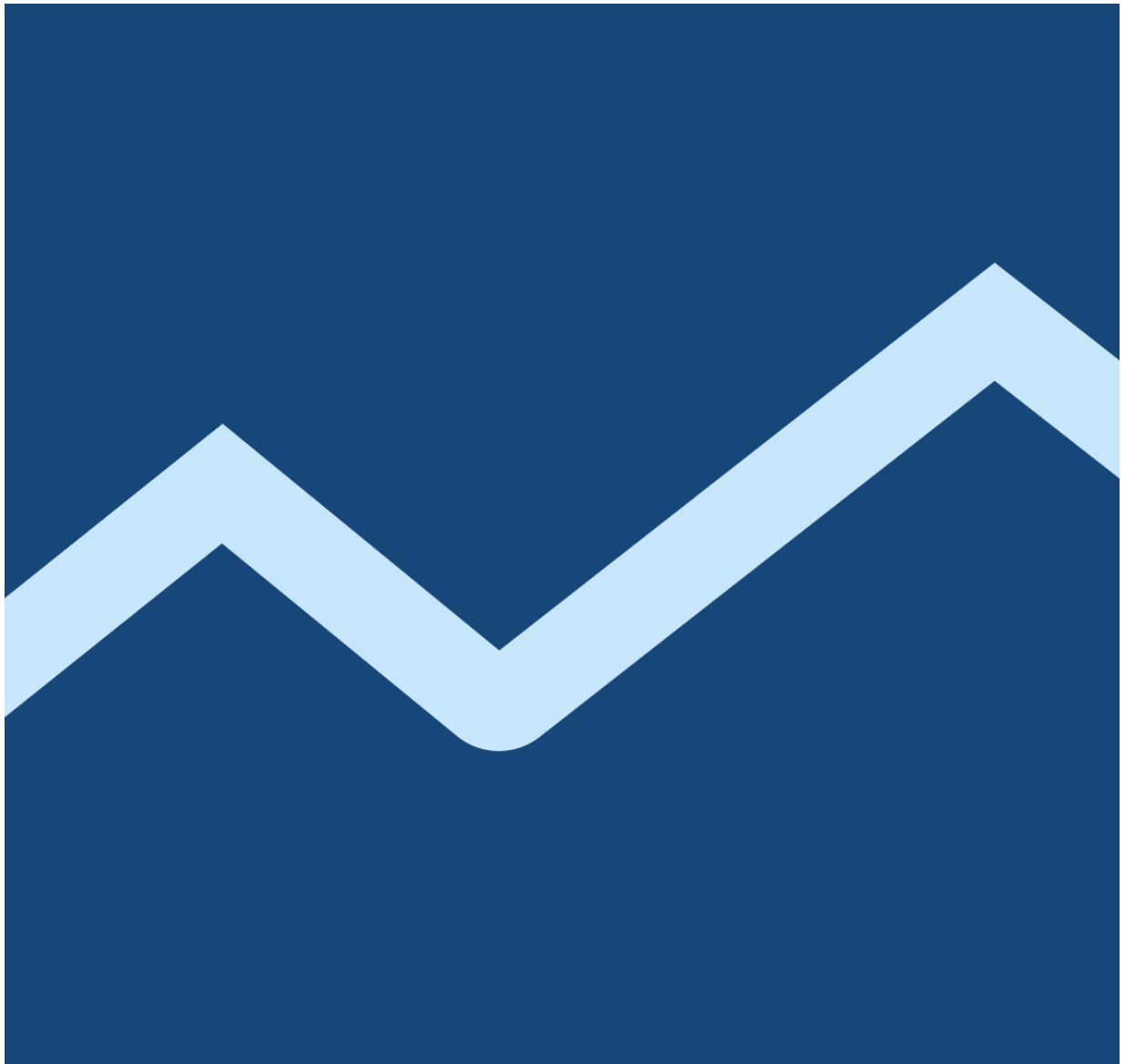


# ESG Factor Definitions for Fixed Income Indices

[STOXX.com](https://www.stoxx.com)



## INTRODUCTION

Annex 1 to the Commission Delegated Regulation (EU) 2020/1816 stipulates the disclosure requirements on how ESG factors are to be shown for each relevant benchmark published by a benchmark administrator. STOXX Ltd. calculates and publishes the required data in the ESG Disclosure file for each relevant index.

For each line item calculated in the ESG Disclosure file, as required by Item 8 of Annex 1, descriptions of all data sources and any applicable supporting reference standards are included.

## DISCLOSURES

### COMBINED ESG FACTORS

#### Item 6a

Factor Name - Consolidated ESG Rating Family Level

Source – ISS ESG

Definition - This factor provides a numeric score from 1 (D-) to 4 (A+) linked to the rated entity's overall rating based on an assessment of environmental, social, and governance performance...

Calculation – Simple average of the Consolidated ESG Rating for all benchmark family members to which the benchmark belongs.

Factor Name - ESG Ratings Top Ten Family Level

Source – ISS ESG

Definition – The ESG ratings of the largest ten benchmark components by benchmark weight.

Calculation - Simple average of the ESG Ratings Top Ten for all benchmark family members to which the benchmark belongs.

#### Item 7a

Factor Name - Consolidated ESG Rating

Source – ISS ESG

Definition - This factor provides a numeric score from 1 (D-) to 4 (A+) linked to the rated entity's overall rating based on an assessment of environmental, social, and governance performance.

Calculation – Weighted average of the ESG ratings for all benchmark components.

Factor Name - ESG Ratings Top Ten

Source – ISS ESG

Definition - The ESG ratings of the largest ten benchmark components by benchmark weight.

Calculation – Weighted average of the ESG ratings for the ten highest weighted benchmark components.

## ENVIRONMENTAL FACTORS

### Item 6b

Factor Name - Consolidated Environmental Rating Family Level

Source – ISS ESG

Definition - This factor provides a numeric score from 1 (D-) to 4 (A+) linked to the rated entity's Environmental rating. For funds and other aggregated issuers, the score is the weighted average of aggregated Environmental rating values from holdings. The Environmental rating is based on an assessment of performance across key environmental metrics including energy management, water risk and impact, waste management, eco-efficiency, sector specific environmental aspects along the value chain, and other issues.

Calculation – Simple average of the Consolidated Environmental Rating for all benchmark family members to which the particular benchmark belongs.

Factor Name – Green Revenues or Green Capex Family Level

As disclosure of this Factor within the Regulation is voluntary, STOXX Ltd. has opted not to disclose any information upon it.

Factor Name – Climate Related Physical Risks Family Level

As disclosure of this Factor within the Regulation is voluntary, STOXX Ltd. has opted not to disclose any information upon it.

Factor Name – Exposure NACE Sections Family Level

Source – ISS ESG

Definition - The Statistical Classification of Economic Activities in the European Community, commonly referred to as NACE, is the industry standard classification system used in the European Union.

Calculation – Simple average of the Exposure NACE Sections (Exposure NACE Sections calculation defined in 7b below) for all benchmark family members to which the particular benchmark belongs.

Factor Name – GHG Intensity Family Level

Source – ISS ESG

Definition - This factor identifies the issuer's total (Scope 1 + Scope 2) carbon emissions intensity. Carbon intensity is expressed as the issuer's total carbon emissions per million EUR of revenue as a proxy of the carbon efficiency per unit of output.

Calculation – Simple average of the GHG Intensity for all benchmark family members to which the particular benchmark belongs.

Factor Name – GHG Reported Vs. Estimated Family Level

Source – ISS ESG

Definition - This factor identifies the data resource used for the Total Emissions value. Reported data includes information derived from Sustainability or Annual Reports, CDP disclosures, or other verified resources. The "Modelled Emissions" value identifies issuers where ISS ESG has applied estimated emissions models to generate emissions data, either because the issuer does not report emissions or an issuer's reported emissions data does not meet quality standards.

Calculation – Simple average of the GHG Reported Vs. Estimated (see GHG Reported Vs. Estimated calculation defined in 7b below) for all benchmark family members to which the particular benchmark belongs.

Factor Name – Exposure NACE Divisions Family Level

Source – ISS ESG

Definition - The Statistical Classification of Economic Activities in the European Community, commonly referred to as NACE, is the industry standard classification system used in the European Union.

Calculation – Simple average of the Exposure NACE Divisions (Exposure NACE Divisions calculation defined in 7b below) for all benchmark family members to which the particular benchmark belongs.

Factor Name – Exposure to Environmental Goods and Services Family Level

Source – ISS ESG

Definition - This factor identifies the % of total revenue derived from activities included in the environmental goods and services sector.

Calculation –

Simple average of the Exposure to Environmental Goods and Services (Exposure to Environmental Goods and Services calculation defined in 7b below) for all benchmark family members to which the particular benchmark belongs.

Factor Name – Percentage of green bonds Family Level

Source – ISS ESG

Definition - This factor identifies the % of green bonds in a particular benchmark.

Calculation –

Simple average of Percentage of green bonds as defined in 7b below for all benchmark family members to which the particular benchmark belongs

Item 7b

Factor Name - Consolidated Environmental Rating

Source – ISS ESG

Definition - This factor provides a numeric score from 1 (D-) to 4 (A+) linked to the rated entity's Environmental rating. For funds and other aggregated issuers, the score is the weighted average of aggregated Environmental rating values from holdings. The Environmental rating is based on an assessment of performance across key environmental metrics including energy management, water risk and impact, waste management, eco-efficiency, sector specific environmental aspects along the value chain, and other issues.

Calculation -

Weighted average of the Environmental ratings (EnvRatingNumeric) for all the components in the benchmark

Factor Name – Green Revenues or Green Capex

As disclosure of this Factor within the Regulation is voluntary, STOXX Ltd. has opted not to disclose any information upon it.

Factor Name – Climate Related Physical Risks

As disclosure of this Factor within the Regulation is voluntary, STOXX Ltd. has opted not to disclose any information upon it.

Factor Name – Exposure NACE Sections

Source – ISS ESG

Definition - The Statistical Classification of Economic Activities in the European Community, commonly referred to as NACE, is the industry standard classification system used in the European Union.

Calculation – Total benchmark weight expressed as a percentage of all benchmark components within the following nine NACE Section codes.

NACE Section Code	Description
A	Agriculture, forestry, and fishing
B	Mining and quarrying
C	Manufacturing
D	Electricity, gas, steam, and air conditioning supply
E	Water supply; sewerage, waste management and remediation activities
F	Construction
G	Wholesale and retail trade; repair of motor vehicles and motorcycles
H	Transportation and storage
L	Real estate activities

**Factor Name – GHG Intensity**

Source – ISS ESG

Definition This factor identifies the issuer's total (Scope 1 + Scope 2) carbon emissions intensity. Carbon intensity is expressed as the issuer's total carbon emissions per million EUR of revenue as a proxy of the carbon efficiency per unit of output.

Calculation – Weighted average of the "ClimateTotalEmissionsIntEUR" for all the components in the benchmark

**Factor Name – GHG Reported Vs. Estimated**

Source – ISS ESG

Definition - This factor identifies the data resource used for the Total Emissions value. Reported data includes information derived from Sustainability or Annual Reports, CDP disclosures, or other verified resources. The "Modelled Emissions" value identifies issuers where ISS ESG has applied estimated emissions models to generate emissions data, either because the issuer does not report emissions or an issuer's reported emissions data does not meet quality standards. Calculation – Total benchmark weight expressed as a percentage that derives from reported GHG data collected by ISS ESG.

**Factor Name – Exposure NACE Divisions**

Source – ISS ESG

Definition - The Statistical Classification of Economic Activities in the European Community, commonly referred to as NACE, is the industry standard classification system used in the European Union.

Calculation - Total benchmark weight expressed as a percentage of all benchmark components within the following seven NACE Section codes.

<b>NACE Division Code</b>	<b>Description</b>
5	Mining of Coal & Lignite
6	Extraction of Crude Petroleum & Natural Gas
7	Mining of Metal Ores
8	Other Mining & Quarrying
9	Mining Support Service Industries
19	Manufacture of Coke & Refined Petroleum
20	Manufacture of Chemicals & Chemical Products

Factor Name – Exposure to Environmental Goods and Services

Source – ISS ESG

Definition - This factor identifies the % of total revenue derived from activities included in the environmental goods and services sector.

Calculation –

Weighted average of the "EnvGoodsAndServPercentBMR" for all the components in the benchmark

Factor Name – Percentage of green bonds

Source – ISS ESG

Definition - This factor identifies the % of green bonds in a particular portfolio.

Calculation –

Sum of weight of components having BondType as Green Bond

## SOCIAL FACTORS

### Item 6c

Factor Name – Consolidated Social Rating Family Level

Source – ISS ESG

Definition - This factor provides a numeric score from 1 (D-) to 4 (A+) linked to the rated entity's Social rating. For funds and other aggregated issuers, the score is the weighted average of aggregated Social rating values from holdings. The Social rating is based on an assessment of performance across key social sustainability metrics, including staff and suppliers, health and safety, human rights, sector specific product responsibility, and other issues.

Calculation – Simple average of the Consolidated Social Rating for all benchmark family members to which the benchmark belongs.

Factor Name – Sources for Controversial Weapon Definition Family Level

Source – ISS ESG

Definition - This factor provides a T/F indication of whether the issuer has verified involvement in anti-personnel mines, biological weapons, chemical weapons, cluster munitions, depleted uranium or nuclear weapons. Calculation – N/A

Factor Name – Controversial Weapons Family Level

Source – ISS ESG

Definition – See Sources for Controversial Weapon Definition Family Level above.

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Calculation – Simple average of Controversial Weapons (Controversial Weapons calculation defined in 7c below) for all benchmark family members to which the benchmark belongs.

Factor Name – Tobacco Family Level

Source – ISS ESG

Definition – This factor identifies the max percentage value of revenue derived from involvement in tobacco.

Calculation – Simple average of Tobacco (Tobacco calculation defined in 7c below) for all benchmark family members to which the benchmark belongs.

Factor Name – Social Violations Family Level

Source – ISS ESG

Definition – This factor Indicates companies with a verified failure to respect established norms with regard to Human Right or Labor Rights.

Calculation – Simple average of Social Violations (Social Violations calculation defined in 7c) below for all benchmark family members to which the benchmark belongs.

Factor Name – Exposures to Companies with no Due Diligence Policies on ILO Conventions Family Level

Source – ISS ESG

Definition – This factor provides a T/F indication of whether the issuer lacks due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8.

Calculation – Simple average of Exposures to Companies with no Due Diligence Policies on ILO Conventions (Exposures to Companies with no Due Diligence Policies on ILO Conventions calculation as T defined in 7c) for all benchmark family members to which the benchmark belongs.

Factor Name – Gender Pay Gap Family Level

Source – ISS ESG

Definition – This factor captures a company's global mean and unadjusted gender pay gap as a percentage. The value is the percentage by which women's salaries are lower than men's. A negative value indicates a higher female salary. For funds and other aggregated issuers, the value is based on a weighted average of the unadjusted pay gap metric for the underlying holdings.

Calculation – Simple average of Gender Pay Gap for all benchmark family members to which the benchmark belongs.

Factor Name – Female Male Board Member Ratio Family Level

Source – ISS ESG

Definition – The number of Percent of Women on Board divided by the percent of male board members ("= Percent of Women on Board / (1 - Percent of Women on Board)"); The calculation is based on Percent of Women on board as disclosed by ISS ESG



Calculation – Simple average of Female Male Board Member Ratio for all benchmark family members to which the benchmark belongs.

Factor Name – Ratio of Accidents Injuries Fatalities Family Level

Source – ISS ESG

Definition – CR Raw - Tot. record. incident rate per 200000 working hrs: The factor evaluates the company employee's total recordable incident rate, normalized by 200,000 hours worked. 200,000 working hours correspond to 100 full time equivalents (FTE) or 100 employees working 40 hours for 50 weeks. Recordable incidents are defined as the sum of all recordable workplace injuries plus all medical treatment cases (MTC) plus all restricted work cases (RWC).

Calculation – Simple average of Ratio of Accidents Injuries Fatalities for all benchmark family members to which the benchmark belongs.

Factor Name – Convictions for Violations of Anti-Bribery and Anti-Corruption Laws Family Level

Source – ISS ESG

Definition – This factor identifies if a company discloses the monetary value of losses incurred through legal proceedings related to corruption in USD.

Calculation – Simple average of Convictions for Violations of AntiBribery and AntiCorruption Laws Family Level for all benchmark family members divided by the number of benchmark family members.

Factor Name – Amount of fines Family Level

Source – ISS ESG

Definition – This factor identifies if a company discloses the monetary value of losses incurred through legal proceedings related to corruption in USD.

Calculation – Simple average of amount of fines for all benchmark family members to which the benchmark belong.

#### Item 7c

Factor Name – Consolidated social Rating

Source – ISS ESG

Definition - This factor provides a numeric score from 1 (D-) to 4 (A+) linked to the rated entity's Social rating. For funds and other aggregated issuers, the score is the weighted average of aggregated Social rating values from holdings. The Social rating is based on an assessment of performance across key social sustainability metrics, including staff and suppliers, health and safety, human rights, sector specific product responsibility, and other issues.

Calculation - Weighted average of the ISS ESG Social ratings for all benchmark components.

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**Factor Name – Sources for Controversial Weapon Definition**

Source – ISS ESG

Definition: This factor provides a T/F indication of whether the issuer has verified involvement in anti-personnel mines, biological weapons, chemical weapons, cluster munitions, depleted uranium or nuclear weapons.

Calculation – N/A

**Factor Name – Controversial Weapons**

Source – ISS ESG

Definition – This factor provides a T/F indication of whether the issuer has verified involvement in anti-personnel mines, biological weapons, chemical weapons, cluster munitions, depleted uranium or nuclear weapons.

Calculation – Sum of the weights of all the benchmark components which have "InvContrWepBMR" as 'T'

**Factor Name – Tobacco**

Source – ISS ESG

Definition – This factor identifies the max percentage value of revenue derived from the firms involvement in production of tobacco.

Calculation – Sum of the weights of all the benchmark components which have 'Tobacco - Revenue Share Max (%) >0 '.

**Factor Name – Social Violations**

Source – ISS ESG

Definition – Indicates companies with a verified failure to respect established norms with regard to Human Right or Labor Rights.

Calculation – Left side of the ratio: Number of all the components of the benchmark with 'socialviolations' as T and ; Right side of the ratio: Left side of the ratio over the total number of components in the benchmark

**Factor Name – Exposures to Companies with no Due Diligence Policies on ILO Conventions**

Source – ISS ESG

Definition – This factor provides a T/F indication of whether the issuer lacks due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8. Calculation – Sum of the weights of all the benchmark components which have "LackLaborRightsDDBMR" as 'T'

**Factor Name – Gender Pay Gap**

Source – ISS ESG

Definition – This factor captures a company's global mean and unadjusted gender pay gap as a percentage. The value is the percentage by which women's salaries are lower than men's. A negative

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value indicates a higher female salary. For funds and other aggregated issuers, the value is based on a weighted average of the unadjusted pay gap metric for the underlying holdings.

Calculation – Weighted average of “UnadjustedGenderPayGapMean” for all benchmark components.

Factor Name – Female Male Board Member Ratio

Source – ISS ESG

Definition – The number of Percent of Women on Board divided by the percent of male board members (“= Percent of Women on Board / (1 - Percent of Women on Board)"); The calculation is based on Percent of Women on board as disclosed by ISS ESG. Calculation – Weighted average of “RatioOfWomenOnBoard” for all benchmark components.

Factor Name – Ratio of Accidents Injuries Fatalities

Source – ISS ESG

Definition – CR Raw - Tot. record. incident rate per 200000 working hrs: The factor evaluates the company employee’s total recordable incident rate, normalized by 200,000 hours worked. 200,000 working hours correspond to 100 full time equivalents (FTE) or 100 employees working 40 hours for 50 weeks. Recordable incidents are defined as the sum of all recordable workplace injuries plus all medical treatment cases (MTC) plus all restricted work cases (RWC). Calculation – Weighted average of “CRAccidTRIR200000hrs” for all benchmark components.

Factor Name – Convictions for Violations of Anti-Bribery and Anti-Corruption Laws

Source – ISS ESG

Definition – This factor identifies if a company discloses the monetary value of losses incurred through legal proceedings related to corruption in USD.

Calculation – Number of components in the benchmark which have “MonLossFromCorruptionQnt” greater than 0.00

Factor Name – Amount of fines

Source – ISS ESG

Definition – This factor identifies if a company discloses the monetary value of losses incurred through legal proceedings related to corruption in USD.

Calculation – Weighted average of the total monetary losses from corruption for all benchmark components.

## GOVERNANCE FACTORS

### Item 6d

Factor Name – Consolidated Governance Rating Family Level

Source – ISS ESG

Definition - This factor provides a numeric score from 1 (D-) to 4 (A+) linked to the rated entity's Governance rating. For funds and other aggregated issuers, the score is the weighted average of aggregated Governance rating values from holdings. The Governance rating is based on an assessment of performance

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across key governance metrics, including business ethics, corporate governance, and other issues. Calculation – Simple average of the Consolidated Governance Ratings for all benchmark family members to which the benchmark belongs.

Factor Name – Percentage of Independent Board Members Family Level

Source – ISS ESG

Definition – Percentage of board independence based on ISS classification of Independence

Calculation – Simple average of the Percentage of Independent Board Members for all benchmark family members to which the benchmark belongs.

Factor Name – Percentage of Female Board Members Family Level

Source – ISS ESG

Definition – This numbers represents the Percent of Women on Board.

Calculation – Simple average of the Percentage of Female Board Members for all benchmark family members to which the benchmark belongs.

#### Item 7d

Factor Name – Consolidated Governance Rating

Source – ISS ESG

Definition - This factor provides a numeric score from 1 (D-) to 4 (A+) linked to the rated entity's Governance rating. For funds and other aggregated issuers, the score is the weighted average of aggregated Governance rating values from holdings. The Governance rating is based on an assessment of performance across key governance metrics, including business ethics, corporate governance, and other issues.

Calculation – Weighted average of the ISS ESG Governance ratings for all benchmark components.

Factor Name – Percentage of Independent Board Members

Source – ISS ESG

Definition - Percentage of board independence based on ISS classification of Independence.

Calculation – Weighted average of the BoardIndependenceRatioPAS for all benchmark components.

Factor Name – Percentage of Female Board Members

Source – ISS ESG

Definition The number represents the Percent of Women on Board. s.

Calculation - Weighted average of PercentageOfWomenOnBoard for all benchmark components.

## VERSION HISTORY

Policy Version	Approval Date	Author/Reviewed by	Reason for Change
1.3	Sep 10, 2025	Definition added by Lalit Munjal- ILS Team Reviewed by Saumya Mehrotra Index Product Management	Addition of field - <b><u>Item6c Amount of fines family level and</u></b> <b><u>Item7c Amount of fines</u></b>
1.2	June 12, 2025	Saumya Mehrotra Index Product Management	Initial document review
1.1	June 12, 2025	Lalit Munjal	Creation of document