

Investment Stewardship

Vote Bulletin: Catcher Technology Co., Ltd.

Company	Catcher Technology Co., Ltd. (Taiwan Stock Exchange: 2474)
Market and Sector	Taiwan, Information Technology
Meeting Date	May 30, 2024
Key Resolutions ¹	Item 3: Amend Articles of Incorporation (shareholder proposal)
Key Topics	Corporate governance
Board Recommendation	The board did not provide a recommendation to shareholders for Item 3
BlackRock Vote ²	BlackRock voted FOR Item 3

Overview

Catcher Technology Co., Ltd. (Catcher) primarily manufactures computer, communications, and consumer electronics (3C) mechanism components³ and is based in Taiwan.

As part of our fiduciary duty to our clients, BlackRock Investment Stewardship (BIS) promotes sound corporate governance as an informed, engaged shareholder on their behalf. In our experience, sound governance is critical to long-term financial value creation and the protection of investors' interests.

BIS takes a constructive, long-term approach to our engagement with companies and focuses on the management and oversight of the drivers of risk and financial value creation in a company's business model. Engagement may also help inform our voting decisions for those clients who have given us authority to vote on their behalf. BIS' benchmark policies, and the vote decisions made consistent with those policies, reflect our reasonable and independent judgment of what is in the long-term financial interests of clients.⁴

¹ Catcher, [circular](#) for 2024 AGM.

² BIS conducts proxy voting for those clients who authorize us to vote on their behalf. As part of BlackRock's Voting Choice program, eligible institutional and retail clients can have greater access to the proxy voting process where legally and operationally viable. Read more about Voting Choice [here](#).

³ Catcher, [2023 annual report](#).

⁴ BIS' benchmark policies set out the core elements of corporate governance that guide our investment stewardship efforts globally and within each market, including when engaging with companies and voting at shareholder meetings. They are anchored in our [Global Principles](#), which discuss certain globally applicable fundamental elements of governance that contribute to a company's ability to create long-term financial value, anchored in transparency and accountability. They also include our [regional proxy voting guidelines](#), which explain how the Principles inform our voting decisions in relation to common ballot items for shareholder meetings in those markets. We publish our [engagement priorities](#) which reflect the five themes on which we most frequently engage companies, where they are relevant, as these can be a source of material business risk or opportunity. The BIS benchmark policies are applied on a case-by-case basis, taking into consideration the context within which a company is operating. They are reviewed annually and updated as necessary to reflect market developments and feedback from clients and companies.

BIS has engaged with Catcher on several occasions over the past few years to discuss business-relevant risks and opportunities, including corporate strategy.

Concerns from two shareholders, including about insufficient transparency regarding capital allocation decisions at the company in recent years, manifested as an activist campaign whereby these two shareholders called for the enhancement of shareholder rights through the ability to propose and vote on cash dividend distributions.⁵ In 2019, Catcher amended its Articles of Incorporation (AOI) so that only the Board has authority to propose and approve the distribution of profits in cash, and would report the distribution to shareholders at the annual general meeting (AGM).⁶ As a result, shareholders have no mechanism to have a say on dividends.

On December 31, 2020, Catcher completed the sale of its cell phone casing subsidiaries for USD 1.43 billion in cash,⁷ amounting to around 26% of Catcher's then market capitalization.⁸ The business units sold contributed around 40% of Catcher's 2019 revenue.⁹ In the subsequent years, Catcher's cash and securities investments have remained at elevated levels, including large investments in government bonds. In the meantime, while the company has been undertaking a share buyback program, the cash dividend payout has remained relatively stable around NTD 10-12 per share, similar to what the company paid out before the divestment.¹⁰

Ahead of Catcher's May 2023 AGM, the two shareholders proposed to amend the dividend-related language in the AOI to restore shareholders' voting rights on cash dividend distribution.¹¹ However, Catcher's board rejected this proposal on grounds of legal technicalities and did not include it on the shareholder meeting agenda.¹² Soon after, Catcher's chairman was fined by the local regulator for harming shareholders' rights to raise proposals.¹³

In 2024, the same shareholders again proposed to amend dividend-related language in the company's AOI, and this time the proposal was included in the agenda of Catcher's May 2024 AGM for a shareholder vote.¹⁴

BIS looks at each activist situation individually and votes in support of the outcome we consider to be most aligned with our clients' long-term financial interests. We will generally engage with the company to understand their response to the shareholder activist campaign. We may also meet with the shareholder activist if we determine it would be useful to better inform our voting decision. In this case, BIS engaged with both the company and activist investors prior to the May 2024 AGM to discuss the shareholder proposal.

Additionally, as discussed in our [2024 proxy voting guidelines for Asia ex-Japan, Hong Kong and Chinese securities](#), BIS reviews proposals to amend a company's articles of association on a case-by-case basis, and we support those proposals that we believe are in the financial interests of our clients.

Rationale for BlackRock's vote

Item 3: Amend Articles of Incorporation (FOR)

BIS determined that supporting this shareholder proposal could help establish a mechanism for management to provide greater transparency regarding capital allocation decisions, which is aligned with the long-term financial interests of independent minority shareholders such as BlackRock's clients.

⁵ Governance for Catcher, "[Call to Vote FOR on Shareholder Proposal](#)", May 2024.

⁶ Catcher, [circular](#) for 2024 AGM, pg 43.

⁷ Catcher, 2020 annual report, pg 153, Note 28. USD conversion per Dec 31, 2020 [spot FX rate](#).

⁸ Market capitalization per CapitalIQ data.

⁹ Calculated using data from Catcher's 2019 annual report.

¹⁰ Catcher, annual reports.

¹¹ Please see the "Call to Vote FOR on Shareholder Proposal" document referenced above.

¹² Catcher, [circular](#) for 2023 AGM, pg 5.

¹³ Securities and Futures Bureau, "[Letter No. 1120383711](#)", Aug 2023.

¹⁴ Catcher, [circular](#) for 2024 AGM.

While the company has communicated since the divestment that it has strategies to diversify into new business segments,¹⁵ the anticipated timing is 10 years,¹⁶ and there is little detailed disclosure on the transition plan. Meanwhile, the elevated cash and securities investments levels indicate that major deployment of the divestment proceeds in business-related investments is yet to come. Indeed, revenue contribution from new businesses has been limited.¹⁷

As stated in our approach to engagement on corporate strategy, purpose, and financial resilience,¹⁸ we look to companies to disclose their long-term strategic goals, the milestones against which performance can be assessed, and any obstacles encountered or anticipated. Disclosures can provide context for critical strategic, capital allocation, and operational decisions that a company may have to make to respond to business challenges and/or opportunities.

We seek to understand how boards and management are adjusting strategy and/or capital allocation plans as necessary as business dynamics change. Since Catcher's AOI were amended in 2019, the company's dividend payout has been under the sole discretion of the board, and shareholders have no mechanism to vote on dividends.¹⁹ Against this backdrop, we determined that supporting the shareholder proposal could help establish a mechanism for management to provide greater transparency, as well as enable investors to engage in constructive discussions with the company regarding topics that affect long-term financial value for shareholders, such as capital allocation decisions. As such, supporting this shareholder proposal to amend Catcher's AOI was, in our view, in the long-term financial interests of our clients.

BIS will continue to engage Catcher to understand its perspectives and approach to cash dividend distributions, and other governance matters, as well as the processes it has in place to consider the interests of independent minority shareholders.

¹⁵ Catcher, annual reports.

¹⁶ Catcher, circular for 2024 AGM.

¹⁷ Catcher, annual reports.

¹⁸ BlackRock Investment Stewardship, "Our approach to engagement on corporate strategy, purpose, and financial resilience", Jan 2024

¹⁹ Dividend payout is a reported item at the AGM, see circular for 2024 in footnote above.

About BlackRock Investment Stewardship (BIS)

BlackRock Investment Stewardship (BIS) promotes sound corporate governance as an informed, engaged shareholder on behalf of our clients. For those clients who have given us authority,²⁰ we vote proxies in line with our public [Global Principles and regional voting guidelines](#) and informed by our engagements, where relevant, as well as our analysis of company disclosures.²¹ Under our benchmark policies, we vote with the sole objective to advance our clients' long-term financial interests.

As one of many shareholders, and typically a minority one, our role, on behalf of our clients as long-term investors, is to better understand how a company's leadership is managing risks and capitalizing on opportunities to help protect and enhance its ability to deliver long-term financial returns.

The BIS team of more than 65 dedicated professionals²² operates across nine offices globally, taking a localized approach while also benefitting from global insights. We focus most of our efforts on corporate governance as, in our experience, sound governance is critical to the success of a company, long-term financial value creation, and the protection of investors' interests.

We are committed to transparency in the stewardship work we do on behalf of clients. The BIS [Global Principles, regional voting guidelines](#), and five [engagement priorities](#) (collectively, the BIS policies) set out the core elements of corporate governance that guide our investment stewardship program globally and within each regional market every year. These policies support effective stewardship processes and transparency and align with our commitment to pursue long-term financial returns for our clients as shareholders.

In addition, we inform clients about our engagement and voting policies and activities through direct communication and through various other disclosure on our [website](#). For shareholder meetings where a vote might be of particular interest to clients, we may publish a vote bulletin after the meeting explaining how we voted on key proposals.

Want to know more? blackrock.com/stewardship

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²⁰ BIS conducts proxy voting for those clients who authorize us to vote on their behalf. As part of BlackRock's Voting Choice program, eligible institutional and retail clients can have greater access to the proxy voting process where legally and operationally viable. Read more about Voting Choice [here](#).

²¹ As detailed in our [Global Principles](#), proxy voting involves logistical issues which can affect BlackRock's ability to vote such proxies, as well as the desirability of voting such proxies. As a consequence, BlackRock votes proxies on a "best-efforts" basis.

²² As of December 31, 2023.