

ESG Risk Rating Portfolio Report

Portfolio Information		ESG Risk Rating Coverage	
Name	Number of Constituents	By Portfolio Weight	By Number of Constituents
Portfolio 2022 12 31 MBI Global Equity	33	100%	33
Benchmark 2022 12 31 MSCI World	1,508	100%	1,496

Overview

Sustainalytics' ESG Risk Ratings are designed to help investors identify and understand financially material ESG risks at the security and portfolio level and how they might affect the long-term performance for equity and fixed income investments. The ESG Risk Ratings combined with qualitative analyses, provide a differentiated risk signal and deeper insights into the materiality of certain ESG issues for a company and how effectively the company is managing these issues.

Portfolio

Benchmark



ESG Risk Rating (Unmanaged Risk)

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The ESG Risk Rating measures the degree to which a company's economic value is at risk driven by ESG factors, as assessed through Sustainalytics' calculation of the company's unmanaged ESG risks.

The portfolio's ESG risk is considered **Medium**, and is 4% lower than the benchmark.

Overall Risk Rating

Score	Category
20.6	Medium
21.5	Medium



Exposure

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Overall, the portfolio's exposure to ESG issues is 8% lower than the benchmark.

Exposure

Score	Category
38.9	Medium
42.1	Medium



Management

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Overall, the portfolio's management of ESG issues is 3% weaker than the benchmark.

Management

Score	Category
50.9	Strong
52.6	Strong



Other Analysis

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Sector and Region

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ESG Risk Rating

Overall Risk Rating (Unmanaged Risk)

The ESG Risk Rating measures the degree to which a company’s economic value is at risk driven by ESG factors, as assessed through Sustainalytics’ calculation of the company’s unmanaged ESG risks. Companies are placed into one of five risk categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a “high risk” assessment reflects a comparable degree of unmanaged ESG risk across the research universe, whether it refers to an agriculture company, a utility or any other type of company. One point of risk is the same, no matter which company or which issue it applies to, and points of risk add up across issues to create overall scores. Companies with lower Risk Ratings scores have lower ESG risk.

- Portfolio
- Benchmark
- Divergence

The portfolio’s ESG risk is considered **Medium**, and is 4% lower than the benchmark.

Overall Risk Rating

Score	Category
20.6	Medium
21.5	Medium

ESG Risk Categories

Negligible: 0 - 10

Negligible risk of material financial impacts driven by ESG factors

Low: 10 - 20

Low risk of material financial impacts driven by ESG factors

Medium: 20 - 30

Medium risk of material financial impacts driven by ESG factors

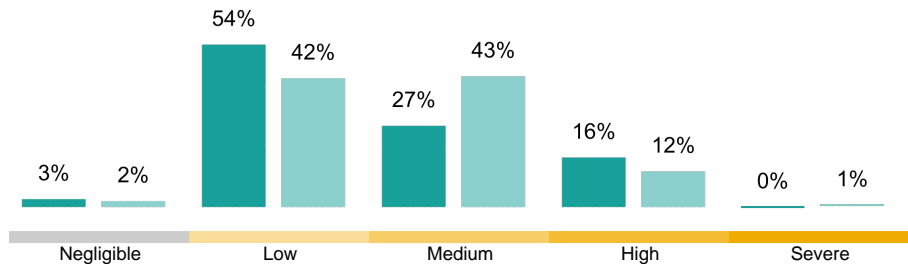
High: 30 - 40

High risk of material financial impacts driven by ESG factors

Severe: > 40 - 100

Severe risk of material financial impacts driven by ESG factors

ESG Risk Category by aggregate portfolio weight %



Average Score		ESG Risk Rating			
Arithmetic	Weighted	Median	Min.	Max.	Std. Dev.
20.4	20.6	19.4	8.2	36.4	6.5
21.5	21.5	21.1	4.7	69.7	7.2
-1.1	-0.9	-1.7	3.5	-33.3	-0.8

Average Percentile		ESG Risk Rating Percentile*			
Arithmetic	Weighted	Median	Min.	Max.	Std. Dev.
29.3	30.2	23.8	1.5	84.0	21.4
33.2	33.2	29.5	1.0	100.0	23.4
-3.9	-3.0	-5.7	0.5	-16.0	-2.0

* Percentiles are based on positioning within the full research universe. A low percentile means low risk.

Highest Risk Portfolio Constituents

Identifies the 10 constituents with the highest ESG Risk score in the portfolio

Company Name	Sector	ESG Risk				Weight		
		Score	Category	Exposure	Mgmt	Port	Bench	Active
Exxon Mobil Corp.	Energy	36.4	High	67.1	53.7	4.8%	0.9%	3.9%
Meta Platforms, Inc.	Information Technology	34.5	High	47.8	30.1	4.0%	0.6%	3.4%
Envista Holdings Corp.	Healthcare	31.4	High	47.0	35.9	3.2%	0.0%	3.2%
Amazon.com, Inc.	Consumer Discretionary	30.3	High	41.7	29.7	4.5%	1.5%	2.9%
Lamb Weston Holdings, Inc.	Consumer Staples	25.5	Medium	52.0	54.9	2.5%	0.0%	2.5%
Walmart, Inc.	Consumer Staples	24.6	Medium	41.3	43.5	2.8%	0.4%	2.3%
Alphabet, Inc.	Information Technology	24.6	Medium	40.8	42.8	3.0%	2.0%	1.0%
Novo Nordisk A/S	Healthcare	24.0	Medium	46.7	51.9	1.5%	0.4%	1.1%
Interactive Brokers Group, Inc.	Financials	23.5	Medium	32.4	29.1	1.9%	0.0%	1.9%
Daito Trust Construction Co., Ltd.	Real Estate	23.1	Medium	32.4	29.2	2.8%	0.0%	2.8%

Lowest Risk Portfolio Constituents

Identifies the 10 constituents with the lowest ESG Risk score in the portfolio

Company Name	Sector	ESG Risk				Weight		
		Score	Category	Exposure	Mgmt	Port	Bench	Active
Linde Plc	Materials	8.2	Negligible	31.4	80.8	2.9%	0.3%	2.5%
ASML Holding NV	Information Technology	10.9	Low	31.8	70.1	1.5%	0.4%	1.0%
Danaher Corp.	Healthcare	11.9	Low	29.9	63.5	5.1%	0.4%	4.7%
Adobe, Inc.	Information Technology	12.9	Low	32.3	64.7	2.5%	0.3%	2.1%
Workday, Inc.	Information Technology	13.1	Low	30.9	62.0	3.2%	0.1%	3.1%
adidas AG	Consumer Discretionary	14.7	Low	31.9	59.9	1.5%	0.0%	1.4%
Microsoft Corp.	Information Technology	15.0	Low	33.9	60.2	7.7%	3.4%	4.3%
Mastercard, Inc.	Information Technology	15.6	Low	36.1	61.4	3.0%	0.6%	2.4%
Teleperformance SA	Industrials	16.4	Low	35.3	56.3	4.0%	0.0%	4.0%
ANTA Sports Products Ltd.	Consumer Discretionary	17.2	Low	24.2	31.4	1.5%	0.0%	1.5%



ESG Risk Exposure

Exposure considers a company's sensitivity or vulnerability to ESG risks. Lower exposure scores indicate that the constituent companies face less ESG risk.

Portfolio

Benchmark

Divergence

Exposure

Score	Category
38.9	Medium
42.1	Medium

ESG Risk Categories

Low: 0 - 35

Low exposure to material ESG issues

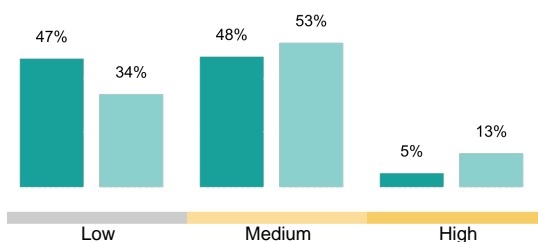
Medium: 35 - 55

Medium exposure to material ESG issues

High: 55 - 100

High exposure to material ESG issues

Distribution of aggregated portfolio weight by Exposure categories



The prevalence of companies with high exposure to ESG issues in the portfolio is 62% lower than the benchmark.

Average Exposure		Exposure Score			
Arith.	Weighted	Median	Minimum	Maximum	Std. Dev.
38.4	38.9	35.3	24.2	67.1	9.0
41.1	42.1	39.5	15.3	95.1	12.5
-2.7	-3.2	-4.2	8.9	-28.0	-3.5

Companies with the Highest Exposure in the Portfolio

Company Name	Sector	Exposure Score	Exposure Category	Port Weight	Bench Weight	Active Weight
Exxon Mobil Corp.	Energy	67.1	High	4.8%	0.9%	3.9%
Lamb Weston Holdings, Inc.	Consumer Staples	52.0	Medium	2.5%	0.0%	2.5%
Sika AG	Materials	52.0	Medium	1.9%	0.1%	1.8%

Companies with the Lowest Exposure in the Portfolio

Company Name	Sector	Exposure Score	Exposure Category	Port Weight	Bench Weight	Active Weight
ANTA Sports Products Ltd.	Consumer Discretionary	24.2	Low	1.5%	0.0%	1.5%
Five Below, Inc.	Consumer Discretionary	26.3	Low	3.1%	0.0%	3.1%
Danaher Corp.	Healthcare	29.9	Low	5.1%	0.4%	4.7%



ESG Risk Management

Management evaluates a company's performance on managing its exposure to ESG issues. Higher management scores indicate the constituent companies have stronger management of their exposure.

Portfolio

Management

Score

Category



50.9

Strong

Benchmark



52.6

Strong

Divergence

Distribution of aggregated portfolio weight by Management categories

ESG Risk Categories

Strong: 100 - 50

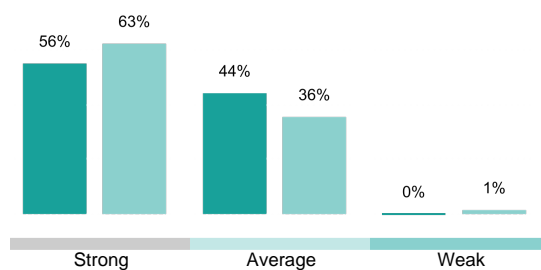
Strong management of material issues

Average: 50 - 25

Average management of material issues

Weak: 25 - 0

Weak management of material issues



Average Management		Management Score			
Arith.	Weighted	Median	Min	Max	Std. Dev.
50.4	50.9	51.9	29.1	80.8	13.5
50.6	52.6	51.0	15.8	85.5	12.2
-0.2	-1.6	0.9	13.4	-4.8	1.3

Companies with the Weakest Management in the Portfolio

Company Name	Sector	Management Score	Management Category	Port Weight	Bench Weight	Active Weight
Interactive Brokers Group, Inc.	Financials	29.1	Average	1.9%	0.0%	1.9%
Daito Trust Construction Co., Ltd.	Real Estate	29.2	Average	2.8%	0.0%	2.8%
Amazon.com, Inc.	Consumer Discretionary	29.7	Average	4.5%	1.5%	2.9%

Companies with the Strongest Management in the Portfolio

Company Name	Sector	Management Score	Management Category	Port Weight	Bench Weight	Active Weight
Linde Plc	Materials	80.8	Strong	2.9%	0.3%	2.5%
ASML Holding NV	Information Technology	70.1	Strong	1.5%	0.4%	1.0%
L'Oréal SA	Consumer Staples	65.8	Strong	2.9%	0.2%	2.7%

Sector ESG Risk

Looks at the active weight and ESG Risk Rating score across sectors in the Portfolio. Lower scores equal lower risk.

Sector	ESG Risk			Weight		Exposure		Management	
	Portfolio Contribution*	Port	Bench	Port	Bench	Port	Bench	Port	Bench
Consumer Discretionary	11.7%	2.4	2.1	10.6%	10.5%	3.5	3.5	3.7	4.6
Consumer Staples	9.1%	1.9	1.8	8.2%	7.8%	3.8	3.6	4.5	4.2
Energy	8.5%	1.8	1.9	4.8%	5.7%	3.2	3.8	2.6	3.3
Financials	13.6%	2.8	3.0	14.5%	14.3%	5.6	6.2	7.5	7.6
Healthcare	14.9%	3.1	3.2	15.3%	14.6%	5.6	6.2	7.5	7.5
Industrials	9.8%	2.0	2.5	10.8%	10.5%	3.7	4.7	5.2	5.2
Information Technology	26.1%	5.4	4.2	28.2%	24.1%	10.7	8.4	15.6	13.0
Materials	3.2%	0.7	1.1	4.8%	4.6%	1.9	2.4	3.5	2.8
Real Estate	3.2%	0.6	0.3	2.8%	2.6%	0.9	0.7	0.8	1.4
Telecommunication Services	0.0%	0.0	0.4	0.0%	2.1%	0.0	0.9	0.0	1.1
Utilities	0.0%	0.0	0.8	0.0%	3.2%	0.0	1.9	0.0	1.9

*Sector contribution to overall ESG Risk calculated as the weighted sum of sector risk scores divided by the total portfolio weighted risk score.

Regional ESG Risk

Looks at the active weight and ESG Risk Rating score across regions in the Portfolio. Lower scores equal lower risk.

Region	ESG Risk			Exposure		Management	
	Portfolio Contribution	Portfolio	Benchmark	Port	Bench	Port	Bench
Africa / Middle East	0.0%	0.0	0.1	0.0	0.1	0.0	0.1
Asia / Pacific	9.3%	1.9	2.2	3.3	4.1	3.9	4.8
Europe	18.4%	3.8	4.1	8.8	9.4	13.9	12.4
Latin America and Caribbean	0.0%	0.0	0.0	0.0	0.1	0.0	0.1
United States and Canada	72.3%	14.9	15.1	26.8	28.4	33.2	35.1

Attribution Analysis - ESG Risk Rating

Looks at the attribution of ESG Risk across sectors. Lower scores equal lower risk.

Sector	Weight		ESG Risk*		Active Score	Effect			
	Port	Bench	Port	Bench		Sector Allocation	Stock Selection	Interaction	Total
Consumer Discretionary	10.6%	10.5%	22.7	20.0	2.7	0.00	0.29	0.00	0.29
Consumer Staples	8.2%	7.8%	22.9	23.7	-0.8	0.01	-0.06	0.00	-0.06
Energy	4.8%	5.7%	36.4	33.2	3.2	-0.11	0.18	-0.03	0.05
Financials	14.5%	14.3%	19.3	21.1	-1.8	0.00	-0.26	0.00	-0.27
Healthcare	15.3%	14.6%	20.1	21.7	-1.6	0.00	-0.24	-0.01	-0.25
Industrials	10.8%	10.5%	18.7	24.2	-5.5	0.01	-0.58	-0.02	-0.59
Information Technology	28.2%	24.1%	19.0	17.5	1.6	-0.17	0.38	0.06	0.27
Materials	4.8%	4.6%	14.0	24.1	-10.1	0.01	-0.46	-0.02	-0.48
Real Estate	2.8%	2.6%	23.1	12.6	10.6	-0.02	0.28	0.02	0.28
Telecommunication Services	0.0%	2.1%	0.0	21.0	-21.0	0.01	-0.44	0.44	0.01
Utilities	0.0%	3.2%	0.0	26.3	-26.3	-0.15	-0.84	0.84	-0.15
Totals	100%	100%	20.6	21.5	-0.9	-0.4	-1.8	1.3	-0.9

* By aggregated weighted score (normalized)

Effect**:

. **Sector Allocation Effect:** Captures the effect on the portfolio's total ESG risk from the portfolio's sector weighting decisions relative to the benchmark's sector weights. A negative allocation effect indicates that the portfolio either overweights a sector that has a lower risk than the total ESG risk of the benchmark or underweights a sector with higher risk than the total ESG risk of the benchmark.

. **Selection Effect:** Captures the effect on the portfolio's total ESG risk from the portfolio's stock selection decisions relative to the benchmark's stock selections. A negative selection effect indicates that the portfolio, relative to the benchmark, overweights companies with lower ESG risks.

. **Total Effect:** Is the sum of the sector allocation effect, the stock selection effect, and the residual effect that results from the interaction between the sector allocation effect and the stock selection effect. A negative total effect indicates that the portfolio has lower ESG risk than the benchmark.

Companies that Increase Active ESG Risk

Identifies up to 10 companies in the portfolio that contribute the most to increasing overall risk for the portfolio relative to the benchmark, for example by under-weighting low risk companies or over-weighting high risk companies.

Company Name	Sector	ESG Risk Score	ESG Risk Category	Contribution to Active Risk	Port Weight	Bench Weight	Active Weight
Exxon Mobil Corp.	Energy	36.4	High	0.58	4.8%	0.9%	3.9%
Meta Platforms, Inc.	Information Technology	34.5	High	0.45	4.0%	0.6%	3.4%
Envista Holdings Corp.	Healthcare	31.4	High	0.32	3.2%	0.0%	3.2%
Amazon.com, Inc.	Consumer Discretionary	30.3	High	0.26	4.5%	1.5%	2.9%
Lamb Weston Holdings, Inc.	Consumer Staples	25.5	Medium	0.10	2.5%	0.0%	2.5%
Walmart, Inc.	Consumer Staples	24.6	Medium	0.07	2.8%	0.4%	2.3%
Daito Trust Construction Co., Ltd.	Real Estate	23.1	Medium	0.05	2.8%	0.0%	2.8%
Interactive Brokers Group, Inc.	Financials	23.5	Medium	0.04	1.9%	0.0%	1.9%
Alphabet, Inc.	Information Technology	24.6	Medium	0.03	3.0%	2.0%	1.0%
Novo Nordisk A/S	Healthcare	24.0	Medium	0.03	1.5%	0.4%	1.1%

Companies that Decrease Active ESG Risk

Identifies up to 10 companies in the portfolio that contribute the most to reducing overall risk for the portfolio relative to the benchmark, for example by under-weighting high risk companies or over-weighting low risk companies.

Company Name	Sector	ESG Risk Score	ESG Risk Category	Contribution to Active Risk	Port Weight	Bench Weight	Active Weight
Danaher Corp.	Healthcare	11.9	Low	-0.45	5.1%	0.4%	4.7%
Linde Plc	Materials	8.2	Negligible	-0.34	2.9%	0.3%	2.5%
Microsoft Corp.	Information Technology	15.0	Low	-0.28	7.7%	3.4%	4.3%
Workday, Inc.	Information Technology	13.1	Low	-0.26	3.2%	0.1%	3.1%
Teleperformance SA	Industrials	16.4	Low	-0.20	4.0%	0.0%	4.0%
Adobe, Inc.	Information Technology	12.9	Low	-0.18	2.5%	0.3%	2.1%
Mastercard, Inc.	Information Technology	15.6	Low	-0.14	3.0%	0.6%	2.4%
CME Group, Inc.	Financials	17.8	Low	-0.13	3.7%	0.1%	3.6%
Prudential Plc	Financials	18.2	Low	-0.13	4.1%	0.1%	4.0%
ASML Holding NV	Information Technology	10.9	Low	-0.11	1.5%	0.4%	1.0%

Relative Issue Performance

Evaluates ESG Risk, Exposure and Management at the individual material ESG Issue (MEI) level

Issue	Prevalence of Issue		Risk Score			Exposure			Management		
	Port	Bench	Port	Bench	Div	Port	Bench	Div	Port	Bench	Div
Corporate Governance	100.0%	100.0%	4.1	3.8	0.2	9.0	9.0	0.0	54.5	57.2	-2.7
Human Capital	94.4%	97.7%	3.0	2.7	0.3	5.6	5.4	0.2	44.7	50.6	-5.9
Carbon - Own Operations	59.6%	66.3%	1.1	1.2	-0.1	2.2	2.7	-0.5	34.0	41.4	-7.4
Emissions, Effluents and Waste	32.9%	33.1%	0.7	0.9	-0.2	1.2	1.6	-0.4	17.0	17.6	-0.6
Bribery and Corruption	9.5%	17.6%	0.2	0.4	-0.2	0.6	1.0	-0.5	6.6	12.1	-5.4
Data Privacy and Security	58.2%	50.8%	2.0	1.7	0.3	3.9	3.2	0.7	34.2	29.5	4.7
Land Use and Biodiversity	7.5%	11.0%	0.1	0.1	0.0	0.2	0.3	-0.1	2.6	6.6	-4.0
Community Relations	7.5%	12.1%	0.3	0.4	-0.1	0.5	0.9	-0.4	3.0	6.9	-3.9
Resilience	4.1%	4.8%	0.0	0.1	-0.1	0.2	0.3	-0.1	4.1	4.2	-0.2
Business Ethics	94.4%	95.2%	2.9	3.0	-0.2	4.7	5.0	-0.3	39.6	41.1	-1.5
Human Rights	0.0%	0.4%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	-0.3
E&S Impact of Products and Services	31.1%	25.0%	0.7	0.7	0.0	1.3	1.1	0.2	14.9	11.7	3.2
Occupational Health and Safety	32.5%	31.6%	0.5	0.7	-0.2	1.1	1.4	-0.3	19.0	18.4	0.6
Resource Use	41.0%	34.7%	0.6	0.7	-0.1	1.2	1.3	-0.1	25.4	20.3	5.1
Resource Use - Supply Chain	12.4%	10.2%	0.1	0.1	0.0	0.3	0.3	0.0	9.6	7.5	2.0
Product Governance	84.5%	85.7%	2.7	3.0	-0.3	4.3	4.9	-0.6	34.5	35.3	-0.8
Access to Basic Services	6.9%	12.6%	0.3	0.4	-0.1	0.4	0.7	-0.4	1.5	5.7	-4.2
Human Rights - Supply Chain	24.4%	31.8%	0.6	0.5	0.1	0.9	0.9	0.0	9.4	16.5	-7.1
Land Use and Biodiversity - Supply Chain	8.2%	7.9%	0.1	0.1	0.0	0.2	0.2	0.0	5.3	4.6	0.7
ESG Integration - Financials	15.7%	16.1%	0.4	0.5	0.0	0.8	0.9	-0.1	7.1	8.1	-0.9
Carbon - Products and Services	7.7%	14.6%	0.3	0.6	-0.3	0.5	0.9	-0.4	5.0	7.6	-2.6
Idiosyncratic	0.0%	0.5%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Issues marked in gray are idiosyncratic issues. An idiosyncratic issue is an issue that was not initially deemed material at the subindustry level but becomes a material ESG issue for a company based on the occurrence of a Category 4 or 5 event.

Overall Risk Score		Total Issue Risk		Unallocated risk	
Portfolio	Bench	Portfolio	Bench	Portfolio	Bench
20.6	21.5	20.6	21.5	0.0	0.0

Events

Event indicators signal a failure of management to adequately address its exposure to ESG issues. Events provide a signal that a company has not yet managed risks on an issue. Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

Most Significant Events in the Portfolio

Identifies the 10 most significant Events with the highest constituent weight in the portfolio

Company Name	Sector	Event Name	Event Category	Port Weight	Bench Weight	Active Weight
Meta Platforms, Inc.	Information Technology	Data Privacy and Security	Category 4	4.0%	0.6%	3.4%
Meta Platforms, Inc.	Information Technology	Quality and Safety	Category 4	4.0%	0.6%	3.4%
Mastercard, Inc.	Information Technology	Anti-Competitive Practices	Category 4	3.0%	0.6%	2.4%
Alphabet, Inc.	Information Technology	Anti-Competitive Practices	Category 4	3.0%	2.0%	1.0%
Walmart, Inc.	Consumer Staples	Employees - Human Rights - SC	Category 4	2.8%	0.4%	2.3%
Microsoft Corp.	Information Technology	Data Privacy and Security	Category 3	7.7%	3.4%	4.3%
Exxon Mobil Corp.	Energy	Emissions, Effluents and Waste	Category 3	4.8%	0.9%	3.9%
Amazon.com, Inc.	Consumer Discretionary	Accounting and Taxation	Category 3	4.5%	1.5%	2.9%
Amazon.com, Inc.	Consumer Discretionary	Anti-Competitive Practices	Category 3	4.5%	1.5%	2.9%
Amazon.com, Inc.	Consumer Discretionary	Data Privacy and Security	Category 3	4.5%	1.5%	2.9%

Most Significant Events in the Benchmark

Identifies the 10 most significant Events with the highest constituent weight in the benchmark

Company Name	Sector	Event Name	Event Category	Port Weight	Bench Weight	Active Weight
Wells Fargo & Co.	Financials	Business Ethics	Category 5	0.0%	0.3%	-0.3%
Glencore Plc	Materials	Bribery and Corruption	Category 5	0.0%	0.1%	-0.1%
Bayer AG	Healthcare	Social Impact of Products	Category 5	0.0%	0.1%	-0.1%
PG&E Corp.	Utilities	Quality and Safety	Category 5	0.0%	0.0%	0.0%
Teva Pharmaceutical Industries Ltd.	Healthcare	Anti-Competitive Practices	Category 5	0.0%	0.0%	0.0%
Tokyo Electric Power Co. Holdings, Inc.	Utilities	Community Relations	Category 5	0.0%	0.0%	0.0%
Tokyo Electric Power Co. Holdings, Inc.	Utilities	Emissions, Effluents and Waste	Category 5	0.0%	0.0%	0.0%
Tokyo Electric Power Co. Holdings, Inc.	Utilities	Quality and Safety	Category 5	0.0%	0.0%	0.0%
Alphabet, Inc.	Information Technology	Anti-Competitive Practices	Category 4	3.0%	2.0%	1.0%
Johnson & Johnson	Healthcare	Quality and Safety	Category 4	0.0%	0.9%	-0.9%

Glossary of Terms

ESG Risk Category

Companies' ESG Risk Rating scores are assigned to five ESG risk categories in the ESG Risk Rating. Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the ESG Risk Rating; it applies the concept of risk decomposition to derive the level of unmanaged risk for a company.

Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

Exposure

A company's sensitivity or vulnerability to ESG risks.

Management

A company's handling of ESG risks.

Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

Material ESG Issue

A core building block of the ESG Risk Rating. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given subindustry.

Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: unmanageable risk, as well as risks that could be managed by a company through suitable initiatives but which may not yet be managed.

Weighted Scores

Sustainalytics normalizes the security weights of the matched security results within the selected portfolio and benchmark to equal 100% of the total portfolio weight, by evenly redistributing unmatched security weights. If there are no security weights available, Sustainalytics will assign equal weights to all securities. Weighted Scores are calculated by aggregating normalized security weighted scores.

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