

CII Wants Proxy Disclosure of Board Evaluation Process

September 8, 2014 | Client Update | 2-minute read

In the midst of the clamor for disclosure reform that questions whether the current regime requires too much information in public filings, the Council of Institutional Investors (CII) wants companies to provide additional detail about their board evaluation processes.

In its [report](#), “Best Disclosure: Board Evaluation,” surveyed CII members said they value detailed disclosure of the board evaluation process when deciding on director elections. CII makes clear that investors do not expect information about the results of the actual evaluations, but believe that the process discussion “...is an indication that a board is willing to think critically about its own performance on a regular basis and tackle any weaknesses.”

The report acknowledges that it is not common to find “robust disclosure” of the board evaluation process in the United States, and in fact, only cite to one U.S. company, GE, after asking their members for “best-in-class” examples. Even then, GE provides this disclosure in a separate document about board practices on its website, not in the proxy.

In terms of what the disclosure might look like, the examples in the report used two approaches. One focused on the mechanics of the process including who does the evaluating of whom; how often each evaluation is conducted; who reviews the results and how the board addresses them. The second type of disclosure goes far beyond and includes the findings and the steps taken if areas of improvement are identified.

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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