

ISS ESG FUND RATING

The ISS ESG Fund Rating Report and the data factors included in the report provide clients with the ability to quickly and effectively evaluate the environmental, social, and governance (ESG) performance of over 24,000 funds. The reports highlight fund and peer performance across major ESG themes and are supported by over 1,000 data factors used for research, screening, and analytics. Report pages are organized thematically and are aligned with core ISS ESG research products to allow users to utilize the full report or focus on specific sections that align with a user's specific ESG priorities or requirements such as the identification of adverse impacts, ESG risks or opportunities.

ISS ESG product elements included in the ESG Fund Rating reports include the ISS ESG Corporate Rating, Country Rating, Governance QualityScore, Norm-Based Research, Controversial Weapons, Sector-Based Screening, Energy & Extractives, SDG Impact Rating and SDG Solutions Assessment, Carbon Emissions Data and Climate Scenario Analysis, and Voting Analytics.

Outputs

The ISS ESG Fund Rating report highlights three primary signals – the relative Stars rating, the absolute ESG Performance Score, and the fund's status as Prime (or not) and disqualifiers.

Every fund in the ISS ESG Fund Rating coverage receives an overall relative 1- to 5-star rating (with 5 stars at the top and 1 star at the bottom). The fund's performance is compared against its peers, with the peer set defined by the Lipper Global Benchmark class.

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

The third major signal is the fund's Prime status (or not), which requires a fund to have an ESG Performance Score of at least 50 and to pass a set of disqualifier tests based on signals from Norm-Based Research, SDG Impact Rating, Climate performance, Controversial Weapons, and Voting Analytics

Research Process

The ISS ESG Fund Rating Report aggregates content from existing ISS ESG research products, and summarizes fund performance based on the ESG performance of the underlying holdings. In addition, data on fund holdings is sourced from Refinitiv Lipper.

The ISS ESG Fund Rating reports and data factors are updated monthly and represent a snapshot of the current ESG and Refinitiv Lipper data at the time of data generation. The update cycles for underlying data inputs each have their own schedule (for more details, please refer to the respective descriptions).

**We empower investors and companies to build
for long-term and sustainable growth by providing
high-quality data, analytics, and insight.**

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