TRANSACTION ADVISORS

Executive Summary

Some Thoughts for Boards of Directors in 2015

In the face of ever-changing challenges, a board's end goal remains the same: oversee the successful, profitable, and sustainable operations of their companies.

This article highlights key issues boards will be expected to deal with in 2015 while striving to achieve that end goal.

Today, companies are more vulnerable to shareholder activism than ever before.

Activist attacks vividly illustrate what is truly at stake in corporate governance debates, such as whether stockholder value should be the exclusive aim of the corporate enterprise.

Against this backdrop, boards must not be unduly distracted from their core mission of overseeing the strategic direction and management of the business.

Risk management continues to rank among the most challenging tasks facing a board. In a global economy, companies manage a host of complex risks that require heightened levels of vigilance.

High-profile cyberattacks have brought cybersecurity to the forefront of a board's risk management approach, especially tasking for boards with a dearth of technical expertise.

Following the SEC's invalidation of the proxy access rule in 2011, shareholder rights proponents experimented with variations of proxy access.

2015 promises to be a big year for proxy access, driven in large part by the New York City Comptroller's "2015 Boardroom Accountability Project" which seeks to install proxy access to 75 U.S. publicly traded companies.

The author notes companies with developed shareholder relations should be well-positioned to resist proxy access proposals.

Proxy advisory firms ISS and Glass Lewis continue to generate concerns regarding their tremendous influence over voting outcomes, lack of transparency, and conflicts of interest, among other things.

Changes on the 2015 horizon include ISS implementing a more "holistic" methodology in evaluating independent chair proposals.

Investors continue to demand more robust disclosures from companies regarding their board evaluation processes and the results of those evaluations.

Each board should consider its particular dynamics and needs and not feel compelled to prescribe to any single form of board review.

The strive for near-term results will continue to gain momentum in the face of sacrificing long-term sustainability and growth.

In this environment, the need for boardroom resolve and commitment to long-term growth is critical not only for companies, but also for the vitality and competitiveness of American businesses in the global economy.

Read the full article» TransactionAdvisors.com/2015Q2

BY MARTIN LIPTON, ESQ.

Martin Lipton, a founding Partner of Wachtell, Lipton, Rosen & Katz, specializes in advising major corporations on mergers and acquisitions and matters affecting corporate policy and strategy.

Originally published in *Transaction Advisors* Volume 3, Issue 2 (Q2 2015). Reprinted by permission.