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### **BlackRock's 2017-2018 Engagement Priorities**

BlackRock's Investment Stewardship team has [proactively outlined](#) the five areas of focus where BlackRock will target its engagement efforts over the next twelve to eighteen months: Governance (defined primarily as board composition and effectiveness); Corporate Strategy for the Long-Term (especially board review of the strategy); Executive Compensation that Promotes Long-Termism; Disclosure of Climate Risks; and Human Capital Management. BlackRock plans to report their progress on these initiatives in September 2018.

While most of BlackRock's focus will be on the topics identified as priorities, this list is not exhaustive of issues that may be discussed in engagement sessions. In addition to being responsive to areas of interest to BlackRock, companies should not be discouraged from raising other topics of importance to them, while being mindful of the timing and capacity constraints that major institutional investors face.

Aside from the listed priorities, equally important to public companies is BlackRock's description of how its Investment Stewardship team collaborates across investment teams to promote a long-term value mindset, their approach to patient engagement and voting, when they may seek engagement with independent directors and how companies can prepare for an engagement with BlackRock and increase the likelihood of BlackRock agreeing to a company's request to meet. BlackRock's Investment Stewardship team continues to value direct engagement with companies as opposed to relying on advisors as intermediaries. In addition, the clear "[Contact the Team](#)" link included at the end of the list of priorities provides an easy way for companies to send a "Question for BlackRock" by e-mail, underscoring BlackRock's recognition of the importance of accessibility.

We believe BlackRock's transparency with respect to its engagement priorities in advance of 2017 annual meetings and the "off-season" engagement period that will occur heading into 2018 is further evidence of the momentum of the [New Paradigm for Corporate Governance](#) and reflects a number of key trends, including:

- Heightened transparency by institutional investors as they seek to eliminate incorrect "black box" perceptions of their inner workings and decision-making;

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- “Passive” investors deciding to engage, in their own way, on a company’s long-term strategy and capital allocation choices, viewed through a long-term lens;
- Shareholder engagement can be handled in a practical and targeted manner in which quality of focused engagements rather than quantity across the shareholder base delivers the most dividends;
- Recognition that the vote at the annual meeting can be an overly blunt instrument that may fail to convey nuance or promote constructive two-way dialogue; and the
- Continued [disintermediation of the proxy advisory firms](#).

It will be interesting to see how companies continue to respond and adapt to engagements with BlackRock’s Investment Stewardship team.

Andrew R. Brownstein  
David A. Katz  
Sabastian V. Niles