Data and documentation related to past assessments are safely archived.
- A dedicated global Methodology team oversees the consistent application of the methodology. Additionally, the team initiates and coordinates methodological developments in cooperation with internal specialists who keep abreast of the continually evolving international sustainability trends in their fields of expertise.
- A Methodology Review Board consisting of experienced methodology and research leaders has been established with the goal of having a robust and consistent methodology development process and structure and to guide and vet the methodology development strategy and process.

Appendix

Appendix A: Relevant Supporting Models and Key Rating Assumptions

Models

- **Modern Slavery Risk Assessment model**: The overall modern slavery risk assessment is calculated as the average of Location Risk (assesses vulnerability to modern slavery based on countries of operation and country vulnerability risk), Supply Chain Risk (the average of (i) Supplier Risk Relevance to Industry Classification and (ii) Links to At-Risk Products), and Controversy Exposure (using the proportion of modern slavery controversies associated with each GICS industry).

- **Disclosure & Performance scoring model**: Evaluates a company's preparedness to address risks within both its operations and supply chain using ten Corporate Rating metrics with specified weights; produces a Disclosure & Performance Score (0–100) and category classification.

- **Controversies Assessment model**: Identifies alleged/verified modern slavery and labor rights controversies using NBR; assigns an overall flag based on the worst controversy aligned to NBR traffic-light system and selected indicators.

Assumptions

- **Peer group proxy used where sovereign coverage missing**: Where a country lacks Sovereign Rating coverage, a peer group average (World Bank income group/region) is used as a proxy Social & Governance score.

- **Location risk is presence-based**: The key determinant of location risk is presence in risky locations; operation size/revenue is not used as primary factor.

- **Supply chain risk and Controversy exposure thresholds are industry-based**: Supply chain risk is assessed at industry level via Supplier Risk Relevance and Links to At-Risk Products. Controversy exposure bands rely on the industry proportion of controversies (>3%, 1–3%, <1%) and exclude case score 3 and duplicates.

- **Disclosure & Performance indicator weighting reflects supply chain prevalence**: Supplier indicators exceed half of total weight based on the assumption that modern slavery incidents occur most frequently in supply chains.

Appendix B: Version Control

Name of Methodology: Modern Slavery Solution

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

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

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