



Nordic Index

ESG Factor Descriptions

1 Introduction

Description of sources, definitions, reference standards, and calculations of ESG factors listed in Annex II to Delegated Regulation (EU)2020/1816 regarding equities.

As no benchmark families are defined, details (scores) are only provided on a benchmark level according to item 7 in Annex II to Delegated Regulation (EU)2020/1816).

2 Descriptions for equity benchmarks

2.1 List of combined ESG factors

Item 7a)

1. Weighted average ESG rating of the benchmark

Source of data: ISS ESG

Description: 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 ESG rating score of all benchmark constituents.

2. Overall ESG rating of top ten benchmark constituents by weighting in the benchmark

Source of data: ISS ESG.

Description: Weighted average ESG ratings for the ten highest weighted benchmark components.

Calculation: Weighted average ESG rating score of top the ten benchmark constituents by weighting in the benchmark

2.2 List of environmental factors

Item 7b)

1. Weighted average environmental rating of the benchmark

Source of data: ISS ESG.

Description: This factor provides a numeric score from 1 (D-) to 4 (A+) linked to the rated entity's Environmental rating. 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 environmental rating score of all benchmark constituents.

2. Exposure of the benchmark portfolio to renewable energy as measured by capital expenditures (CapEx) in those activities (as a share of total CapEx by energy companies included in the portfolio)

No longer required by EU regulation.

3. Exposure of the benchmark portfolio to climate-related physical risks, measuring the effects of extreme weather events on companies' operations and production or on the different stages of the supply chain (based on issuer exposure)

Source of data: ISS ESG

Description: Physical climate hazards are here defined as physical processes or extreme events and disasters that can harm human health, livelihoods or natural resources. The ISS ESG physical risk analysis currently includes five main hazards. The hazards included are five of the costliest, meaning that the damaged incurred by the hazards have resulted in, and are expected to result in, substantial financial impacts on both business and civil society. The term risk is used to show the potential financial and social implications of a hazard. The five hazards covered are: Tropical cyclones, River floods, Droughts, Wildfires, Heat waves. The analysis extends to the year 2050 and includes a “most likely” scenario built around Radiation Concentration Pathway (RCP) 4.5. Hazard intensities are derived from an ensemble output of 8 the Coupled Model Intercomparison Project 5 (CMIP5) and the climate risk modelling tool Climada. The raw climate output is corrected for biases to ensure regional accuracy. The spatial resolution is 100km2. The score is expressed on a scale 0-100 where a low score indicates high risk, and a high score indicates low risk. For example, a score of 5 in the most likely scenario for a company in the cement sector shows that, in a most likely climate scenario, the company has a high risk of financial impacts from climate change compared to other companies in the sector.

Calculation: Weighted average climate-related physical risks score of all benchmark constituents

4. Degree of exposure of the portfolio to the sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council (2) as a percentage of the total weight in the portfolio.

Source of data: SIX Financial Information AG

Description: NACE (Nomenclature of Economic Activities) is the European statistical classification of economic activities.

Calculation: Weighted average percentage of index constituents with the below NACE sectors,

NACE sector	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

5. Greenhouse gas (GHG) intensity of the benchmark

Source of data: ISS ESG

Description: 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 carbon intensity score of all benchmark constituents.

6. Percentage of GHG emissions reported versus estimated

Source of data: ISS ESG

Description: 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: Weighted average percentage of index constituents with reported versus estimated GHG emissions.

7. Exposure of the benchmark portfolio to companies the activities of which fall under Divisions 05 to 09, 19 and 20 of Annex I to Regulation (EC) No 1893/2006

Source of data: SIX Financial Information AG

Description: NACE (Nomenclature of Economic Activities) is the European statistical classification of economic activities.

Calculation: Weighted average percentage of index constituents with the below NACE divisions,

NACE division	Description
05	Mining of coal and lignite
06	Extraction of crude petroleum and natural gas
07	Mining of metal ores
08	Other mining and quarrying
09	Mining support service activities
19	Manufacture of coke and refined petroleum products
20	Manufacture of chemicals and chemical products

8. Exposure of the benchmark portfolio to activities included in the environmental goods and services sector, as defined in Article 2, point (5) of Regulation (EU) No 691/2011 of the European Parliament and of the Council

Source of data: ISS ESG

Description: This factor identifies the percent of total revenue derived from activities included in the environmental goods and services sector.

Calculation: Weighted average percent of total revenue derived from activities included in the environmental goods and services sector for all benchmark constituents.

2.3 List of social factors

Item 7c)

1. Weighted average social rating of the benchmark

Source of data: ISS ESG

Description: This factor provides a numeric score from 1 (D-) to 4 (A+) linked to the rated entity's Social rating. 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 social rating score of all benchmark constituents.

2. International treaties and conventions, United Nations principles or, where applicable, national law used in order to determine what constitutes a 'controversial weapon'

Source of data: ISS ESG

Description:

- Anti-personnel mines: Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on Their Destruction
- Biological weapons: Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction
- Chemical weapons: Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction
- Cluster munitions: Convention on Cluster Munitions
- Nuclear weapons: Treaty on the Non-Proliferation of Nuclear Weapons and the International Court of Justice's Advisory Opinion on the Legality of the Threat or Use of Nuclear Weapons as well as the Treaty on the Prohibition of Nuclear Weapons

Calculation: No calculation needed.

3. Weighted average percentage of benchmark constituents in the controversial weapons sector

Source of data: ISS ESG

Description: Indicates companies with verified involvement in controversial weapons (biological, chemical, nuclear weapons, cluster munitions, anti-personnel mines, depleted uranium)

Calculation: Weighted average percentage of benchmark constituents with verified involvement in controversial weapons

4. Weighted average percentage of benchmark constituents in the tobacco sector.

Source of data: ISS ESG

Description: This factor identifies issuers engaged in the production, distribution, or provision of services related to tobacco. The "Production" value identifies issuers engaged in manufacturing and producing tobacco products, as well as companies that grow or process raw tobacco leaves, "Distribution" includes issuers engaged in the wholesale or retail distribution of tobacco products, and "Services" identifies issuers engaged in marketing and promotion of tobacco products, issuers that supply key products necessary for the production of tobacco products, as well as issuers that license a company or brand name to tobacco products.

Calculation: Weighted average percentage of benchmark constituents engaged in the production, distribution, or provision of services related to tobacco.

5. Number of benchmark constituents subject to social violations (absolute number and relative divided by all benchmark constituents), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law.

Source of data: ISS ESG

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

Calculation: Weighted average percentage of benchmark constituents with a verified failure to respect established norms with regard to Human Right or Labor Rights

6. Exposure of the benchmark portfolio to companies without due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8.

Source of data: ISS ESG

Description: This factor provides an indication of whether the issuer lacks due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8.

Calculation: Weighted average percentage of benchmark constituents whether the issuer lacks due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8.

7. Weighted average gender pay gap

Data not yet available.

8. Weighted average ratio of female to male board members

Source of data: ISS ESG

Description: Ratio of female to male board members

Calculation: Weighted average ratio of female to male board members

9. Weighted average ratio of accidents, injuries, fatalities.

Source of data: ISS ESG

Description: The factor evaluates the company employee's total recordable incident rate, normalized by 200,000 hours worked. ISS ESG delivers data only where the company reports according to standardized metrics, i.e. Total Recordable Incident Rate per 200000 working hours.

Calculation: Weighted average of the benchmark constituents' total recordable incident rate.

10. Numbers of convictions and amount of fines for violations of anti-corruption and antibribery laws

Data not yet available

2.4 List of governance factors

7d)

1. Weighted average governance rating of the benchmark

Source of data: ISS ESG

Description: This factor provides a numeric score from 1 (D-) to 4 (A+) linked to the rated entity's Governance rating. 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 governance rating score of all benchmark constituents.

2. Weighted average percentage of board members who are independent

Source of data: ISS ESG

Description: Percentage of board independence based on ISS classification of Independence.

Calculation: Weighted average percentage of board independence of all benchmark constituents.

3. Weighted average percentage of female board members

Source of data: ISS ESG

Description: Percent of women on board

Calculation: .Weighted average percentage of women on board of all benchmark constituents.

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