

## ISS ESG GLOBAL SANCTIONS

ISS ESG's Global Sanctions Screening helps institutional investors to identify entities that are subject to different national and multilateral sanctions, as well as US state-level sanctions. Under National and Multilateral Sanctions, Global Sanctions Screening identifies publicly listed entities designated under Australia, Canada, European Union, Hong Kong, Japan, Netherlands, Switzerland, United Kingdom, United States (OFAC), and United Nations sanctions regimes or programs. For a number of sanctions programs, Global Sanctions also identifies bond-issuing sanctioned entities, as well as majority-owned equity- and bond-issuing subsidiaries of sanctioned entities. Under US State-Level Sanctions, ISS ESG's Global Sanctions Screening identifies issuers with scrutinized business operations which are business activities that may trigger particular actions by investors based on each client's defined practices requirements or as may be required by applicable legislation (such as US state-level sanctions legislation). State-level sanctions cover corporate involvement in Cuba, Iran, North Korea, Sudan, Syria, Israeli Anti-Boycott, and Northern Ireland Fair Employment Practices.

### Outputs

For National and Multilateral Sanctions, ISS ESG provides covered designated entities lists which feature relevant designated entities and their subsidiaries along with the corresponding sanctions regime under which they fall. For State-Level Sanctions, ISS ESG provides a written summary of involvement as well as assessment of business activities corresponding to US State-Level Sanctions criteria.

### Research Process

The National and Multilateral Sanctions lists are updated on an ad-hoc basis as designated entities are added to or removed from the different sanctions programs. The National and Multilateral Sanctions research process can be broken down as follows:

- **Research:** Different sanctions lists are reviewed to identify designated entities with publicly listed equities or bonds. ISS ESG also checks, to the extent available, subsidiaries of sanctioned entities as some sanctions programs require that majority-owned subsidiaries of designated entities be flagged as well.
- **Quality assurance:** All changes to the designated entities' lists are peer-reviewed.
- **Final lists are shared with clients.**

State-Level Sanctions assessments are updated annually as well as on an ad-hoc basis in case of relevant corporate actions (e.g. mergers, acquisitions) or media reports. ISS ESG's State-Level Sanctions Screening research process can be broken down as follows:

- **Risk assessment:** Potentially involved companies are identified by going through data from third party business information providers, media articles, NGO reports, and other sources.
- **Research:** Each company identified as "potentially involved" is further assessed to confirm involvement, and more importantly, if such involvement meets the criteria of a particular state's legislation (which may vary from state to state). To this end, corporate disclosure such as regulatory filings, sustainability reports, press releases, investor presentations, company websites, and other company disclosures are reviewed. Third-party information such as

government sources, industry databases and reputable newspapers are cross-referenced as supplemental to company disclosures.

- Quality assurance: All significant changes as well as new assessments are peer-reviewed.
- Final list of companies meeting state-level sanctions criteria is shared with clients.

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high-quality data, analytics, and insight.**

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