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ISS Announces Upcoming Launch of Governance QuickScore 3.0

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Companies may want to mark their calendars now for the period beginning 9 a.m. EST on November 3 through 8 p.m. EST on November 14 for the data verification period related to ISS Governance Quickscore 3.0. The updated scores and data will be released on November 24.

One of the major changes for U.S. companies includes a new factor based on annual performance evaluations for the board. Since most companies already conduct those evaluations, what this new methodology may simply lead to is additional proxy disclosure. The impact of other changes is not as clear at the moment, including a factor that is based on whether ISS' review has found that the board "recently took action that materially reduces shareholder rights."

There are additional questions related to regulatory investigations, such as whether a regulator has initiated enforcement action against the company or any of its officers or directors in the past two years, and whether the company or any of its directors or officers is currently under investigation by a regulator. Other modifications include factors that assess the presence of a controlling shareholder, the existence of a sunset provision for companies with unequal voting rights, and the weighting of board gender diversity.

As a result of the rollout, the premium QuickScore features will be suspended starting on October 31, and scores will not appear on ISS research reports from then until the launch.

A full list of the factors by global region is available **here**. A more detailed technical document will be available at the end of the month, prior to the data validation period.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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