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ISS Governance QuickScore 2.0 is coming soon

Institutional Shareholder Services, Inc. (ISS) will soon launch Governance QuickScore 2.0, an update to our data-driven, governance risk scoring system and analytical tool. Expanding upon the original methodology, QuickScore 2.0 marks a significant development in how ISS helps institutional investors evaluate the governance risk in their portfolios.

What companies need to know about QuickScore 2.0

There are three things that you need to be aware of, each of which are covered in more detail below:

1. QuickScore 2.0 includes **new governance factors** as well as **modified weightings** assigned to certain governance factors.
2. QuickScore 2.0 also includes **event-driven data updates**, meaning ISS will monitor select regulatory filings and other disclosures for governance-related information and will automatically update relevant QuickScore 2.0 factors and scores.
3. There will be a **data validation period** during which companies may verify that ISS has collected accurate and up-to-date data for governance factors included in QuickScore 2.0. This period will open at 9 am EST on January 27th and will close at 8 pm EST on February 7th.

Finally, a **technical document**, which will outline key changes to the methodology and new governance factors being included in QuickScore 2.0, will be available on January 27th to correspond with the beginning of the data validation period.

QuickScore 2.0 makes significant improvements to the scoring methodology

QuickScore 2.0 includes enhancements to the original factor methodology:

- A limited number of new factors to incorporate additional governance practices and better differentiate companies (e.g., seven new factors are added in the U.S.).
- Improved scoring of questions and pillars to better align with company performance quantitative modeling results and ISS voting policy.

While the scoring model will be updated to reflect the changes in the factor methodology, companies will continue to be scored on an overall basis and across four independent dimensions: board, compensation/remuneration, shareholder rights, and audit. And as before, decile scores will indicate rank relative to region, with a score of 1 indicating relatively lower governance risk, and, conversely, a score of 10 indicating relatively higher governance risk.

ISS' QuickScore methodology takes a regional approach in evaluating and scoring companies to allow for intra-market comparisons where corporate governance practices are most similar amongst companies. QuickScore 2.0 coverage will expand in the U.K. and Australian markets to encompass **UK Euro Stoxx** and **Australia ASX 200** constituents. ISS will continue to provide coverage of companies in the U.S. Russell 3000 and Canadian S&P/TSX Composite indices, as well as companies in the U.K., Europe, Japan and Asia Pacific that are in the MSCI-EAFE index.

QuickScore 2.0 will incorporate event-driven data updates

QuickScore 2.0 introduces **event-driven data updates** that provide profiling and scoring updates for all companies within the coverage universe. These event-driven updates will be based on publicly available information, including company regulatory filings and other publicly disclosed materials.

Following the release of QuickScore 2.0, changes to a company's governance structure identified through these public disclosures will be rapidly and automatically integrated into a company's QuickScore.

Companies may verify their QuickScore 2.0 information during the data validation period

Prior to the recalculation of all company scores with the QuickScore 2.0 release, all companies within the coverage universe will have access to the free data verification site on *Governance Analytics* to preview and verify their data and provide feedback. **The data review and verification site will open on Monday, January 27, at 9 am EST and will be available for two weeks through Friday, February 7, at 8 pm EST.** Requests for data changes are made through the *Governance Analytics* platform and all requests are fully reviewed and responded to by ISS.

ISS Governance QuickScore 2.0 will officially launch on February 18th, when scores will be made available to institutional investors via the *ISS Link* platform, to all covered companies on the *Governance Analytics* platform, and also displayed on ISS' proxy research reports.

Next steps for companies

To prepare for the data preview and validation period, you will need a login to [Governance Analytics](#), a website provided by our subsidiary ISS Corporate Services. Please note:

- **If you already have a user name and password, you do NOT need to request a new login** and can proceed directly to the [Governance Analytics](#) website.
- **If you do NOT have a user name and password**, North American companies can request a user name and password through the ISS Corporate Services U.S. support desk via email (support@isscorporateservices.com) or by calling 301.556.0570. Non-North American companies can contact the ISS Corporate Services London support desk via email (support-europe@isscorporateservices.com) or by calling +44.20.7618.2291.

Companies may access the data verification site anytime between now (Wednesday, January 8th) and the preview period start date (Monday, January 27th) to view the current underlying data of QuickScore 1.0. After the February 18th launch of QuickScore 2.0, the data verification site remains dynamic so your company can update and re-verify QuickScore data throughout the year.

We are excited to share this important development with you and will provide further information in the coming weeks, outlining additional information regarding the data preview and validation period, and the QuickScore methodology enhancements. In the meantime, to learn more about the current ISS Governance QuickScore, please visit our website at <http://issgovernance.com/quickscore>.

Kind Regards,

Institutional Shareholder Services, Inc.