

ISS ESG ENVIRONMENTAL & SOCIAL DISCLOSURE QUALITYSCORE

ISS ESG's Environmental and Social Disclosure QualityScore provides a measure of corporate disclosure practices and the degree of transparency provided by the company to shareholders and other stakeholders. Investors report that company disclosure is a meaningful signal in its own right – i.e. limited disclosure is often indicative that further investigation is needed to rule out the presence of poor practices – and a prerequisite to an effective comparison of company performance against peers.

The Environmental and Social Disclosure QualityScore framework covers more than 380 individual factors. For each covered company, only factors relevant to the company's Global Industry Classification Standard (GICS) industry group (around 240 per industry group) are reviewed and scored, reflecting good practice, established standards and recognized challenges. The selection of factors and their allocation to industry groups is informed by developments in disclosure standards and frameworks, such as the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB) standards and the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

Outputs

Environmental and Social Disclosure QualityScore provides two top-level scores, one for each pillar. Additionally, each category such as Carbon and Climate, Natural Resources, Human Rights, Labor, Health and Safety has a score.

The scores are decile scores, 1 – 10, which represent a relative measure based on the raw score calculations of the other companies in their specific industry group. A score in the 1st decile indicates relatively higher quality disclosure and transparency practices, and conversely, a score in the 10th decile indicates relatively lower quality.

Research Process

The Environmental and Social Disclosure QualityScore is updated annually based on the timing of a covered company's annual general meeting which is the typical time of filing annual reports and sustainability reports, issuing updates on company policies and introducing other significant changes to corporate disclosures. Updates may occur on an ad-hoc basis in case of relevant corporate actions (e.g. mergers, acquisitions).

The research process can be broken down as follows:

- Data collection: Environmental and Social Disclosure QualityScore focuses on a company's disclosure practices. Data is collected from company publications including mainstream filings, sustainability and CSR reports, integrated reports, publicly available company policies and information on company websites.
- Quality assurance: Experienced analysts review the accuracy of collected data.
- Data verification: Companies can review, verify and provide feedback on the data used to determine their scores via a complementary Data Verification tool accessed through ISS Corporate Solutions' Governance Analytics platform.

- Final report: An Environmental and Social Disclosure QualityScore final report is published on ISS customer platforms.

**We empower investors and companies to build
for long-term and sustainable growth by providing
high-quality data, analytics, and insight.**

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