

Write-up for NACD Lunch Event – Thursday, April 28th, 2016 **Anne Sheehan / Michelle Edkins / Chris Mitchell**

The Southern California Chapter of NACD held a lunch event on Thursday, April 28th, 2016, at The California Club.

The two panelists were Michelle Edkins, Managing Director of BlackRock, and Anne Sheehan, Director of Corporate Governance at CalSTRS.

The program was moderated by M. Christian (Chris) Mitchell, currently the Chairman / Lead Independent Director of four companies.

Networking event was from 11:00 am to 11:30 am, and the panel discussion was from 11:45 am to 1:15 pm.

Key Takeaways:

1. Board Value Add:

- Board members must add value both individually and collectively by being active and engaged.
- Must focus on strategy, succession, and “long-termism”. Supportive of the recent annual letter from Larry Fink, Chairman of BlackRock, to CEOs of large public companies.

2. Strategy: CEO and the company must articulate the long-term strategy with short-term steps regarding achievement, so that progress can be measured.

3. Tenure and over-boarding are more important than age in determining suitability of director re-election, although 15 years was considered too long.

4. Shareholder Engagement: Both BlackRock and CalSTRS are huge institutions that have a stake in almost all public companies. It is best to approach them in the proxy off-season. Better yet - “Keep us informed, but don’t call us, we’ll call you”.

5. Activists - Both BlackRock & CalSTRS are very selective in where and if they get involved with activists. Activists are better prepared and more knowledgeable than (unfortunately) many Board members, and in certain cases better than management. The activists allocate huge resources to study a company before approaching it.

6. Cyber / ESG / Disruptive Technologies: Board should understand how the company is managing the risk rather than designating a board member who is an expert at Cyber or ESG, etc. Cyber, ESG, technologies, etc. are risks that should be collectively managed by the board.

7. Other items:

- GE and Prudential are good examples of model proxies that are comprehensible with clear language, adequate explanation, and graphics.

- Good example of a political issue “slopping into” shareholder issue is the amount of cash held overseas, and the populist tone in the current political campaign climate.