BlackRock slammed over too many votes for high pay

Asset manager accused of being soft on excessive executive remuneration

Madison Marriage | May 22, 2016

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Seventy-five thousand people have signed a petition urging BlackRock to overhaul its approach towards pay over fears the world's largest asset manager is too soft on excessive remuneration at the companies it invests in.

The online petition has been signed by more than 4,000 BlackRock clients and thousands of shareholders in the company, according to SumOfUs, the consumer campaign group that launched it.

The New York-headquartered asset manager, which oversees $4.6tn of assets, voted in favour of US pay reports on 97 per cent of occasions from July 2014 until June 2015.

Liz McDowell, campaign director at SumOfUs, said she put the petition forward over fears that BlackRock is "not doing enough" to tackle high pay at many of the world's largest companies.

Globally the company voted against 16 per cent of pay reports over the same period, according to a BlackRock spokesperson.

The petition states: "While employees at big corporations like Walmart and McDonald's earn so little they need government help just to pay bills and put food on the table, CEOs are taking home pay packages worth tens of millions.

"BlackRock thinks it can keep voting to support fat cat CEOs without any backlash, because it doesn't think anyone is paying attention. If we can show that thousands of its investors and customers are watching, we can force BlackRock to change its stance on CEO pay."

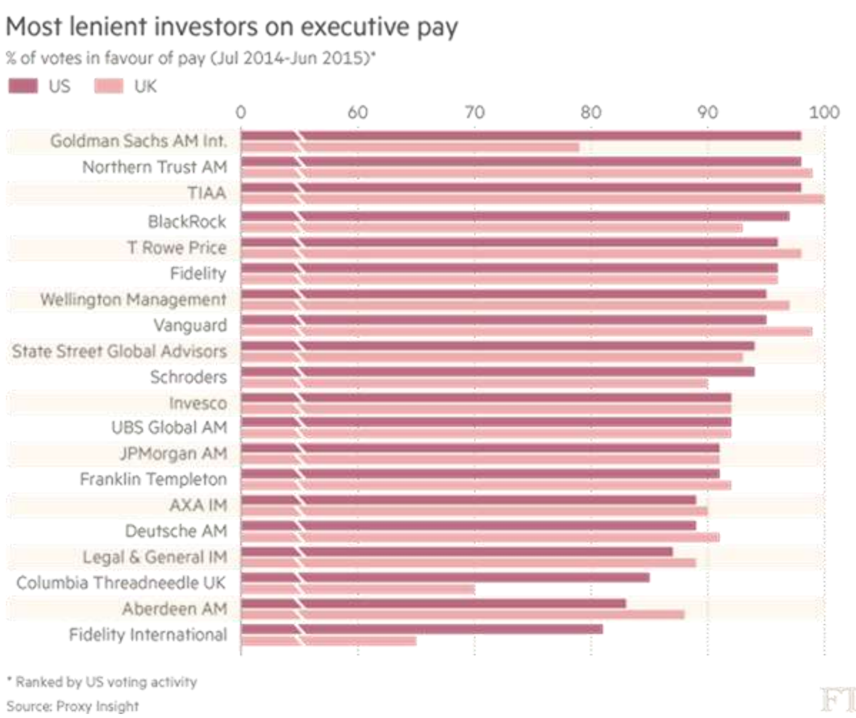
BlackRock declined to comment on the petition. It was created to bolster support for a shareholder proposal put forward by Stephen Silberstein, the Californian philanthropist, urging BlackRock to adopt a more aggressive stance on executive pay.

BlackRock attempted to persuade the Securities and Exchange Commission to dismiss the proposal before it is put to a shareholder vote at the company's annual meeting this week. The US regulator denied BlackRock's request.

Mr Silberstein, who is a BlackRock client and shareholder, said he filed the proposal over fears "the company could get in trouble [with regulators] for not following its fiduciary responsibilities [by routinely supporting executive pay awards]. That could detract from the value of my shares [and cause BlackRock] to lose business".

The 73-year-old added: "I am also a BlackRock customer. They are voting my money and approving every outrageous chief executive package there is, allowing executives to line their own pockets, rather than directing [corporate profits] towards shareholders as dividends.

"I might stop using BlackRock as a money manager because there are others that are doing a better job in terms of corporate governance."



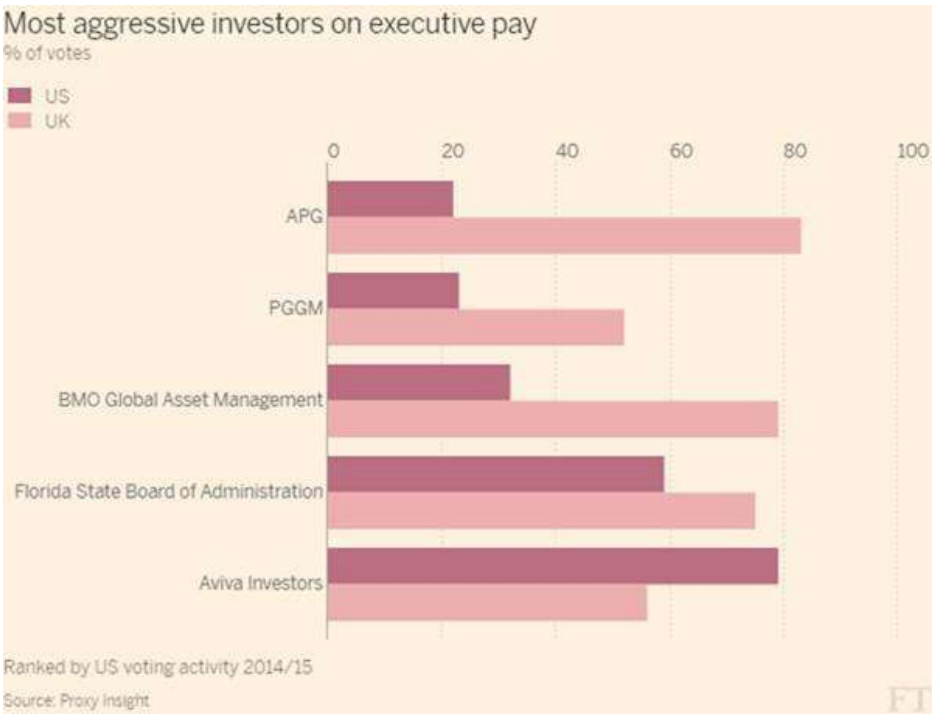
Mr. Silberstein will have three minutes during the company's 30-minute AGM to argue in favor of his proposal.

SumOfUs said it hoped Mr. Silberstein's resolution will receive 20 per cent backing from BlackRock's shareholders, with the help of the online petition.

Glass Lewis, ISS and Pirc, companies that advise institutional investors on how to vote at annual meetings, have recommended shareholders vote against Mr. Silberstein's proposal.

The voting agencies have also recommended shareholders vote against BlackRock's remuneration report, which sets out a $26m pay award for Larry Fink, the chief executive. This is an 8 per cent increase in a year when the company's share price fell 4.8 per cent.

Glass Lewis said BlackRock had been "deficient in aligning pay with performance".



Ms. McDowell said: "Our data suggest the BlackRock shareholder resolution has struck a nerve with our members. The percentage of people we emailed about the campaign who signed the petition is 3.5 per cent, which is much higher than we usually see.

"BlackRock is not doing enough [to rein in executive pay]. Institutional investors are not taking action because they don't have to. If the motion doesn't pass, we might file it again next year. We have shown that people care deeply about this issue."

A spokesperson for the company said of its approach to executive pay: "Compensation that is disconnected from company performance is a symptom of broader governance failures. If we determine that issues will not be remediated through engagement, we vote against specific proposals."

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