

Governance QualityScore

ISS STOXX's Governance QualityScore is a data-driven scoring and screening solution designed to enable quality reviews of corporate governance across four key areas: *Board Structure*, *Compensation*, *Shareholder Rights*, and *Audit & Risk Oversight*. 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 our [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.

Outputs

Companies under Governance QualityScore coverage are assigned to a Governance QualityScore region based on the ISS-determined "Country of Coverage." Each company is compared against all other companies within its region and is assigned decile scores as integers from 1 through 10 and category scores using the same scale that together provide an 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.

Research Process

- **Data collection:** Governance QualityScore draws from companies' proxies, annual reports, 10-Ks, circulars, meeting notices, and other publicly disclosed materials related to their annual general meeting. Both qualitative and quantitative information is considered in the assessment.
- **Generation of assessments:** Governance QualityScore leverages proprietary our analytics, analyses, interpretations, proxy voting policies, and resulting Benchmark Policy voting recommendations.
- **Data verification:** 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 Benchmark proxy research

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Methodology and Research Process

report. During this time, the company's Governance QualityScore profile is frozen and will not reflect any updated 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 (though, as noted above, data verification requests cannot be submitted during these two phases).

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.

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

Use of Estimated Data

Our Governance QualityScore does not incorporate any estimated data as the inputs are based only on disclosed data.

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ISS STOXX Sustainability enables investors to develop and integrate responsible investing policies and practices, engage on responsible investment issues, and monitor portfolio company practices through screening solutions. It also provides climate data, analytics, and advisory services to help financial market participants understand, measure, and act on climate-related risks across all asset classes. In addition, our Sustainability solutions cover corporate and country research and ratings enabling its clients to identify material social and environmental risks and opportunities. Sustainability solutions are provided by Institutional Shareholder Services Inc., an investment adviser registered under the U.S. Investment Advisers Act of 1940.

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