

BlackRock Issues U.S. Proxy Voting Guidelines for 2015 Season

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BlackRock has revised its [U.S. proxy voting guidelines](#), following their annual review of governance and proxy voting trends. The guidelines are not expected to result in significant differences from how BlackRock has voted in the past.

As expected, board composition is very much an issue of investor focus. BlackRock encourages boards to disclose their views on the director skill sets they view as necessary to effectively oversee management; the process for identifying candidates and whether sources outside of the incumbent directors' networks have been engaged; the board evaluation process and its significant outcomes, if appropriate and without divulging sensitive information; considerations of diversity in terms of gender, race, age, experience and skills; and any other factors considered in the nomination process. BlackRock is not opposed in principle to long-tenured directors, while also supporting regular board refreshment.

In making decisions on director elections, BlackRock will take into account director tenure, diversity, board evaluation and the relevance of directors' experience. The independent chair or lead director, members of the nominating committee and/or the longest tenured directors may be held accountable when there are concerns about board composition. The guidelines also specify the expectation for the roles of a lead director as an alternative to an independent chair, including the ability to have formal input into board meeting agendas; call meetings of the independent directors; and preside at meetings of independent directors.

With respect to say on pay, BlackRock encourages direct discussion with issuers, in particular with members of the compensation committee. If engagement is not expected to resolve their concerns about executive compensation, they may hold directors accountable. As a result, the guidelines note that "our Say on Pay vote is likely to correspond with our vote on the directors who are compensation committee members responsible for making compensation decisions."

BlackRock may also vote against directors if there are concerns that a company is not dealing with social, ethical and environmental issues appropriately, and may support shareholder proposals in these areas if there seems to be a "significant potential threat or realized harm to shareholders' interests caused by poor management" on these matters.

In its [quarterly report](#) dated December 2014, the firm provides several examples of issuer engagement and summarized discussions with companies (without names) for illustrative purposes. Companies that intend to discuss issues with BlackRock may find it useful to understand the wide range of topics that may be on the agenda, including those pertaining to areas of independent directors, tenure and board refreshment, responses to activism and risk mitigation.

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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