Sustainability

Governance QualityScore

Methodology & Research Process

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Version 1.0

PUBLIC DISCLOSURE ON THE METHODOLOGY, MODELS, AND KEY RATING ASSUMPTIONS USED IN ESG RATING ACTIVITIES

ISS STOXX

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Regulation (EU) 2024/3005: Public Disclosure on the Methodology, Models, and Key Rating Assumptions Used in ESG Rating Activities

This disclosure is published to meet the relevant requirements of the EU ESG Ratings Regulation (EU2024/3005) and related regulatory technical standards. The following index cross-references to the relevant information are made available within the Governance QualityScore Methodology Document and on our website.

Within this disclosure, the Regulation (EU) 2024/3005 of the European Parliament and of the Council of 27 November 2024 on the transparency and integrity of Environmental, Social and Governance (ESG) rating activities is referred to as "**Regulation (EU) 2024/3005**".

Within this disclosure, the Commission Delegated Regulation (EU) of 21 04 2026 supplementing Regulation (EU) 2024/3005 of the European Parliament and of the Council with regard to regulatory technical standards specifying the elements of ESG rating products to be disclosed to the public and to users of ESG ratings, rated items and issuers of rated items is referred to as "**Delegated Regulation**".

REGULATION (EU) 2024/3005	DELEGATED REGULATION	REQUIRED INFORMATION	ISS GERMANY AG DISCLOSURE
Rating Product Disclosures			
ANNEX III.1.f	Article 3(1)	ESG rating providers shall disclose information on the ESG rating's clearly defined objective and marking whether the rating is assessing risks, impacts, or both, according to the double materiality principle, or any other dimensions, and in the case of double materiality the proportion of the risk and impact materiality. ESG rating providers shall disclose at the level of each ESG rating product: a) a description of the risks covered, where the ESG rating is assessing risks; b) a description of the impacts covered, where the ESG rating is assessing impacts; c) information on how the risk and impact materiality are taken into account according to the double materiality principle, where applicable; d) where the ESG rating is based on other materiality dimensions, a description of those dimensions.	Please refer to: • Overview
ANNEX III.1.g	Article 3(2)	ESG rating providers shall disclose the ESG rating's scope, namely, whether it covers an individual E, S, or G factor or whether it is an aggregated rating aggregating E, S and G factors, or whether it covers specific issues such as transition risks. ESG rating providers shall disclose at the level of each ESG rating product: a) a description of what is covered under the E, S or G factors and which factors are aggregated, where applicable; b) a description of the specific issues that the ESG rating covers.	Please refer to: • Overview • Categories and Subcategories

REGULATION (EU) 2024/3005	DELEGATED REGULATION	REQUIRED INFORMATION	ISS GERMANY AG DISCLOSURE
ANNEX III.1.h	N/A	ESG rating providers shall disclose in the case of an aggregated ESG rating, the weighting of the three overarching E, S and G categories of factors (for example 33 % for the E factor, 33 % for the S factor, 33 % for the G factor), and the explanation of the weighting method, including weight per individual E, S and G category.	• This requirement is not applicable to the Governance QualityScore as it is not an aggregated rating.
ANNEX III.1.i	N/A	ESG rating providers shall disclose within the E, S or G factors, specification of the topics covered by the ESG rating, and whether they correspond to the topics from the sustainability reporting standards developed pursuant to Article 29b of Directive 2013/34/EU.	Please refer to: • Categories and Subcategories • The content of the topics covered by Governance QualityScore do not correspond to the topics from the sustainability reporting standards developed pursuant to Article 29b of Directive 2013/34/EU.
ANNEX III.1.j	N/A	ESG rating providers shall disclose information on whether the rating is expressed in absolute or relative value.	Please refer to: • Scoring

REGULATION (EU) 2024/3005	DELEGATED REGULATION	REQUIRED INFORMATION	ISS GERMANY AG DISCLOSURE
ANNEX III.1.o	Article 3(3)	ESG rating providers shall disclose if an ESG rating of a rated item covers the E factor, information on whether that rating takes into account the targets and objectives of the Paris Agreement or any other relevant international agreements. ESG rating providers shall disclose if an ESG rating of a rated item covers the S and G factors, information on whether that rating takes into account any relevant international agreements.	Please refer to: • Overview
ANNEX III.1.p	Article 3(4)	ESG rating providers shall at the level of each ESG rating product: a) include an indication of whether the ESG rating takes into account the targets and objectives of the Paris Agreement and which other international agreements are considered, with reference to basic identifying information on these agreements together with an explanation of their relevance to the ESG rating; b) specify whether the ESG rating is assessing alignment of commitments against the objectives of the agreements referred to in point (a).	
Basic Methodological Disclosures			
ANNEX III.1.a	Article 4(1)	ESG rating providers shall disclose an overview of the rating methodologies used and changes thereto, including whether analysis is backward-looking or forward-looking and the time horizon covered. ESG rating providers shall disclose: a) the title of the rating methodology used; b) a description of the types of rated items in relation to which the methodology referred to in point (a) applies;	Please refer to: Points a) and f) • Version Control; Methodology Review Process Points b) to e) • b) Overview; Coverage

REGULATION (EU) 2024/3005	DELEGATED REGULATION	REQUIRED INFORMATION	ISS GERMANY AG DISCLOSURE
		c) the time horizon over which the ESG rating is considered valid, where applicable d) a list and overview of the relevant supporting models and key rating assumptions, where applicable; information on measures and procedures to ensure the quality and reliability of data used; e) a description of the defined ranking system of rating categories used, with reference to: i. the meaning of each rating category for absolute and relative values and how the ranking system should be interpreted; ii. in the case of relative values, an explanation as to whether they are relative to a specific industry, geographical area, peer groups or other comparative references and their respective description. f) the dates of the most recent update of the methodology and a description of the changes introduced to the previous version.	• c) Overview • d) Quality Assurance • e) Scoring
ANNEX III.1.b	Article 4(2)	ESG rating providers shall disclose the industry classification used. ESG rating providers shall provide: a) the name of the issuing body of the industry classification used; b) the name and version of the industry classification used; c) any publicly available link to the official documentation of the industry classification system.	• This requirement is not applicable to the Governance QualityScore.

REGULATION (EU) 2024/3005	DELEGATED REGULATION	REQUIRED INFORMATION	ISS GERMANY AG DISCLOSURE
ANNEX III.1.c	Article 4(3)	ESG rating providers shall disclose an overview of data sources, including whether data is sourced from sustainability statements required under Directive 2013/34/EU or from information disclosed under Regulation (EU) 2019/2088 and whether sources are public or non-public, and an overview of data processes, estimation of input data in case of unavailability and frequency of data updates. ESG rating providers shall include a description of the engagement process with rated items or issuers of rated items, including how the input from such engagement is taken into account.	Please refer to: • Data Sources: Overview • Data Processes: Data Verification • Estimation: Use of Estimated Data • Frequency of Data Updates: Real-Time Updates; Coverage Adjustments • Engagement Process: Data Verification
ANNEX III.1.e	Article 4(4)	ESG rating providers shall disclose information on whether and how the rating methodologies are based on scientific evidence. ESG rating providers shall where applicable, describe the process for identifying relevant scientific evidence.	Please refer to: • Overview
ANNEX III.1.k	N/A	ESG rating providers shall disclose where applicable, reference to the use of artificial intelligence in the data collection or rating process including information about current limitations and risks of using artificial intelligence.	• This requirement is not applicable to the Governance QualityScore.

REGULATION (EU) 2024/3005	DELEGATED REGULATION	REQUIRED INFORMATION	ISS GERMANY AG DISCLOSURE
Limitations in data sources, methodologies and information			
ANNEX III.1.m	Article 5	ESG rating providers shall disclose any limitation in data sources and methodologies used for the construction of ESG ratings. ESG rating providers shall disclose any limitation on the information available to ESG rating providers.	Please refer to: • Limitations • Limitations to Methodologies & Data
ANNEX III.1.q	Article 5	ESG rating providers shall explain any limitations in respect of the following: a) the availability or consistency of data used in the rating process; b) the completeness, timeliness and accuracy of information; c) the use of assumptions, proxy reference points and data estimation.	
Organisational Disclosures			
ANNEX III.1.d	Article 6(2)	ESG rating providers shall disclose the ownership structure of the ESG rating provider. ESG rating providers shall disclose: a) a chart illustrating their ownership links with any parent undertaking and subsidiaries. The chart shall indicate, where applicable, whether any of those entities perform any of the activities listed in Article 16 (1) or services referred to in Article 16(6) of Regulation (EU) 2024/3005.	Please refer to: • Ownership Structure

REGULATION (EU) 2024/3005	DELEGATED REGULATION	REQUIRED INFORMATION	ISS GERMANY AG DISCLOSURE
ANNEX III.1.l	Article 6(3)	ESG rating providers shall disclose general information on criteria used for establishing fees charged to clients, specifying the various elements taken into consideration, and general information on the business/payment model. ESG rating providers shall disclose the following: a) how the criteria they apply for establishing fees ensure that fees are fair, reasonable, transparent and non-discriminatory in accordance with Article 27 of Regulation (EU) 2024/3005; b) whether the ESG rating provider operates a subscription-paid model, an issuer-paid model, a combination of those models, or another model; c) a description of the relevant business model, and the proportion of total annual revenue derived from each model; d) where applicable, the impact of fees charged for services other than ESG rating activities on the determination of fees for ESG ratings, together with a description of those other services.	Please refer to: • Pricing Policy
ANNEX III.1.n	Article 6(1)	ESG rating providers shall disclose the main risks of conflicts of interest and the steps take to mitigate them. ESG rating providers shall indicate the areas of the ESG rating provider's activities, services or organisational structure from which the main risks of conflicts of interest may arise.	Please refer to: • Conflict of Interest Policy

Overview

Governance QualityScore is a data-driven scoring and screening solution, that reflects an opinion and is designed to enable quality reviews of corporate governance across four key categories*: Board Structure, Compensation, Shareholder Rights,* and *Audit & Risk Oversight*. Companies under Governance QualityScore Coverage are assigned to a Governance QualityScore region based on the ISS STOXX-determined Country of Coverage. Each company is compared against all other companies within its region and is assigned deciles scores as integers from 1 through 10 and category scores using the same scale that together provide a clear understanding of the drivers of a company's corporate governance risk. A score in the 1st decile (GQS = 1) indicates higher quality and relatively lower governance risk, while a score in the 10th decile (GQS = 10) indicates relatively lower quality and higher governance risk. Historical scores and data provide greater context and trend analysis to understand a company's approach to corporate governance over time.

Governance QualityScore can be considered a governance rating covering the single G factor of corporate governance, as defined in its methodology. GQS does not take into account the targets and objectives of the Paris Agreement, nor does it take into account alignment with, or requirements arising from, any other international agreements, including those relevant to governance matters. Any references to international standards or agreements in issuer disclosures are not assessed for compliance or alignment purposes and do not influence the Governance QualityScore outcomes.

Governance QualityScore calls upon a library of more than 300 governance factors across the coverage universe, of which up to 209 are used for any one company as defined by region, highlighting both potentially shareholder-adverse practices at a company and mitigating factors that help tell a more complete story. Each factor is based on the same principles that form the foundation of the ISS Benchmark Policy and is tailored to address appropriate variations in corporate governance practices across global capital markets. Developed through an extensive, transparent, and inclusive process, these policies reflect corporate governance standards and best practices across jurisdictions, as well as the views of institutional investors, issuers, and corporate governance practitioners worldwide. As stated in the methodology documents, only publicly available data that is published will be considered for assessment. Furthermore, methodology relies on the ISS Benchmark Policy that is conducted internally to ensure consistency and analytical rigor. While this methodology is developed through systematic internal data analysis, it is not derived from or validated by peer-reviewed scientific literature.

Governance QualityScore is built exclusively from publicly available issuer disclosures, such as company proxy/meeting materials, annual reports, 10-Ks, circulars, meeting notices, regulatory filings, and materials posted on company websites and press releases— therefore non-public information is not used. Data is not sourced from sustainability statements required under Directive 2013/34/EU or from information disclosed under Regulation (EU) 2019/2088. Additionally, the Governance QualityScore leverages proprietary ISS STOXX analytics, analyses, interpretations, proxy voting policies, and resulting Benchmark Policy voting recommendations.

Governance QualityScore reflects a company's current governance risk by leveraging real-time data together with the most recent and historically disclosed issuer information. While the methodology does not incorporate forecasts, it evaluates governance structures, policies, and oversight mechanisms that are indicative of both current and prospective risk. This approach is supported by defined historical lookback periods, enabling a concise, time-bound assessment across immediate and established governance risk horizons.

Coverage

Governance QualityScore global coverage comprises approximately 8,000+ companies in 31 markets, aligning with local market indices, including but not limited to constituents of the S&P 1500, Russell 3000, S&P/TSX Composite, S&P/TSX Small Cap, STOXX 600, and JPX-Nikkei 400, augmented with widely held companies. All markets are assigned to a Governance QualityScore region.

Table 1. Americas Coverage

GOVERNANCE QUALITYSCORE REGION	COUNTRY	COVERAGE
Canada	Canada	S&P/TSX Composite Index+
Canada Small Cap	Canada	S&P/TSX Small Cap Index+
Latin America	Brazil	Ibovespa+
US - R3K	United States	S&P 400, S&P 600, and FTSE Russell 3000 Indices (excluding S&P 500)+
US - S&P500	United States	S&P 500 Index

Table 2. Asia-Pacific Coverage

GOVERNANCE QUALITYSCORE REGION	COUNTRY	COVERAGE
AsiaPac	China	Widely held companies
AsiaPac	Hong Kong	Widely held companies
AsiaPac	Singapore	Straits Times Index (STI)+
AsiaPac	Taiwan	Widely held companies
Australasia	Australia	S&P/ASX 300 Index+
Australasia	New Zealand	S&P/NZX 50 Index+
India	India	Widely held companies
Japan	Japan	JPX-Nikkei 400+
South Korea	South Korea	KRX 100+

"+" denotes the inclusion of widely held companies based on market capitalization or ISS STOXX client holdings

Table 3. EMEA Coverage

GOVERNANCE QUALITYSCORE REGION	COUNTRY	COVERAGE
Africa	South Africa	FTSE JSE-40 and JSE-MidCap Indices+
Anglo	Ireland	ISEQ 20 Index+⅄
Anglo	United Kingdom	FTSE All-Share Index+⅄
Germanic	Austria	ATX 20 Index+⅄
Germanic	Germany	DAX40/MDAX50/SDAX70/TecDAX30+⅄
Germanic	Switzerland	SMI 20 and SMIM 30 Indices+⅄
Nordic	Denmark	OMX Copenhagen 25 and Nasdaq Nordic Large Cap+⅄
Nordic	Finland	OMX Helsinki 25 and Nasdaq Nordic Large Cap+⅄
Nordic	Norway	OBX 25 and Nasdaq Nordic Large Cap+⅄
Nordic	Sweden	OMX Stockholm 30 Index+ ⅄
Russia[1]	Russia	RTS 50 Index+
Southern Europe	Greece	FTSE ATHEX Large Cap Index 25+
Southern Europe	Italy	FTSE-MIB and FTSE-Midcap Indices+⅄
Southern Europe	Portugal	PSI 20 Index+⅄
Southern Europe	Spain	IBEX 35 Index+⅄
Western Europe	Belgium	BEL 20 Index+⅄
Western Europe	France	CAC All- Tradable and SBF 120 Indices+⅄
Western Europe	Luxembourg	LuxX Index+⅄
Western Europe	Netherlands	AEX25 and AMX25 Indices+⅄

"+" denotes the inclusion of widely held companies based on market capitalization or ISS STOXX client holdings
"⅄" denotes the inclusion of STOXX 600 Index companies

[1] Region is temporarily unavailable

Coverage Adjustments

Governance QualityScore global coverage rebalances every calendar quarter to reflect changes in the underlying index constituents and company status. Newly covered companies will enter Governance QualityScore coverage after their first ISS STOXX Benchmark Report has been published as a Governance QualityScore-covered company. However, Governance QualityScore-eligible companies may be excluded for various reasons that would not allow for proper relative comparability.

Table 4. Exclusions

GOVERNANCE QUALITYSCORE REGION	COMPANY STRUCTURE	COUNTRY OF COVERAGE NOT IN SCOPE	FOREIGN PRIVATE ISSUER	FUND	NO ANNUAL MEETING	TRUSTS
Anglo	*		*	*		⁂ 🗲 ※
AsiaPac	*		*	*	*	⁂ 🗲 ※
Australasia				*	*	🗲
Canada	*				*	
Germanic	*	*	*	*	*	🗲
India	*		*	*	*	🗲
Japan			*	*		🗲
Latin America			*	*	*	🗲
Nordic	*	*	*	*	*	⁂ 🗲
Russia	*	*	*	*	*	🗲
South Africa				*		⁂ ※
South Korea						
Southern Europe		*	*	*	*	🗲
US	*		*		*	
Western Europe	*[2]		*	*	*	🗲

[2] Excluding France

- Company Structure: The company has an uncommon ownership structure or non-trading voting stock.
- Country of Coverage Not in Scope: The company's ISS STOXX-determined country of coverage is outside the scope of Governance QualityScore.
- Foreign Private Issuer: The company is not a domestic issuer.
- Fund: The company is an externally-managed fund.
- No Annual Meeting: The company does not have a recent annual meeting.
- Trusts: The company is considered one of the following:
  - ⁂(Closed-Ended) Investment Trust
  - 🗲 Real Estate Investment Trust
  - ※(Closed-Ended) Venture Capital Trust

Framework

The Governance QualityScore framework relies on the organization of factors into Categories and Subcategories, Scoring, Data Verification, and Real-Time Updates. Each area is pivotal to ensure that companies can be evaluated on their corporate governance risk on a relative basis in real-time. Annual methodology updates ensure corporate governance standards and best practices are reflected, as well as the views of institutional investors, issuers, and corporate governance practitioners worldwide.

Categories and Subcategories

Governance QualityScore evaluates corporate governance risk across four categories: *Board Structure, Compensation, Shareholder Rights,* and *Audit & Risk Oversight*. Each category is further divided into subcategories, and factors are assigned to the appropriate Category-Subcategory.

All categories will be applicable to all Governance QualityScore regions. However, not all subcategories will be applicable to all regions. Subcategory applicability depends on whether a factor is applicable to a respective region. For example, Shareholder Rights-Litigation Rights is only applicable in the US and is not applicable in any other Governance QualityScore region.

Table 5. Categories and Subcategories

BOARD STRUCTURE	COMPENSATION	SHAREHOLDER RIGHTS	AUDIT & RISK OVERSIGHT
Board Commitments	Communications and Disclosure	Litigation Rights	Audit and Accounting Controversies
Board Composition	Compensation Controversies	Meeting and Voting-related Issues	Audit - Other Issues
Board Policies	Equity Risk Mitigation	One Share, One Vote	Environmental and Social Risk Management
Board Practices	Non-Executive Pay	Shareholder Rights - Other Issues	Environmental and Social Risk Oversight
Board Structure Controversies	Non-Performance-based Pay	Takeover Defenses	External Auditor
Diversity, Equity, and Inclusion	Pay-For-Performance		Information Security Risk Management
Key Committee Composition	Termination		Information Security Risk Oversight
Related-Party Transactions	Use of Equity		Risk Oversight - Other Issues

Scoring

Governance QualityScore uses a numeric, decile-based score that indicates a company's governance risk relative to their index or region. A score in the 1st decile (GQS = 1) indicates relatively higher quality governance practices and relatively lower governance risk. Conversely, a score in the 10th decile (GQS = 10) indicates relatively lower quality governance practices and relatively higher governance risk. Companies receive an overall Governance QualityScore and also receive a Category Score.

Each factor is assigned a weight based on Governance QualityScore region and proprietary ISS STOXX analytics and expertise. Factors may have different weights depending on the region. A company's corporate governance profile will determine how many points it will receive for each factor. Each company's factor scores are aggregated at the category level and overall to generate the Raw Category Score and the Raw Overall Score, respectively. To generate the Category Score, companies are ordered within their regions based on their Raw Category Score and assigned a decile ranking. To generate the Governance QualityScore, companies are ordered within their regions based on their Raw Overall Score and assigned a decile ranking. Governance QualityScore performs this rebalancing process daily at approximately 5am ET (10 AM UTC).

In South Korea and Japan, the Audit & Risk Oversight Category Score differs from the other three categories. While the methodology is reviewed on an ongoing basis to strengthen the analysis of corporate governance risk, there are a limited number of prevalent risk factors or controversies in the Audit & Risk Oversight category. Consequently, Governance QualityScore neither assigns a decile ranking for companies where practices are similar nor does it “force rank” to ensure companies are in each of the deciles. In those regions, the Audit & Risk Oversight Score is limited to a few relevant deciles only.

Table 6. Scoring Example

CATEGORY	CATEGORY RAW SCORE	CATEGORY SCORE
Board Structure	25.0	7
Compensation	19.5	10
Shareholder Rights	28.0	5
Audit & Risk Oversight	56.5	4
	OVERALL RAW SCORE	**GOVERNANCE QUALITYSCORE**
Total	129.0	8

Data Verification

The generation of the **Governance QualityScore** does not encompass data collection activities. Data collection is exclusively conducted upstream by trained data analysts who operate independently from Governance QualityScore and adhere to established data collection methodologies and defined guidelines. This process is completed prior to the ingestion of data into Governance QualityScore, ensuring that only properly collected and prepared data enters the system.

The analysis generated by the **Governance QualityScore** is available via a formal Data Verification channel that allows companies to review and correct any inaccuracies within their profiles outside of defined blackout periods, demonstrating a structured avenue for engagement.

Companies can submit Governance QualityScore Data Verification requests at any point in the year except during the **Annual Meeting Blackout Period** and the **Governance QualityScore Methodology Release Blackout Period**.

The **Annual Meeting Blackout Period** begins when the company files its proxy or meeting materials and ends twenty-four hours after the publication of a company's ISS STOXX Benchmark Report. During this time, the company's Governance QualityScore profile is frozen and will not reflect the latest information.

The **Governance QualityScore Methodology Release Blackout Period** has two phases: Phase 1 is the week *before* the Governance QualityScore Methodology Data Verification Period. Phase 2 is the week *after* the Governance QualityScore Methodology Data Verification Period. During these two phases, the company's Governance QualityScore profile will be live and will continue to reflect the latest information.

The **Governance QualityScore Methodology Data Verification Period** is a two-week period preceding the annual methodology release in which companies are invited to verify their Governance QualityScore data for *new* factors in addition to existing factors. This would be the first time in which companies will have the ability to review and verify answers for new factors prior to the release of the new methodology.

Governance QualityScore profiles are updated daily at approximately 5am ET (10 AM UTC). After the ISS STOXX Benchmark Report has been published, the Governance QualityScore profile will be available twenty-four hours later.

Real-Time Updates

Outside of companies' annual meetings, ISS STOXX reviews new filings, updates companies' corporate governance profile, and ensures Governance QualityScore is up-to-date. These filings include changes to bylaws, adoptions and redemptions of poison pills, mid-year director appointments, and other significant company events disclosed by the company, regulator, or other government agency. For most markets, ISS STOXX will review *ad hoc* disclosures on a quarterly basis and update company corporate governance profiles when necessary. However, for the US and Canada, ISS STOXX will review as companies file with EDGAR and SEDAR, respectively.

For mid-year director appointments or resignations in the US, ISS STOXX will review 8-K filings to ensure company boards are up-to-date. Typically, 8-K filings of mid-year director appointments contain insufficient information for ISS STOXX to determine the independence classification of the appointed director. In these cases, directors are deemed as “unclassified.” As a result, Governance QualityScore factors relying on the independence classification of directors will ignore “unclassified” directors. Specifically, Governance QualityScore factors calculating any board or committee percentages will not consider directors deemed as “unclassified.”

However, US companies may receive a preliminary ISS STOXX independence classification if they are able to provide the following information about the appointed director(s):

1. Current position;
2. The company's determination of whether the director is independent under its listing standards;
3. Any previous employment at the company;
4. Any transaction (per Item 404a of Regulation S-K) in the most recently concluded fiscal year and the current fiscal year-to-date between the company and the following:
    a. The director,
    b. The director's employer, or
    c. The director's immediate family members' current employer

Preliminary independence classifications are subject to change at the company's next annual meeting. For more information on independence classification criteria, please see the ISS Policy Gateway.

Mid-year director appointments or resignations in Canada operate similarly to the US except ISS STOXX will also review news releases and other related sources.

Canadian companies may receive a preliminary ISS STOXX independence classification if they are able to provide the following information about the appointed director(s):

1. The board's determination of whether the director is independent as required to be disclosed in the Management Information Circular;
2. All transactions in the most recently concluded fiscal year between the company and the following:
    a. The director,
    b. The director's employer,
    c. An immediate family member, or
    d. An immediate family member's employer (in the last three calendar years)

    Companies must state the percentage that the amount represents of the recipient's revenues. There is no *de minimis* threshold.
3. Family relationships;
4. Compensatory arrangements;
5. Beneficial stock ownership;
6. Any previous employment with the company, a former parent company, or an acquired company;
7. Whether the director is a party to a voting agreement to vote in line with management on proposals being brought to a shareholder vote;
8. Whether the director is a founder of the company but not currently an employee and the extent of the director's operational involvement with the company;
9. Whether there is any other connection with the company other than a board seat.

Preliminary independence classifications are subject to change at the company's next annual meeting. For more information on independence classification criteria, please see the ISS Policy Gateway

Use of Estimated Data

Governance QualityScore solely relies on reported data and does not estimate data in case of unavailability. However, estimated data may be incorporated within an issuer's reported data.

Quality Assurance

Governance QualityScore is designed to assess corporate governance risk through transparent, data-driven scores across key areas such as Board Structure, Compensation, Shareholder Rights, and Audit & Risk Oversight. Methodology updates are guided by stakeholder input, regulatory developments, and governance trends, with each factor reviewed for feasibility and alignment.

Governance QualityScore quality assurance is built on rigorous data collection from company disclosures, systematic verification processes, and regular methodology updates to reflect evolving governance practices. A dedicated team oversees data integrity, methodology, and quality controls, ensuring that GQS scores remain accurate, consistent, and actionable for investors and stakeholders.

Limitations

Governance Quality Score's methodology and data may be subject to certain limitations. The below outlines such limitations as well as the action taken to address these:

Limitations in Availability or Consistency of Data Sources

- Because GQS relies on company disclosures, gaps or ambiguities may limit factor coverage, for example, mid-year director appointees lacking independence details may be labeled "unclassified," and related percentage-based factors temporarily exclude them. Moreover, in Japan and South Korea, the Audit & Risk Oversight category is not fully force-ranked across all deciles due to limited prevalent signals.

Limitations in the Completeness, Timeliness, and Accuracy of Information

- Coverage includes roughly 8,000+ companies across 31 markets aligned to major indices, with defined exclusions (e.g., funds, certain trusts, foreign private issuers, and companies without an annual meeting). Coverage rebalances quarterly, so additions and removals can affect comparability over time for a given company set.

- Profiles refresh daily around 5:00 a.m. ET and appear 24 hours after an ISS Benchmark Report is published, but blackout periods around annual meetings and the annual methodology release can temporarily freeze or constrain updates. Outside annual meetings, ISS STOXX performs "real-time" updates from new filings (EDGAR/SEDAR) for the U.S. and Canada and generally quarterly/ad-hoc reviews in most other markets; Japan is predominantly updated on an annual cycle.

Limitations in the use of Assumptions, Proxy Reference Points, and Data Estimation

- GQS exclusively utilizes reported data and does not employ assumptions, proxy reference points, or estimation techniques.

Methodology Review Process

The Governance QualityScore Annual Methodology Release Process occurs in a three-step cycle: (a) Annual Methodology Preparation, (b) Methodology Release Proper, and (c) Follow-up Release.

Annual Methodology Preparation

The preparation starts by defining the goals of the product where the team prepares a list of items to cover for the annual methodology release and conducts business analyses on the feasibility of these items to be included in the product's coverage. This usually includes Research Team updates (e.g., policy updates, changes in automation in the Benchmark Report, etc.), bug fixes and changes due to stakeholders' feedback.

Methodology Release Proper

A systematic approach is conducted in coordination with the Methodology Team, Development, QBIT, and Project Management teams to ensure that there will be no problems during and after the release.

Follow-up Release

Happen after the annual release wherein additional items are added into the product coverage. This release usually has a smaller scope and is usually comprised of items that needed were left from the annual release due to time constraints or additional confirmations needed.

Timing

The Governance QualityScore Annual Methodology Release Process generally occurs around the fourth quarter of the year, with preparations starting in the second quarter. The Annual Methodology Follow-up Release typically occurs in the first quarter of the year after the Annual Methodology Release.

Appendix

Version Control

Name of Methodology: Governance QualityScore

VERSION	DATE	DETAILS
1.0	July 2026	Publication of Governance QualityScore Methodology and Research Process document. Inclusion of the Public Disclosure on the Methodology, Models, and Key Rating Assumptions Used in ESG Rating Activities (as defined by the Regulation (EU) 2024/3005)

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