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23<sup>rd</sup> April 2014

Dear Judith and Sandy,

BlackRock welcomes the opportunity to provide comment on the Governance Institute of Australia's exposure draft "Improving Engagement between ASX listed entities and their institutional investors: Guidelines" (Guidelines).

BlackRock is a leader in investment management, risk management and advisory services for institutional and retail clients worldwide. At March 31, 2014, BlackRock's AUM was \$4.401 trillion. BlackRock helps clients meet their goals and overcome challenges with a range of products that include separate accounts, mutual funds, *iShares*<sup>®</sup> (exchange-traded funds), and other pooled investment vehicles. BlackRock also offers risk management, advisory and enterprise investment system services to a broad base of institutional investors through *BlackRock Solutions*<sup>®</sup>. Headquartered in New York City, as of March 31, 2014, the firm had approximately 11,500 employees in more than 30 countries and a major presence in key global markets, including North and South America, Europe, Asia, Australia and the Middle East and Africa.

We do not intend to comment on every aspect of the Guidelines. There is however, one aspect where we would like you to take our suggestions into consideration when finalizing the document. This relates to Guideline 1.1. As currently drafted, Guideline 1.1 says that "*institutional investors are encouraged, when they have voted contrary to the board's recommendation, to write to the chairman of the company to explain their reasons for so voting*".

Writing to the chairman, as is suggested in the Guidelines, is time consuming and often not effective. If the correspondence arrives after the meeting or at a point in time too close to the record date it leaves the company with limited options as to how to respond to the concerns behind the vote against. In our view, institutional investors should have the resources and mechanisms to be able to communicate concerns to the investee company in a timely manner to allow the company to respond appropriately prior to the meeting.

We recommend that section of Guideline 1.1 be redrafted as follows:

#### *Guideline 1.1*

*Where an institutional investor is considering or has decided to vote contrary to the board's recommendation, they should endeavour to advise the company of the vote and the reasons for it as soon as possible prior to the meeting to allow the company time to respond to the issue. Such engagement may*

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*involve the company releasing more information publicly to clarify an issue, which might result in the institutional investor changing their vote.*

Thank you again for the opportunity to comment on this very comprehensive document. Please feel free to call/email Pru Bennett, BlackRock's head of Corporate Governance and Responsible Investment for Asia Pacific at [pru.bennett@blackrock.com](mailto:pru.bennett@blackrock.com) or +852 3903 2542.

Yours sincerely,

Pru Bennett