

Statement on compliance

Shareholder Rights Directive II – Implementation of Engagement Policy

This statement explains how BlackRock Investment Stewardship (BIS) has implemented our [Shareholder Rights Directive II – Engagement Policy](#) under BIS' benchmark policies¹ during the period 1 January to 31 December 2023. This is intended to update and supersede the prior statement concerning implementation during the period 1 January to 31 December 2022.

Annual and Supplementary Reports

Engagement is core to our stewardship efforts as it provides the BIS team with an opportunity to listen directly to company directors and executives and learn about how they are addressing their company's material business risks and opportunities that may impact their ability to deliver long-term financial performance. We find that many companies welcome this two-way dialogue as it enables them to explain their practices and help investors understand the company's long-term strategy, risk and opportunity set, and management's plan to deliver financial returns through business cycles. Engagement may also inform our voting decisions for those clients who have given us authority to vote on their behalf.

Our [Investment Stewardship Annual Report](#) covers the work of the BIS team from 1 January to 31 December 2023. Through this report we aim to provide further clarity to our clients, the companies they are invested in, and other stakeholders about BIS' activities and BlackRock's overall approach to investment stewardship. BIS also publishes our [Global Voting Spotlight](#), a mid-year report detailing proxy voting activities undertaken in the 12 months to June 30 every year. BIS also continued to [disclose](#), on a quarterly basis, the list of companies we met with and the topics discussed.

Disclosure of votes

BIS' full proxy voting record is available through the Global Vote Disclosure tool, which provides a quarterly update of our vote instructions on behalf of clients for all proposals voted at individual shareholder meetings globally. When votes cast differ from a company's voting recommendation, BIS provides a brief vote rationale. Vote disclosures for the meetings that took place from 1 January to 31 December 2023 can be found [here](#).

From time to time, active portfolio managers and BIS may reach different voting conclusions on proposals made by management or shareholders. However, these instances are infrequent. These votes are not reflected on this site but are disclosed separately to the extent required by law. This includes votes required to be disclosed in BlackRock's annual Form N-PX filings with the U.S. Securities and Exchange Commission.

Under the Shareholder Rights Directive II, BlackRock has the discretion to exclude from the disclosure votes deemed to be "insignificant" on the basis of their subject matter or the size of BlackRock's holding in a company. This includes, for example, votes cast on purely procedural matters or votes cast in companies where BlackRock has a very minor stake compared to clients' holdings in other investee companies. Details of votes that differ from BIS' recommendation can be found [here](#).

Most significant votes

We prioritize our work around themes on which we most frequently engage companies, where they are relevant and a source of material business risk or opportunity. BIS also engages with clients year-round to understand their focus areas and expectations, and participates in market-wide policy debates to help inform these priorities.

The themes we have identified are reflected in our benchmark policies and updated annually: [Global Principles](#), [regional voting guidelines](#) and [engagement priorities](#). These public documents underpin our stewardship activities and form the benchmark against which we assess the long-term financial performance of investee companies.

During the period 1 January to 31 December 2023, BIS published “[vote bulletins](#)” and “case studies” on key votes at shareholder meetings to provide insight into certain vote decisions we expect will be of particular interest to clients. The vote bulletins are published on the “[Vote Bulletin library](#)” section of the BIS website. The case studies can be found in our flagship publications, namely the Investment Stewardship Annual Report and the Global Voting Spotlight, as well as pieces published on the “[BIS Insights Hub](#)” website. These bulletins and case studies are intended to explain our vote decisions relating to proposals addressing a range of corporate governance issues, including sustainability-related matters that may be material to a company’s business model, that are on the agenda for a shareholder general meeting. Other factors we may consider in deciding to publish a vote bulletin and/or a case study include the profile of the issue in question and the level of client interest we expect in the vote decision. The vote bulletins and case studies include relevant company-specific background, sector or local market context, and engagement history when applicable. Vote bulletins and case studies may also include observations on emerging corporate governance issues and market-level stewardship developments.

BIS does not disclose our vote intentions in advance of shareholder meetings as we do not see it as our role to influence other investors. BIS’ published regional voting guidelines provide clients, companies, and others guidance on our position on common voting matters.

Use of proxy advisers

Proxy research firms provide research and recommendations on proxy votes, as well as voting infrastructure. BIS contracts with the proxy service provider Institutional Shareholder Services (ISS) and leverages its online proxy voting platform to supply research and support voting, record keeping and reporting processes. BIS also uses Glass Lewis’ services to support research and analysis. In addition to the global research provided by ISS and Glass Lewis, BIS subscribes to market specific research providers including Institutional Voting Information Service in the UK, Ownership Matters in Australia, Stakeholder Empowerment Services in India, and ZD Proxy in China.

BIS does not act collectively with other shareholders or organizations in voting shares. Instead, we make decisions on how to engage companies and how to vote proxies based solely on our assessment of what is in the long-term economic interests of our clients. 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. They are informed by our in-depth analysis of company disclosures, engagement with boards and management teams, input from investment colleagues as relevant, third-party research, and comparisons against a company’s industry peers.

Endnotes

1. 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 set out 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 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 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.

Want to know more?

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