

Scorecard

ISS Quality Score

About ISS ESG

COVERAGE OF COMPANIES

5,200

LAUNCH DATE

NA

FOCUS

Company ESG scores and disclosure quality

LINK:

[https://www.issgovernance.com/esg/ratings/
corporate-rating/](https://www.issgovernance.com/esg/ratings/corporate-rating/)

ISS Quality Score

Score

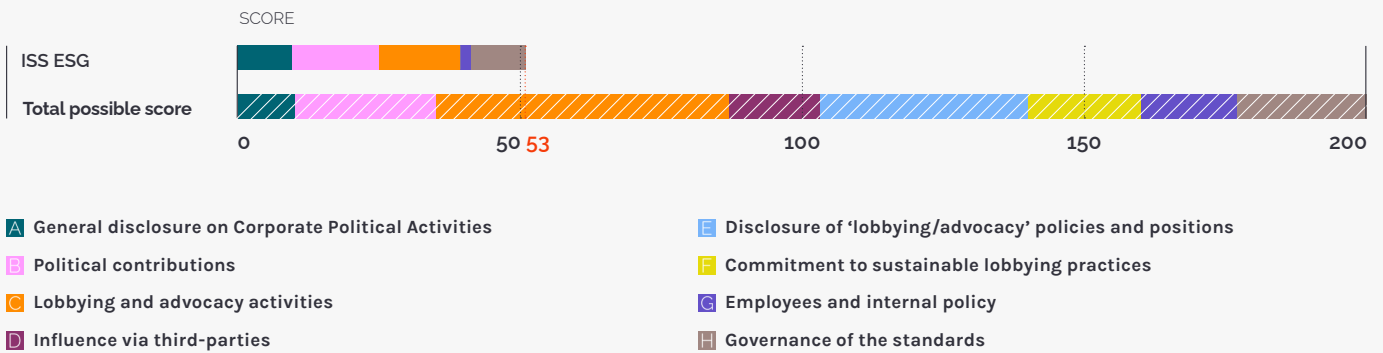
Tracker Rank and Score for ISS Quality Score

The score is out of a total of 200 and the rank describes the standards position in the 26 standards assessed by the Tracker.



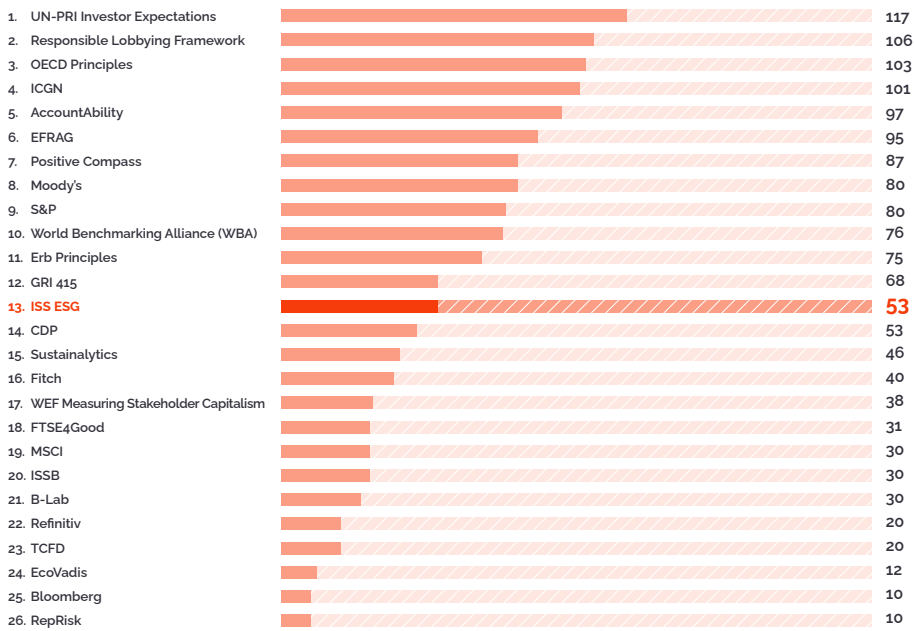
Rank 12 /26

Category scores of ISS ESG



*Categories where the standard received no points do not appear in the colour-coded graph

Rank and scores for all standards



Description

The ISS Quality Score framework covers more than 380 individual factors across 5,200 companies and other issuers.¹ Only factors relevant to a company's Global Industry Classification Standard (GICS - a classification system used by institutional investors) industry group are reviewed and scored, generally around 240 for a single industry group. The company's Environmental & Social (E&S) Disclosure QualityScore profiles provide a summary of key disclosures, key disclosure omissions, an overview of disclosure and transparency risks, and details the factors used in determining the company's scores.² The E&S 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. Confirmation of company participation in or formal endorsement of authoritative multi-stakeholder initiatives is collected from websites or member list made available by the relevant initiatives. All of this data is assessed according to the ISS methodology to generate a company or issuer score.

Summary

The ISS ESG rating methodology received a Tracker score of 53 out of 200, indicating both some good practices but also a number of significant areas for improvement. The ISS methodology scored points for including lobbying and political engagement as one pillar in their social analysis process. But the focus is on company disclosures, rather than on assessing conduct or the full scope of company political activities that may impact on corporate performance. A key question in the methodology asks **“Does the company have a publicly disclosed policy relating to the use of company funds for political purposes?”** earning points in Tracker Category A, ‘general disclosure on corporate political activities.’ But this question looks for a company policy rather than asking for details of the extent or nature of a company in-kind and financial contributions to political actors. There are questions on political finance and lobbying, but these only relate to regulatory disclosure requirements linked to the conduct of registered lobbyists, which only exist in a handful of countries.

The methodology starts to make basic enquiries on corporate political activities but is currently missing a wide range of elements covered in the Tracker assessment methodology. For example, the ISS E&S Quality Score asks **“Does the company disclose information about stakeholder engagements carried out during the past year?”** and receives points for this limited approach to assessing regulated lobbying disclosures. But it could go further in this analysis to provide users with more complete information. The methodology also provides opportunities for companies and other stakeholders to provide feedback.

Opportunities for improvement

The ISS EGS methodology has significant room for improvement across the 8 Tracker assessment categories. In particular, ISS analysts could improve the framework's approach to understanding broader lobbying and advocacy activities that go beyond basic disclosure and cover the types of direct and indirect influence companies can engage in, covered in Tracker assessment Category C. Tracker Category F on 'Commitment to sustainable lobbying practices' is another area where the ISS standard could be enhanced. Finally, a number of gaps in Tracker Category G on employee conduct should be addressed. Improving the coverage of coverage political activities in the ISS methodology would provide companies with a more accurate assessment of their own conduct, as well as enabling investors and index providers to build more accurate and transparent strategies that account for the full scope of corporate political activities.

Endnotes

1, 2

<https://www.issgovernance.com/esg/ratings/environmental-social-quality-score/>

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