



GOVERNANCE & ACCOUNTABILITY INSTITUTE'S

TO THE POINT™



Timely News, Insights & Perspectives on Corporate Sustainability, Responsibility & Citizenship

October 2017

Governance & Accountability Institute shares timely news, insights and perspectives with corporate managers in key topic areas:

- *Corporate Citizenship,*
- *Corporate Responsibility,*
- *Corporate Sustainability,*
- *Community Affairs, and*
- *Sustainable Investing.*

To the Point! is a fee-based educational resource for corporate executives and managers distributed each month with periodic brief updates for critical items.

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Researchers, Consultants & Strategists

Tel 646.430.8230
Email info@ga-institute.com
Web www.ga-institute.com

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Update: ISS Sold Again — Institutional Shareholder Services Will Have New Owner in 4Q 2017

In August 2017, we provided subscribers with information on key raters, rankers, scorekeepers in the ESG categories. One prominent firm of long-standing is **Institutional Shareholder Services (ISS)**.



The firm advises institutional investors — including many “universal owners” such as public employee pension funds and organized labor funds that represent the interests of millions of beneficiaries.

ISS was an independent organization, then part of **MSCI** and then was acquired by **Vestor Capital Partners** three years ago. Now ISS is headed for ownership by the P/E firm, **Genstar Capital**, which announced an agreement to acquire ISS right after Labor Day (on September 7th); the deal is slated to close in 4Q 2017.

Headquartered in San Francisco, California, Genstar invests in four sectors:



- Financial Services
- Healthcare
- Industrial Technology
- Software

ISS itself had acquired the investment climate data division of **South Pole Group** in June 2017. That division provides climate change “solutions” to the financial community. Other Genstar owned companies of interest to ESG professionals include Mercer Advisors; Strategic Insight; Financial Horizons Group.

SOME ISS STATS

- ISS has 1,000 employees in 19 offices located in 13 countries.
- There are 3,000+ clients served (institutional investors) by ISS for proxy voting guidance and data to help institutions vote their share holdings.
- The organization has 39,000 meetings with company managements in 115 countries each year.

For 2017, ISS issues in focus included the following:

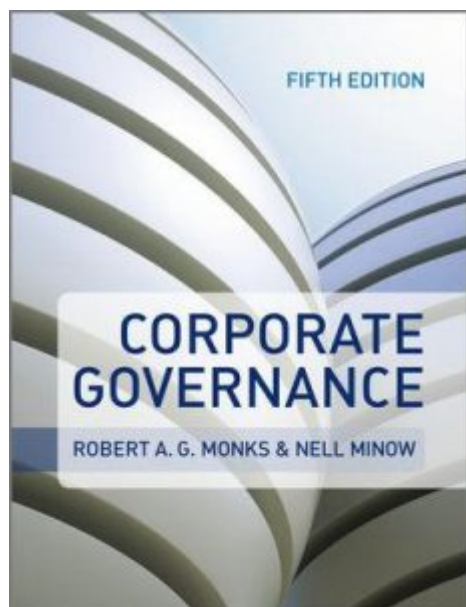


ISS HAD INTERESTING BEGINNING...

The organization was founded by corporate governance pioneer activist **Robert A.G. Monks** and his colleagues. Bob Monks was previously the federal official overseeing **ERISA** rules at the U.S. Department of Labor. (He was Administrator of the Office of Pension and Welfare Programs, with considerable influence over U.S. pension plans, such as those managed by labor organizations and by municipal and state retirement systems.)

- Director Pay – USA focus.
- IPOs with multi-class structures in the USA.
- Poison Pills – Canada.
- Board Independence – Brazil, Argentina, Chile, Mexico, Peru.
- Clarification of “Over-boarding” – UK and Ireland and other nations

He founded ISS; then, established **Lens Investment Management**; then, created **The Corporate Library**, which was acquired by **GMI Ratings** and that firm became part of today’s MSCI.



Monks’ superb textbook for boards and executives — **Corporate Governance** — written with **Nell Minow**, is in its fifth edition. It recaps the 2008-2009 financial crisis and presents new cases for readers. A digital version is available online from Wiley Online Library: <http://onlinelibrary.wiley.com/book/10.1002/9781119207238>