Sustainability

Muni QualityScore

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

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 Muni QualityScore 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: • Muni QualityScore Objective
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: • Methodology for Calculation of Rankings and Sustainability Scores • Data Utilized in Calculation of Rankings and Sustainability Scores

REGULATION (EU) 2024/3005	DELEGATED REGULATION	REQUIRED INFORMATION	ISS GERMANY AG DISCLOSURE
ANNEX III.1.h	N/A	ESG rating providers shall disclose in the case of an aggregated ESG rating, the weighting of the three overarching E, S and G categories of factors (for example 33 % for the E factor, 33 % for the S factor, 33 % for the G factor), and the explanation of the weighting method, including weight per individual E, S and G category.	Please refer to: • Methodology for Calculation of Rankings and Sustainability Scores
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: • Data Utilized in Calculation of Rankings and Sustainability Scores
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: • Methodology for Calculation of Rankings and Sustainability Scores
ANNEX III.1.o	Article 3(3)	ESG rating providers shall disclose if an ESG rating of a rated item covers the E factor, information on whether that rating takes into account the targets and objectives of the Paris Agreement or any other relevant international agreements. ESG rating providers shall disclose if an ESG rating of a rated item covers the S and G factors, information on whether that rating takes into account any relevant international agreements. 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	Please refer to: • Muni QualityScore Objective
ANNEX III.1.p	Article 3(4)		

REGULATION (EU) 2024/3005	DELEGATED REGULATION	REQUIRED INFORMATION	ISS GERMANY AG DISCLOSURE
		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).	
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;	Please refer to: Points a) and f) • Appendix B: Version Control Points b) to e) • b): Muni QualityScore Objective • c): Frequency of Updates for Ranking Data • d) Quality Assurance • e) Ranking and Sustainability Scores

REGULATION (EU) 2024/3005	DELEGATED REGULATION	REQUIRED INFORMATION	ISS GERMANY AG DISCLOSURE
		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.	
ANNEX III.1.b	Article 4(2)	ESG rating providers shall disclose the industry classification used. ESG rating providers shall provide: a) the name of the issuing body of the industry classification used; b) the name and version of the industry classification used; c) any publicly available link to the official documentation of the industry classification system.	• This requirement is not applicable as industry classification is not used for the Muni QualityScore.
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 Data Utilized • Data Processes: Data Collection Process • Estimation of Input Data: Data Corrections and Estimations • Frequency of Data Updates: Frequency of Updates for Ranking Data

REGULATION (EU) 2024/3005	DELEGATED REGULATION	REQUIRED INFORMATION	ISS GERMANY AG DISCLOSURE
			• Engagement with rated items or issuers of rated items is not part of the Muni QualityScore process.
ANNEX III.1.e	Article 4(4)	ESG rating providers shall disclose information on whether and how the rating methodologies are based on scientific evidence. ESG rating providers shall where applicable, describe the process for identifying relevant scientific evidence.	Please refer to: • Muni QualityScore Objective
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.	• This requirement is not applicable to the Muni QualityScore.
Limitations in data sources, methodologies and information			
ANNEX III.1.m	Article 5	ESG rating providers shall disclose any limitation in data sources and methodologies used for the construction of ESG ratings. ESG rating providers shall disclose any limitation on the information available to ESG rating providers.	Please refer to: • Limitations • Limitations to Methodologies & Data
ANNEX III.1.q	Article 5	ESG rating providers shall explain any limitations in respect of the following: a) the availability or consistency of data used in the rating process; b) the completeness, timeliness and accuracy of information; c) the use of assumptions, proxy reference points and data estimation.	

REGULATION (EU) 2024/3005	DELEGATED REGULATION	REQUIRED INFORMATION	ISS GERMANY AG DISCLOSURE
Organisational Disclosures			
ANNEX III.1.d	Article 6(2)	ESG rating providers shall disclose the ownership structure of the ESG rating provider. ESG rating providers shall disclose: a) a chart illustrating their ownership links with any parent undertaking and subsidiaries. The chart shall indicate, where applicable, whether any of those entities perform any of the activities listed in Article 16 (1) or services referred to in Article 16(6) of Regulation (EU) 2024/3005.	Please refer to: • Ownership Structure
ANNEX III.1.l	Article 6(3)	ESG rating providers shall disclose general information on criteria used for establishing fees charged to clients, specifying the various elements taken into consideration, and general information on the business/payment model. ESG rating providers shall disclose the following: a) how the criteria they apply for establishing fees ensure that fees are fair, reasonable, transparent and non-discriminatory in accordance with Article 27 of Regulation (EU) 2024/3005; b) whether the ESG rating provider operates a subscription-paid model, an issuer-paid model, a combination of those models, or another model; c) a description of the relevant business model, and the proportion of total annual revenue derived from each model; d) where applicable, the impact of fees charged for services other than ESG rating activities on the determination of fees for ESG ratings, together with a description of those other services.	Please refer to: • Pricing Policy

REGULATION (EU) 2024/3005	DELEGATED REGULATION	REQUIRED INFORMATION	ISS GERMANY AG DISCLOSURE
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

This document is intended to provide a comprehensive overview of ISS STOXX's approach to evaluating the sustainability performance of municipal entities through the ISS STOXX "Muni QualityScore". A methodology summary can be accessed here.

Muni QualityScore Objective

The ISS STOXX Muni QualityScore is a data-driven scoring solution that reflects an opinion and is designed to enable institutional investors to support their investment strategies by assessing the sustainability risks faced by municipal entities. Accordingly, the Muni QualityScore provides a detailed assessment of socioeconomic risks faced by upwards of 32,000 U.S. cities/towns, 3,140 counties, 13,500 school districts and all 50 U.S. states.

The Muni QualityScore is much broader than a traditional municipal bond credit rating. While credit ratings focus on an issuer's ability to repay debt, Muni QualityScore evaluates a municipality's exposure to a wide range of Environmental, Social, and Governance (ESG) risks that may affect long-term community resilience and financial stability. ISS STOXX links these scores to municipal bond issuers and individual CUSIPs across cities, counties, school districts, and other municipal entities.

Each municipal entity is compared against all other municipal entities within its category and is assigned deciles scores as integers from 1 through 10 as well as letter grades (AAA-CCC) that together provide a clear understanding of the drivers of a municipal entity's socioeconomic risk. A score in the 1st decile (MQS = 1) indicates a relatively lower level of risk, while a score in the 10th decile (MQS = 10) indicates a relatively higher level of risk. Similarly, a score of "AAA" indicates the lowest possible risk, where a score of "CCC" indicates the highest possible risk. Analysis is both backward- and forward-looking, whilst all outputs/results/scores are quantitative in nature, with scores determined through statistical analysis.

The Muni QualityScore solely considers local and sub-sovereign government entities and utilizes a large set of unique datasets that are not covered in international agreements that oversee Sustainability Scoring. Additionally, while the Muni QualityScore's methodology is developed through systematic internal data analysis, it is not derived from nor validated by peer-reviewed scientific literature.

Methodology for Calculation of Rankings and Sustainability Scores

The Muni QualityScore is an aggregated rating of Environmental, Social, and Governance factors. Individual scores are calculated for each of the seventy-seven (77) data inputs listed below and all data inputs and scores are weighted equally. Individual scores determine the ranking for each City/Town, County, State, and School District, both statewide, and nationally, for each data input. Each individual score is then combined to create one final value (total score) per City/Town, County, State, and School District - the total or final score is then utilized to determine the final Ranking, and sustainability score for each these respective entities.

Scores are calculated by summing the total from all Cities/Towns, Counties, States, and School Districts for the variable in question and then determining the individual City/Town, County, State, or School District weight, or contribution to the total.

Assessment Process

Frequency of Updates for Ranking Data

ISS STOXX's Muni QualityScore rankings are updated no later than thirty days following standard fiscal quarter dates to reflect the new releases of any Census data and data utilized from quasi government sources. Therefore, each ranking is considered valid until the next scheduled update.

Current rankings are provided utilizing data up to and including March 31, 2026

Data Collection Process

Data collection and analysis for the Muni QualityScore is exclusively conducted in-house by trained and specialized analysts who adhere to comprehensive assessment guidelines for each dataset. Muni QualityScore collects data from a range of publicly available sources. Data includes demographics, environmental factors, as well as employment, crime, and health figures.

Sources of Data Utilized[1]

ISS STOXX does not survey any of the respective entities, and relies on non-interpretive public data from government, quasi-government, and special interest groups such as NRDC (National Resources Defense Council). Data is not sourced from sustainability statements required under Directive 2013/34/EU nor from information disclosed under Regulation (EU) 2019/2088.

- U.S. Census Bureau (American Community Survey 5 Year)

  http://www.census.gov/programs-surveys/acs/about.html

- U.S. Census Bureau (Census of Governments – County Area Employment and Payroll Data)

  http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml

- U.S. Census Bureau (County Business Patterns)

[1] We would like to note that there are hundreds of additional sources that have been utilized to: source data, and or validate data. School boards, sheriff's offices, state crime reports, tax assessors at various locations throughout the United States have been utilized in the creation of the ISS STOXX MuniQuality Score. We would like to recognize those who have graciously assisted in the construction of these rankings especially those who have been kind enough to share their own research and results. Thank you again to those at Climate Central, GlobalChange, and the National Resource Defense Council.

http://www.census.gov/programs-surveys/cbp.html

- Environmental Protection Agency (EPA)

  http://yosemite.epa.gov/opa/admpress.nsf/names/hq_2011-5-16_sdwaecho

- FBI, Uniform Crime Reports (UCR) and National Incident-Based Reporting System (NIBRS)

  https://www.fbi.gov/about-us/cjis/ucr/ucr

- Kentucky State Police

  http://www.kentuckystatepolice.org/data.htm

- New York State Division of Criminal Justice Services

  http://www.criminaljustice.ny.gov/

- West Virginia State Police

  http://www.wvsp.gov/about/Pages/Publications.aspx

- HRSA Health Resources and Services Administration – Area Health Resource File

  http://ahrf.hrsa.gov/

- FEMA – Federal Emergency Management Agency – as (12/31/2016)

  http://www.fema.gov/states/new-york

- GlobalChange.gov

  http://nca2014.globalchange.gov/

- Climate Central

  http://www.climatecentral.org/

- National Resources Defense Council

  http://www.nrdc.org/globalWarming/sneezing/contents.asp

- U.S. Army Corps of Engineers

  http://climatechange.alaska.gov/docs/iaw_USACE_erosion_rpt.pdf

- The Center for Remote Sensing of Ice Sheets (CReSIS)

  https://www.cresis.ku.edu/data/sea-level-rise-maps

- CDC via Journal of Acquired Immune Deficiency Syndromes

  http://journals.lww.com/jaids/pages/issuelist.aspx

- US Department of Housing and Urban Development

  Point-in-Time Count and Housing Inventory Count - HUD Exchange

Data Utilized in Calculation of Rankings and Sustainability Scores

The following lists the data utilized in the calculation of Scores, categorized by factors and topics. The content of the topics covered by the Muni QualityScore do not correspond to the topics from the sustainability reporting standards developed pursuant to Article 29b of Directive 2013/34/EU.

Factor - Social

Demographics (15)

- Population - (change from 2023 to 2024)
- Population - (average annual change 2009 - 2024)
- Median Income - (change from 2023 to 2024)
- Median Income - (average annual change 2010 - 2024)
- Median Income Gap – Male to Female (2024)
- Median Income Gap – Male to Female (change from 2023 to 2024)
- Unemployment rate (2024)
- Unemployment rate - (change from 2023 to 2024)
- Unemployment rate - (average annual change 2010 - 2024)
- Racial Employment Parity score - (2024)
- Gender Employment Parity score - (2024)
- Poverty rate (2024)
- Poverty rate - (change from 2023 to 2024)
- Poverty rate - (average annual change 2010 - 2024)

- Gini Index (Income Distribution) (2024)

Health (8)

- Counties identified by Center for Disease Control (CDC) at risk (Q4 2025)
- Safe Drinking Water Violations (review 2009 to Q4 2024)
- Lead Levels from all testing submitted by Water Providers to EPA (Q4 2024)
- Percentage of Population diagnosed with Diabetes - CDC (2021)
- Drug Overdose Mortality Rates (2024)
- Opioid Prescription Rates (2023)
- Cancer Incidence Rates (2012 – 2022)
- Obesity levels (2021)

Home Ownership (6)

- Home Ownership as a percentage (2024)
- Home Ownership as a percentage - (change from 2023 to 2024)
- Home Ownership as a percentage - (average annual change 2010 – 2024)
- Vacant Housing as a percentage (2024)
- Vacant Housing as a percentage - (change from 2023 to 2024)
- Vacant Housing as a percentage - (average annual change 2010 - 2024)

Housing Values (3)

- Median Housing Values – (change from 2023 to 2024)
- Median Housing Values – (average annual change 2009 – 2024)
- Median Income as a percentage of Median Housing Values (2024)

Social Indicators (10)

- Bachelor's Degree or higher - percentage of population (change from 2023 to 2024)
- Bachelor's Degree or higher - percentage of population (Average change 2010 - 2024)

- Incidents of Crime per 100,000 residents (2024)
- Incidents of Crime per 100,000 residents – (change from 2023 to 2024)
- Incidents of Crime per 100,000 residents - (average annual change 2009 - 2024)
- Cost of Crime per 100,000 residents (2024)
- Cost of Crime per 100,000 residents – (change from 2023 to 2024)
- Cost of Crime per 100,000 residents - (average annual change 2009 - 2024)
- Homelessness (2009 – 2024)
- Ransomware / Cyberattack incidents (2013 – Q4 2024)

Factor - Governance

Financial (2)

- County Debt per Resident - (2021)
- County School District Debt per Student - (2021)

Industry (2)

- Industry Concentration Risk - (2023)
- Firm Concentration Risk - (2023)

Real Estate Taxes (6)

- Real Estate Taxes as a percentage of Median Housing Values (2024)
- Real Estate Taxes as a percentage of Median Housing Values - (change from 2023 to 2024)
- Real Estate Taxes as a percentage of Median Housing Values - (average annual change 2010 – 2024)
- Real Estate Taxes as a percentage Median Income (2024)
- Real Estate Taxes as a percentage Median Income - (change from 2023 to 2024)
- Real Estate Taxes as a percentage Median Income - (average annual change 2010 – 2024)

Personal Infrastructure (6)

- Police per capita (2024)
- Firefighters per capita (2024)
- Teachers per student capita (2025)
- Dentists per capita (2023)
- Doctors per capita (2022)
- Broadband usage (2021)

Factor - Environmental

Environment (17)

- Air - Climate Change exposure in regard to Ragweed, and Ozone (Q4 2025)
- Water - Climate Change exposure as projected by 2050
- Coastal - Climate Change exposure in regard to rising Sea levels
- Heat Index - Climate Change exposure in regard to rising Heat levels
- Incinerators – Solid Waste tonnage burned per day (Q1 2024)
- Declarations of Disaster – (review from 2009 to Q1 2026)
- Drought Conditions (Q1 2026)
- Superfund sites (2025)
- Fracking Wells (Q4 2017)
- Abandoned Oil and Gas Wells (documented) (2025)
- Flood Risk (2017)
- Water Usage (HUC12 watershed level) - (2020)
- Coal Ash Ponds / Landfills (2023)
- Emissions from Power Plants (CO2) – (2024)
- Emissions from Power Plants (SO2) – (2024)

- Emissions from Power Plants (NOX) – (2024)
- Dams at risk of failure (2024)
- Bridges deemed Structurally Deficient (2025)
- Lyme Disease (2023)

Ranking and Sustainability Scores

The ISS STOXX Muni QualityScore data is calculated utilizing scores from seventy-seven (77) unique socioeconomic datasets and provides a material view of risk for the respective entity when measured against its respective peers.

Scoring Details for Ranking and Peer Sustainability Scores

Overview

A score is calculated for each respective location for each of the unique numeric seventy-seven unique datasets. These scores are calculated by totaling the values for the dataset for each respective location type (i.e. Cities) and then dividing the score for each respective location by the respective dataset total. This allows the scoring for each of the seventy-seven datasets to represent the value of the data for that location as a relative value to the total for the dataset. Once scores for all seventy-seven datasets have been calculated for each respective location, the sum of all the seventy-seven scores is calculated, and the Sustainability Scores can then be determined

Formulae (Counties used as an example)

The following notation is used in the calculations below:

- **dv**: value of the data element being scored for a single entity (county, city, school district, state)
- **dv1:** first value of the data element being scored of the entities in question (eg. first county of 3,140 counties)
- **dv3141:** last value of the data element being scored (eg. last county of 3,140 counties)
- **Es:** The score for one data element (among 77 data elements) for one entity (eg. county)
- **SE:** The final score for all 77 data elements for one entity (eg. county)

The score for one data element being valued is given by the following formula:

$$Es\ (Score\ for\ Dataset) = \frac{dv}{\sum(dv1..dv3140)\ /100}$$

The sum of all seventy-seven (77) Element scores (Es) for all data elements is given by the following formula:

$$SE\ (Score\ for\ the\ single\ entity\ (eg.\ County)) = \sum(Es1..Es77)$$

The County with the highest score **SE** – ranks as #1 out of 3,140 counties

The County with the lowest score **SE** – ranks as #3,141 out of 3,140 counties

The conversion from a percentile score of peer ranking to a letter grade is based on the table below:

Table 1. Peer level basket assignments and nomenclature

PEER SCORE	RANKING OF ENTITY VS RANKING OF PEERS	DESCRIPTION
AAA	≥ 90%	Top decile of peer group
AA	≥ 80% & < 90%	Second decile of peer group
A	≥ 70% & < 80%	Third decile of peer group
BBB	≥ 60% & < 70%	Fourth decile of peer group
BB	≥ 50% & < 60%	Fifth decile of peer group
B	≥ 40% & < 50%	Sixth decile of peer group
CCC	≥ 30% & < 40%	Seventh decile of peer group
CC	≥ 20% & < 30%	Eight decile of peer group
C	≥ 10% & < 20%	Nineth decile of peer group
D	< 10%	Bottom decile of peer group

Scoring Details for Dynamic Scores

Overview

In calculating the Dynamic scores, the Mean is first calculated from the previously calculated Final Scores. Then the Standard Deviation is calculated for the Final Scores (of all the relative entities measured i.e., counties). The Standard Deviation creates the bounds by which the scores are assigned with one full Standard Deviation being added to the Mean for the upper boundary, and one full Standard Deviation being subtracted from the Mean for the lower boundary.

Formulae (Counties used as an example)

The sum of all seventy-seven (77) Element scores (Es) for all data elements is given by the following formula:

$$Score\ for\ the\ single\ entity\ (eg.\ County) = \sum(Es1..Es77)$$

The mean for the Final Scores for all entities ($\bar{x}$) is given by the following formula:

$$\text{(Final Scores Mean) } \bar{x} = \frac{\sum x}{n}$$

The Standard Deviation (S) for the Final Scores is given by the following formula:

$$s = \sqrt{\frac{\sum(x - \bar{x})^2}{n - 1}}$$

Once the Mean and the Standard Deviation of all Final Scores have been calculated, the Final Scores for all entities (i.e. Counties) are then allotted to respective basket (see below).

Table 2. Dynamic Standard Deviation level basket assignments and nomenclature

DYNAMIC SCORE	SCORE	DESCRIPTION
AAA	Mean + 1 S	Mean plus one full Standard Deviation
AA	Mean + 2/3 of S	Mean plus two thirds of the Standard Deviation
A	Mean + 1/3 of S	Mean plus one third of the Standard Deviation
BBB	Mean	Mean of all Scores for the respective Entities
BB	Mean - 1/3 S	Mean less one third of the Standard Deviation
B	Mean - 2/3 S	Mean less two thirds of the Standard Deviation
CCC	Mean - 1 S	Mean less one full Standard Deviation
CC	Mean – 1 1/3 S	Mean less one and one third Standard Deviation
C	Mean – 1 2/3 S	Mean less one and two thirds Standard Deviation
D	Mean – 2 S	Mean less two full Standard Deviation

Data Corrections and Estimations

The below describes the data corrections and/or estimations that have been made where data could not be verified.

Source Applicability

The Muni QualityScore provides transparency on the granularity of all datasets used in scoring, as well as the use of proxying. Wherever available, the solution uses the most granular source data. When only broader-level data is available, the solution may assign those values to smaller municipal entities as a proxy (e.g., CDC county-level cancer rates applied to cities or school districts within the respective county).

Corrections

On occasion, data provided by a Government source will have a limitation / truncation, or error that prevents this data from being utilized in the Muni QualityScore process. In these cases, alternative sources, usually at the specific location level, will be sought out, gathered, and utilized as a correction / replacement of the original incorrect or limited / truncated source data.

Estimations

If data cannot be provided by the original source for a specific location, or locations, an alternative source will be sought to enable the establishment of the estimated correct value for this location, or locations in the specific dataset. If this occurs the number of data points is de minimis in nature

Limitations

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

Limitations in Availability or Consistency of Data Sources

- The Muni QualityScore relies on data sourced from government and quasi-government datasets which are often subject to fixed publication calendars, revision cycles, and event-driven disruptions (e.g., policy changes, shutdowns, or operational delays). Such constraints can introduce release lags, temporary gaps, or changes in coverage and definitions over time. While the solution has not experienced instances where required data was unavailable from the expected provider to date, such event-driven disruptions may cause temporary delays in data delivery to the market.

Limitations in the Completeness, Timeliness, and Accuracy of Information

- As described in Data Corrections and Estimations, certain data may be incomplete in the underlying data sets. Where possible, the respective source provider is contacted to provide updated data; otherwise corrections or estimations are applied (see below).

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

- Where data is unavailable or inconsistent across jurisdictions, the Muni QualityScore's methodology applies defined estimations (see Data Corrections and Estimations). These estimations may affect comparability across municipal entities over time. Additionally, outcomes may be sensitive to parameter choices, and score movements may reflect data revisions or methodological updates rather than changes in the underlying data. The Muni QualityScore mitigates these limitations through documented rules, transparency of both sources and assumption logic, and "as-of" dates.

Quality Assurance

The collected data is reviewed for accuracy, normalized, and compared to previously collected data, as well as to peer data. If a dataset is deemed to have unresolved inconsistencies, it is held until it can be confirmed and then put into the next quarter cycle for utilization.

Methodology Review Process

The Muni QualityScore methodology is subject to periodic reviews and updates that are overseen by ISS STOXX's Sustainability Methodology Review Board which comprises experienced methodology and research leaders across jurisdictions.
The solution's underlying methodology is considered valid until an update is carried out and applied. Triggers of methodology update include updates from input data sources, regulatory developments, and feedback from internal and external stakeholders. Relevant upcoming methodology changes are communicated to clients on a quarterly basis.

Appendix

Appendix A: ISS STOXX Muni QualityScore Data

Table 3. U.S. State level ESG scores at Peer and Dynamic Standard Deviation level – Q4 2025

			ESG SCORE	ESG SCORE
GEO.id	GEO.id 2	GEO.display-label	Peer Rankings Model	Dynamic Standard Deviation Model
Id	Id2	Geography	(Q4 2025)	(Q4 2025)
0400000US01	1	Alabama	D	D
0400000US02	2	Alaska	AA	A
0400000US04	4	Arizona	BB	CC
0400000US05	5	Arkansas	BBB	B
0400000US06	6	California	D	D
0400000US08	8	Colorado	AA	AA
0400000US09	9	Connecticut	C	C
0400000US10	10	Delaware	AA	AA
0400000US11	11	District of Columbia	BBB	B
0400000US12	12	Florida	BB	CC
0400000US13	13	Georgia	A	BBB
0400000US15	15	Hawaii	BBB	B
0400000US16	16	Idaho	AAA	AAA
0400000US17	17	Illinois	C	C
0400000US18	18	Indiana	BBB	BB
0400000US19	19	Iowa	A	BBB
0400000US20	20	Kansas	BB	CCC

			ESG SCORE	ESG SCORE
0400000US21	21	Kentucky	CCC	C
0400000US22	22	Louisiana	C	D
0400000US23	23	Maine	A	BBB
0400000US24	24	Maryland	BBB	B
0400000US25	25	Massachusetts	BB	CC
0400000US26	26	Michigan	BB	CCC
0400000US27	27	Minnesota	A	A
0400000US28	28	Mississippi	BB	CCC
0400000US29	29	Missouri	BBB	B
0400000US30	30	Montana	AAA	AAA
0400000US31	31	Nebraska	AA	AAA
0400000US32	32	Nevada	BBB	BB
0400000US33	33	New Hampshire	AA	AAA
0400000US34	34	New Jersey	CC	C
0400000US35	35	New Mexico	BB	CCC
0400000US36	36	New York	D	D
0400000US37	37	North Carolina	AA	A
0400000US38	38	North Dakota	AA	AA
0400000US39	39	Ohio	B	CC
0400000US40	40	Oklahoma	BB	CC
0400000US41	41	Oregon	A	BB

			ESG SCORE	ESG SCORE
0400000US42	42	Pennsylvania	C	C
0400000US44	44	Rhode Island	AA	A
0400000US45	45	South Carolina	AA	AA
0400000US46	46	South Dakota	AAA	AAA
0400000US47	47	Tennessee	A	BBB
0400000US48	48	Texas	D	D
0400000US49	49	Utah	A	A
0400000US50	50	Vermont	BBB	CCC
0400000US51	51	Virginia	A	BB
0400000US53	53	Washington	A	BBB
0400000US54	54	West Virginia	D	D
0400000US55	55	Wisconsin	BBB	BB
0400000US56	56	Wyoming	AA	AA

Appendix B: Version Control

Name of Methodology: Muni QualityScore

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

ISS
STOXX

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