

Memorandum

ISS Announces Plan to Release Governance QuickScore 3.0

October 29, 2014

Institutional Shareholder Services Inc. (“ISS”) recently announced that on November 24, 2014, it plans to launch Governance QuickScore 3.0, the latest version of its governance risk scoring system and analytical tool. Corporate issuers are invited to verify, update or correct the data used to calculate their scores, via ISS’s data verification site, from 9:00 a.m. EST on November 3 through 8:00 p.m. EST on November 14. ISS intends to release its updated scores and data on November 24.

According to ISS, a comprehensive technical document outlining QuickScore 3.0’s methodology changes and new governance factors will be made available on October 31, in advance of the data verification period. In the meantime, ISS has released a listing of QuickScore 3.0 factors by region.¹ ISS has indicated that as applied to U.S. companies, Governance QuickScore 3.0 will include the following highlights:

- “Methodology enhancements,” such as the weighting of board gender diversity and consideration of:
 - whether the company discloses a policy requiring an annual performance evaluation by the board;
 - whether the company has a controlling shareholder;
 - whether ISS’s review has found that the board recently took action that materially reduces shareholder rights; and
 - whether there is a sunset provision on the company’s unequal voting structure.
- Increased focus on regulatory investigations, including:
 - whether a regulator has initiated enforcement action against the company in the past two years;
 - whether a regulator has initiated enforcement action against a director or officer of the company in the past two years; and

¹ See ISS, [QuickScore 3.0 Factors by Region](#) (Oct. 23, 2014).

- whether the company or a director or officer of the company is currently under investigation by a regulatory body.
- “Company report enhancements to reflect the inclusion of historical scores, a log of data changes, and trending analysis as reflected by directional icons showing improvements, degradation, or static governance practices.”²

In preparation for the rollout of QuickScore 3.0, premium QuickScore features will be suspended and scores will not appear on ISS proxy research reports from October 31 until November 24.

If you have any questions or would like additional information, please do not hesitate to contact **Yafit Cohn** at (212) 455-3815 or yafit.cohn@stblaw.com, or any other member of the Firm’s Public Company Advisory Practice.

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² ISS Press Release, “[QuickScore 3.0 to Assist Investors in Identifying Corporate Governance Risk within Portfolio Companies](#)” (Oct. 29, 2014).



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