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ISS Rebrands "QuickScore" to "QualityScore," Adds and Updates Governance Factors

November 4, 2016 – Governance & Compliance Insider
by Cam C. Hoang

Institutional Shareholder Services (ISS) is rebranding its governance scoring solution "ISS QuickScore" to "ISS QualityScore," though the underlying methodology appears very similar. As in the past, covered companies can review, verify and provide feedback on the data used to determine their scores via a complimentary Data Verification tool accessed through the Governance Analytics platform. See instructions for accessing the Data Verification tool here.

Data verification for covered companies will be open from October 31, 2016, to November 11, 2016.

The methodology for QualityScore does not appear to have changed significantly from QuickScore. Like QuickScore, QualityScore uses a numeric, decile-based score that indicates a company's governance risk relative to their index or region, and companies receive an overall QualityScore and a score for each of four pillars: Board Structure, Compensation/ Remuneration, Shareholder Rights, and Audit & Risk Oversight, which were the same four categories in the QuickScore methodology. A score in the 1st decile (QS:1) indicates relatively higher quality governance practices and relatively lower governance risk, and, conversely, a score in the 10th decile (QS:10) indicates relatively higher governance risk. Unlike QuickScore, QualityScores will be refreshed daily.

Companies may continue to have questions about the transparency of the weighting assigned to each governance factor. Over 200 factors are analyzed, with the specific factors under analysis varying by region. Each factor is assigned a weight, based on an understanding of the impact of governance practices, ISS voting policy, and prevailing governance standards within each region. New and updated factors address issues such as proxy access terms, board diversity metrics, exclusive forum provisions and fee shifting provisions.

Effective November 21, subscribers to ISS QualityScore will be able to view details on covered companies' proxy access provisions, such as ownership thresholds, holding

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periods, and certain restrictions on the number of shareholder nominees and the ability to act in concert. QualityScore will also offer increased coverage of board composition issues, such as additional refreshment and diversity measures, for US companies.

Subscribers will also have the ability to access and analyze the underlying data from which the scores are generated, allowing them to screen covered companies for particular governance practices, and to compare covered companies' practices.