BlackRock Investment Stewardship

Proxy voting guidelines for Benchmark Policies - Latin American securities

Effective as of January 2026

Contents

Market-level considerations

These proxy voting guidelines (the Guidelines) are part of the BlackRock Investment Stewardship (BIS) Benchmark Policies and should be read in conjunction with the BIS Global Principles.[1]

The Guidelines summarize BIS' philosophy and approach to engagement and voting, as well as our view of governance best practices and the roles and responsibilities of boards and directors for publicly listed Latin American companies.[2] These Guidelines are not intended to limit the analysis of individual issues at specific companies or provide a guide to how BIS will engage and/or vote in every instance. They are applied with discretion, taking into consideration the range of issues and facts specific to a company, as well as individual ballot items at shareholder meetings. Generally, BIS supports the vote recommendations of boards and management at companies with sound corporate governance and that deliver strong financial returns over time.

As investors from other markets have increasingly viewed publicly traded companies in Latin America as an opportunity for portfolio growth and diversification, BIS encourages Latin American issuers to adopt best-in-class global disclosures and operational processes that facilitate analysis and market participation from international investors. Some of these best practices include: publishing shareholder meeting circulars with attached supporting materials, such as financial statements, director information, board composition disclosures, and other ballot-related background details approximately 30-45 days prior to the meeting date; aiming for enhanced board independence, sometimes greater than the minimum legal market mandates; and providing dedicated seats on the board for directors nominated by minority investors, where appropriate. We find it helpful when investor relations teams engage in languages commonly used by the company's foreign investors and seek regular, on-going dialogue with shareholders.

The Guidelines contain the principles and views supporting our voting decisions across all Latin American markets. They should, however, be read in conjunction with the different country-specific considerations at the end of this document.

BIS looks to companies to observe the relevant laws and regulations of their market, as well as any locally accepted corporate governance standards and industry best practices. These country-specific considerations provide an important reference point for our proxy voting guidelines for Latin American securities, as we believe they reflect investor expectations around good practice within the context of each market. However, our proxy voting guidelines might sometimes differ from these standards, especially when a higher level of protection for minority shareholders is deemed appropriate. The region- and country-specific considerations build on our overarching Global Principles, offering an insight into how BIS typically approaches issues that arise in Latin American markets. While these considerations provide an indication of how we are likely to vote on behalf of clients, our decisions are made based on the specific context of each company, reflecting its unique circumstances.

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[1] The BIS Global Principles, regional voting guidelines, and Engagement Priorities (collectively, the BIS Benchmark Policies) set out the core elements of corporate governance that guide our investment stewardship program. The Benchmark Policies apply to clients' assets invested through index equity strategies, take a financial materiality-based approach, and are focused solely on advancing clients' long-term financial interests.

[2] On February 11, 2025, the U.S. Securities and Exchange Commission (SEC) staff issued updated guidance for shareholders to maintain their eligibility to report their beneficial ownership under Schedule 13G of the Exchange Act. We comply fully with these requirements and do not engage with portfolio companies for the purpose, or with the effect, of changing or influencing control of any company.

Boards and directors

Oversight role of the board

Companies whose boards are comprised of appropriately qualified and engaged directors, with professional characteristics relevant to a company's business, enhance the board's ability to add long-term financial value and serve as the voice of shareholders in board discussions. In our view, a strong board gives a company a competitive advantage, providing valuable oversight and contributing to the most important management decisions that support long-term financial performance. For this reason, our investment stewardship efforts focus on the effectiveness of the board of directors. We engage, as necessary, with members of the board's nominating and/or governance committee to assess whether governance practices and board composition are effective given a company's business model, sector, market, and the business environment in which a company is operating.

We consider it good practice when the board establishes and maintains a framework of robust and effective governance mechanisms that supports its oversight of the company's strategy and operations, consistent with the long-term financial interests of investors. This includes having clear descriptions of the role of the board and the committees of the board and how directors engage with and oversee management, as well as disclosure of material risks that may affect a company's long-term strategy and how management is effectively identifying, managing, and mitigating such risks.

Understanding management's long-term strategy and the milestones against which investors should assess its implementation is central to our approach. If any strategic targets are significantly missed or materially restated, we find it helpful when company disclosures provide a detailed explanation of the changes and an indication of the board's role in reviewing the revised targets. We look to the board to articulate the effectiveness of these mechanisms in overseeing the management of business risks and opportunities and the fulfillment of the company's strategy. Where a company has not adequately disclosed or demonstrated that its board has fulfilled these corporate governance and risk oversight responsibilities, we may consider not supporting the election of certain directors who, in our assessment, have particular responsibility for the issues.

While BIS' votes decisions on behalf of clients may convey concerns with a director's suitability for service on a particular board, they may also convey concerns with the particular role held by an otherwise qualified and effective director currently serving on the board.

Issues and criteria that are frequently assessed as part of our director voting evaluations are indicated below.

Risk oversight

We look to the board to exercise appropriate oversight of management and the business activities of the company. Where we determine that a board has not demonstrated sufficient oversight in a way that may impact a company's ability to deliver long-term financial value, we may not support the responsible committees and/or individual directors.

Common circumstances are illustrated below:

- Where the board has not facilitated quality, independent auditing, accounting practices, or provided timely disclosure of remediation of material weaknesses, we may not support members of the audit committee

- Where the company has not provided shareholders with adequate disclosure to conclude that appropriate strategic consideration is given to material risk factors, we may not support members of the responsible committee, or the most relevant director
- Where it appears that a director has acted (at the company or at other companies) in a manner that compromises their ability to represent the best long-term financial interests of shareholders, we may not support that individual
- Where a director has a multi-year pattern of poor attendance at both the full board and applicable committee meetings, or a director has poor attendance in a single year with no disclosed rationale, we may not support that individual. Excluding exigent circumstances, BIS generally considers attendance at less than 75% of the full board and applicable committee meetings to be poor attendance

We look to companies to have an established process for identifying, monitoring, and managing business and material risks. In our view, independent directors should have access to relevant management information and outside advice, as appropriate, to ensure they can properly oversee risk. We encourage companies to provide transparency around risk management, mitigation, and reporting to the board. We are particularly interested in understanding how risk oversight processes evolve in response to changes in corporate strategy and/or shifts in the business and related risk environment. Comprehensive disclosures provide investors with an understanding of the company's long-term risk management practices and, more broadly, the quality of the board's oversight. In the absence of robust disclosures, we may reasonably conclude that companies are not adequately managing risk.

General director elections considerations

When evaluating director elections, BIS considers, among others and as further laid out in this document, local market practice(s), timely disclosures, engagement insights, director (and key committee) independence, and/or potential conflicts of interests. Although certain practices may be common or allowed in the local market, we encourage boards to adopt global governance best practices that facilitate board effectiveness.

We consider it good practice when directors are proposed for election annually and individually rather than bundled under a single ballot item. This preserves shareholders' right to vote individually for each candidate and allows investors to signal concerns with individual directors where appropriate. When individual elections are not available, we may not support the entire group of candidates where we identify material or governance-related concerns.

Where a board has not adequately demonstrated — through actions and/or company disclosures — how material issues are appropriately identified, managed, and overseen, we will consider voting against the (election of those directors responsible for the oversight of such issues, as indicated below.

Director independence

We look for a majority of the directors on the board to be independent to ensure objectivity in the decision-making of the board and its ability to oversee management. In addition, we consider it best practice when, generally, all members of audit, compensation, and nominating/governance board committees are independent, or at a minimum, that these committees are chaired by an independent director. Our view of independence may vary from local listing standards.

In Latin America, BIS looks to the boards of publicly listed companies to include at least one-third independent members. When this level of board independence is not reflected, BIS may consider not supporting the election of certain director(s) or withholding support on certain related ballot items.

Common impediments to independence may include:

- Employment as a senior executive by the company or a subsidiary within the past five years
- An equity ownership in the company in excess of 20%
- Having any other interest, business, or relationship (professional or personal) which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company and its shareholders

Where the board is not comprised of the minimum number of independent directors required by the company's local/listing market norms, to signal our concerns, we may not support the chair of the nominating/governance committee, and/or any other member(s) of the board who may be responsible.

Sufficient Capacity

Where a director serves on an excessive number of boards, which may limit their capacity to focus on each board's needs, we may not support that individual. The following identifies the maximum number of boards on which a director may serve, before BIS considers them to be over-committed:

	Total # of Public Boards
Public Company Executives[3]	**3**
Non-Executive Directors	**5**

In addition, we recognize that board leadership roles may vary in responsibility and time requirements in different markets around the world. In particular, where a director maintains a Chair role of a publicly listed company in European markets, we may consider that responsibility as equal to two board commitments, consistent with our proxy voting guidelines for European, Middle Eastern, and African securities. In evaluating a director's total number of board commitments, we may consider the application of our regional voting guidelines, as appropriate, in cases where a director serves on non-Latin American public boards.

Board structure

Independent leadership structures

There are two commonly observed structures for independent leadership to balance the CEO role in the boardroom: 1) an independent Chair; or 2) a Lead Independent Director when the roles of Chair and CEO are combined, or when the Chair is otherwise not independent. See the "Director independence section for common impediments to independence.

[3] A public company executive is defined as a Named Executive Officer or Executive Chair.

In the absence of a significant governance concern, we defer to boards to designate the most appropriate leadership structure to ensure adequate balance and independence.[4] However, BIS may not support the most senior non-executive member of the board when appropriate independence is lacking in designated leadership roles.

In the event that the board chooses to have a combined Chair/CEO or a non-independent Chair, we support the designation of a Lead Independent Director, with the ability to: 1) provide formal input into board meeting agendas; 2) call meetings of the independent directors; and 3) preside at meetings of independent directors. We find it helpful when these roles and responsibilities are disclosed and easily accessible.

The following table illustrates examples of responsibilities under each board leadership model: [5]

	Combined Chair/CEO or CEO + Non-independent Chair		Separate independent Chair
	Chair/CEO or Non-independent Chair	**Lead Independent Director**	**Independent Chair**
Board Meetings	**Authority to call full meetings of the board of directors**	**Authority to call meetings of independent directors**	**Authority to call full meetings of the board of directors**
		Attends full meetings of the board of directors	
		Briefs CEO on issues arising from executive sessions	
Agenda	**Primary responsibility for shaping board agendas, consulting with the Lead Independent Director**	**Collaborates with Chair/CEO to set board agenda and board information**	**Primary responsibility for shaping board agendas, in conjunction with CEO**
Board Communications	**Communicates with all directors on key issues and concerns outside of full board meetings**	**Facilitates discussion among independent directors on key issues and concerns outside of full board meetings, including contributing to the oversight of CEO and management succession planning**	**Facilitates discussion among independent directors on key issues and concerns outside of full board meetings, including contributing to the oversight of CEO and management succession planning**

CEO and management succession planning

We look to companies to have a robust CEO and senior management succession plan in place at the board level that is reviewed and updated on a regular basis. We appreciate it when succession planning covers scenarios over both the long term, consistent with the strategic direction of the company and identified leadership needs over time, as well as the short term, in the event of an unanticipated executive departure. We encourage the company to explain their executive succession planning process, including

[4] To this end, we do not view shareholder proposals asking for the separation of Chair and CEO as a means of addressing other concerns we may have at the company for which a vote against directors would be more appropriate. Rather, support for such a proposal might arise in the case of overarching and sustained governance concerns, such as a lack of independence or failure to oversee a material risk over consecutive years.

[5] This table is for illustrative purposes only. The roles and responsibilities cited here are not all-encompassing and are noted for reference as to how these leadership positions may be defined.

where accountability lies within the boardroom for this task, without prematurely divulging sensitive information commonly associated with this exercise.

Where there is significant concern regarding the board's succession planning efforts, we may not support members of the responsible committee, or the most relevant director.

During a CEO transition, companies may elect for the departing CEO to maintain a role in the boardroom. We ask for disclosures to understand the timeframe and responsibilities of this role. In such instances, we typically look for the board to have appropriate independent leadership structures in place. See the table under "Independent leadership structures" above.

Director compensation and equity programs

We look for the compensation for directors to generally be structured to attract and retain directors, while also aligning their interests with those of shareholders. In our view, director compensation packages that are based on the delivery of long-term financial value creation and include some form of long-term equity compensation are more likely to meet this goal.

Board quality and effectiveness

Board term limits and director tenure

We generally defer to the board's determination on whether setting age limits or term limits is a valuable mechanism for ensuring periodic board refreshment. BIS will also consider the average board tenure to evaluate processes for board renewal. We may oppose the election of certain directors who serve on boards that appear to have an insufficient mix of short-, medium-, and long-tenured directors.

In addition, where boards have adopted corporate governance guidelines regarding committee leadership and/or membership rotation, we appreciate clear disclosure of those policies.

Board size

We believe that directors are generally in the best position to assess the optimal board size to ensure effectiveness. However, we may not support the relevant committees and/or individual directors if, in our view, the board is ineffective in its oversight, either because it is too small to allow for the necessary range of skills and experience or too large to function efficiently.

Board composition

In assessing board composition, we take into account a company's board size, business model, strategy, market capitalization, and ownership structure, as well as the market in which the company operates. We find it helpful when companies explain how their approach to board composition supports the company's governance practices.

When nominating directors to the board, we look to companies to provide sufficient information on the individual candidates so that shareholders can assess the capabilities and suitability of each individual nominee and their fit within overall board composition. These disclosures should explain how the collective experience and expertise of the board, as well as the particular skillsets of individual directors, align with the company's long-term strategy. Highly qualified and engaged directors, with professional characteristics relevant to a company's business and strategy, enhance the ability of the board to add value and be the voice of shareholders in board discussions.

It is in this context that we are interested in a variety of experiences, perspectives, and skillsets in the boardroom. We see it as a means of avoiding "group think" in the board's exercise of its responsibilities to advise and oversee management.

Over the past decade, we have observed companies increasingly nominating directors who bring a variety of experiences, perspectives and skillsets, noting that this helps their boards more effectively navigate material risks and identify strategic-growth drivers by better understanding the company's customers, employees, and communities. In addition, countries such as Argentina, Brazil, Colombia, and Mexico have some form of guidance on board diversity, with most focusing on gender diversity.[6]

We assess company boards on a case-by-case basis and may not support the election of relevant directors where a company is a sustained outlier compared to local requirements and/or market practice in terms of its variety of experiences, perspectives, and skillsets. [7]

We recognize that companies with smaller market capitalizations and in certain sectors may face more challenges in nominating directors with a variety of experiences, perspectives, and skillsets. Amongst such companies, we look for a relevant mix of qualifications.

In order to help investors understand a company's approach to board composition, we ask boards to disclose, in a manner consistent with local laws:

- How candidates for board positions are identified, including whether professional firms or other resources outside of incumbent directors' networks are engaged to identify and/or assess candidates
- How directors' qualifications, which may include domain expertise such as finance or technology, and sector- or market-specific experience, are complementary and link to the company's long-term strategy
- How various experiences, perspectives, and skillsets are considered in board composition, given the company's long-term strategy and business model

[6] For example, in Brazil, the Instituto Brasileiro de Governança Corporativa (IBGC) Corporate Governance Code establishes that "[t]he board of directors is a collective body, and its performance depends on the capacities, respect, and understanding of the characteristics of each of its members, within an environment that enables the debate. This diversity is crucial, because it allows the organization to make the decision-making process better through the existence of a plurality of arguments." Several other markets have similar provisions in their corporate governance codes. See: Comisión Nacional de Valores Argentina, "Corporate Governance Code," 2019; Gobierno de Colombia, "Ley 2294 de 2023," 2023; Consejo Coordinador Empresarial, "Code of Principles and Best Practices," 2025. Website accessed in December 2025.
[7] Aspects of a director's background that may, depending on the company, contribute to the experiences, perspectives, and skillsets that inform effective board oversight include professional background, as well as demographic background, including gender, race/ethnicity, disability, LGBTQ+ identity, and national, Indigenous, religious, or cultural identity.

Shareholder rights and board responsiveness

Shareholder rights

Where we determine that a board has not acted in the best interests of the company's shareholders, or takes action to unreasonably limit shareholder rights, we may not support the relevant committees and/or individual directors. Common circumstances are illustrated below:

- The independent Chair or Lead Independent Director and members of the nominating/governance committee, where a board implements or renews a rights plan (poison pill) without shareholder approval
- The independent Chair or Lead Independent Director and members of the nominating/governance committee, where a board amends the charter/articles/bylaws and where the effect may be to entrench directors or to unreasonably reduce shareholder rights
- Members of the compensation committee where the company has repriced options without shareholder approval

If a board maintains a classified structure, it is possible that the director(s) or committee members with whom we have a particular concern may not be subject to election in the year that the concern arises. In such situations, we may register our concern by voting against the most relevant director(s) up for election. In some cases, we may also defer our voting action until the year in which the relevant director is available for election.

Responsiveness to shareholder concerns

We look to a board to be engaged with and responsive to the company's shareholders, including acknowledging voting outcomes for director elections, compensation, shareholder proposals, and other ballot items. Where a board has not substantially addressed shareholder concerns that may be deemed material to the business, we may not support the responsible committees and/or individual directors. Common circumstances are illustrated below:

- The Independent Chair or Lead Independent Director, members of the nominating/governance committee, and/or the longest tenured director(s), where we observe a lack of board responsiveness to shareholders, evidence of board entrenchment, and/or failure to plan for adequate board member succession
- The chair of the nominating/governance committee, or where the chair is not standing for election, the nominating/governance committee member with the longest tenure, where board member(s) at the most recent election of directors have received against votes from more than 25% of shares voted, and the board has not taken appropriate action to respond to shareholder concerns. This may not apply in cases where BIS did not support the initial vote against such board member(s)
- The Independent Chair or Lead Independent Director and/or members of the nominating/governance committee, where a board fails to consider shareholder proposals that: 1) receive substantial support; and 2) in our view, have a material impact on the business, shareholder rights, or the potential for long-term financial value creation

Auditors and audit-related issues

BIS recognizes the critical importance of financial statements to provide a complete and accurate portrayal of a company's financial condition. Accordingly, we look for the assumptions made by management, and reviewed by the auditor in preparing the financial statements, to be reasonable and justified.

We view the audit committee, or its equivalent, as responsible for overseeing the management of the independent auditor and the internal audit function at a company.

We may vote against the audit committee members where the board has not facilitated quality, independent auditing. We look to public disclosures for insight into the scope of the audit committee responsibilities, including an overview of audit committee processes, issues on the audit committee agenda, and key decisions taken by the audit committee. We take particular note of cases involving significant financial restatements or material weakness disclosures, and we look for timely disclosure and remediation of accounting irregularities.

The integrity of financial statements depends on the auditor being free of any impediments that could compromise its ability to serve as an effective check on management. To that end, it is important that auditors are, and are seen to be, independent In addition, to the extent that an auditor has not reasonably identified and addressed issues that eventually lead to a significant financial restatement, or the audit firm has violated standards of practice, we may also not support ratification.

Shareholder proposals may be presented to promote auditor independence or the rotation of audit firms. We may support these proposals when they are consistent with our views as described above.

We may abstain from voting for the approval of financial reports to preserve shareholders' right to take potential future legal action should irregularities be discovered at a later date. Finally, we may oppose the approval of financial statements when the external auditor provides a qualified opinion and/or we have concerns with the accuracy of the data presented.

Capital structure, mergers, acquisitions, asset sales, and other special situations

Equal voting rights

In principle, we have concerns with share classes with equivalent economic exposure and differentiated voting rights. We consider it best practice when companies with dual or multiple class share structures review these structures on a regular basis, or as company circumstances change.

In our view, companies with multiple share classes should receive shareholder approval of their capital structure on a periodic basis via a management proposal on the company's proxy. We view this proposal as providing unaffiliated shareholders the opportunity to affirm the current structure or establish mechanisms to end or phase out controlling structures at the appropriate time, while minimizing costs to shareholders. Where companies do not voluntarily implement "one share, one vote" within a specified timeframe, we generally support shareholder proposals to recapitalize stock into a single voting class. Management proposals to collapse multiple share class capital structures for a premium are evaluated on a case-by-case basis.

Mergers, acquisitions, and transactions

In assessing mergers, acquisitions, or other transactions — including business combinations involving Special Purpose Acquisition Companies (SPACs) — BIS' primary consideration is the long-term financial interests of our clients as shareholders. We look to boards to clearly explain the financial and strategic rationale for any proposed transactions or material changes to the business. We review a proposed transaction to determine the degree to which it has the potential to enhance long-term financial value. While mergers, acquisitions, asset sales, business combinations, and other special transaction proposals vary widely in scope and substance, we closely examine certain salient features in our analyses, such as:

- The degree to which the proposed transaction represents a premium to the company's trading price. We consider the share price over multiple time periods prior to the date of the merger announcement. We may consider comparable transaction analyses provided by the parties' financial advisors and our own valuation assessments. For companies facing insolvency or bankruptcy, a premium may not apply
- We look for clear strategic, operational, and/or financial rationale for the combination
- Unanimous board approval and arm's-length negotiations are preferred. We will consider whether the transaction involves a dissenting board or does not appear to be the result of an arm's-length bidding process. We may also consider whether executive and/or board members' financial interests appear likely to affect their ability to place shareholders' interests before their own, as well as measures taken to address conflicts of interest
- We consider it best practice when transaction proposals include the fairness opinion of a reputable financial advisor assessing the value of the transaction to shareholders in comparison to recent similar transactions

Contested director elections and special situations

Contested elections and other special situations are assessed on a case-by-case basis. [8] We evaluate a number of factors, which may include: the qualifications and past performance of the dissident and management candidates; the validity of the concerns identified by the dissident; the viability of both the dissident's and management's plans; the ownership stake and holding period of the dissident; the likelihood that the dissident's strategy will produce the desired change; and whether the dissident represents the best option for enhancing long-term financial value.

We will evaluate the actions that the company has taken to limit shareholders' ability to exercise the right to nominate dissident director candidates, including those actions taken absent the immediate threat of a contested situation. BIS may not support directors (up to and including the full board) where those actions are viewed as egregiously infringing on shareholder rights.

We consider a variety of possible voting outcomes in contested situations, including the ability to support a mix of management and dissident nominees.

[8] Special situations are broadly defined as events that are non-routine and differ from the normal course of business for a company's shareholder meeting, involving a solicitation other than by management with respect to the exercise of voting rights in a manner inconsistent with management's recommendation. These may include instances where shareholders nominate director candidates, oppose the view of management and/or the board on mergers, acquisitions, or other transactions.

Rights plans

Where a rights plan (or "poison pill") is put to a shareholder vote by management, our policy is to examine these plans individually. Although we have historically opposed most plans, we may support plans that include a reasonable "qualifying offer clause." Such clauses typically require shareholder ratification of the rights plan and stipulate a sunset provision whereby the plan expires unless it is renewed. These clauses also tend to specify that an all-cash bid for all shares that includes a fairness opinion and evidence of financing does not trigger the rights plan, but forces either a special meeting at which the offer is put to a shareholder vote or requires the board to seek the written consent of shareholders, where shareholders could rescind the rights plan at their discretion. We may also support a rights plan where it is the only effective method for protecting tax or other economic benefits that may be associated with limiting the ownership changes of individual shareholders. Lastly, we look for shareholder approval of rights plans within one year of adoption or implementation.

Executive compensation and benefits

Executive compensation is an important tool used by companies to support long-term financial value creation. A well-structured compensation policy rewards the successful delivery of strategic, operational, and/or financial goals, encourages an appropriate risk appetite, and aligns the interests of shareholders and executives through equity ownership.

We consider it best practice when a company's board of directors puts in place a compensation structure that balances incentivizing, rewarding, and retaining executives appropriately across a wide range of business outcomes. We look for the structure to be aligned with shareholder interests, particularly the generation of durable, long-term financial value.

We look to the compensation committee to carefully consider the specific circumstances of the company and the key individuals the board is focused on incentivizing. We find it helpful when companies ensure that their compensation plans incorporate appropriate and rigorous performance metrics, consistent with corporate strategy and market practice. Performance-based compensation should include metrics that are relevant to the business and stated strategy and/or risk mitigation efforts. We consider it best practice when the goals, and the processes used to set these goals, are clearly articulated and appropriately rigorous. We may not support members of the compensation committee, or equivalent board members, for poor compensation practices and/or structures.

We look for a clear link between variable pay and operational and financial performance that supports sustained financial value creation for our clients as shareholders. Where compensation structures provide for a front-loaded award, we look for appropriate structures (including vesting and/or holding periods) that motivate sustained performance for shareholders over a number of years. [9] We generally do not favor programs focused on awards that require performance levels to be met and maintained for a relatively short time period for payouts to be earned, unless there are extended vesting and/or holding requirements.

We look for compensation structures to generally drive outcomes that align the pay of the executives with performance of the company and the value received by shareholders. When evaluating performance, we examine both executive teams' efforts, as well as outcomes realized by shareholders. We consider it best

[9] Front-loaded awards are generally those that accelerate the grant of multiple years' worth of compensation in a single year.

practice when payouts to executives reflect both the executive's contributions to the company's ongoing success, as well as exogenous factors that impacted shareholder value.

Where discretion has been used by the compensation committee, we find it helpful when disclosures explain how and why the discretion was used and how the adjusted outcome is aligned with the interests of shareholders. While we believe special awards should be used sparingly, we acknowledge that there may be instances when such awards are appropriate. [10] When evaluating these awards, we consider a variety of factors, including the magnitude and structure of the award, the scope of award recipients, the alignment of the grant with shareholder value, and the company's historical use of such awards, in addition to other company-specific circumstances.

We acknowledge that the use of peer group evaluation by compensation committees can help calibrate competitive pay. However, we have concerns when the rationale for increases in total compensation is solely based on peer benchmarking, rather than also considering rigorous measure(s) of outperformance. We appreciate it when companies clearly explain how compensation outcomes have rewarded performance.

We support incentive plans that foster the sustainable achievement of results consistent with the company's strategic initiatives. We look to compensation committees to guard against contractual arrangements that would entitle executives to material compensation for early termination of their contract. Finally, we consider it best practice when pension contributions and other deferred compensation arrangements are reasonable in light of market practices.

Where executive compensation appears excessive relative to the performance of the company and/or compensation paid by peers, or where an equity compensation plan is not aligned with shareholders' interests, we may not support members of the compensation committee.

Clawback proposals

We generally favor prompt recoupment from any senior executive whose compensation was based on faulty financial reporting or deceptive business practices. When applicable, we find it helpful when companies disclose recovery policies similar to the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act. We also favor recoupment from or the forfeiting of the grant of any awards by any senior executive whose behavior caused material financial harm to shareholders, material reputational risk to the company, or resulted in a criminal or regulatory investigation, even if such actions did not ultimately result in a material restatement of past results. Generally, we look to boards to exercise limited discretion in forgoing, releasing or settling amounts subject to recovery for executive officers and no indemnification or insurance coverage for losses incurred by executive officers. We typically support shareholder proposals on these matters unless the company already has a robust clawback policy that sufficiently addresses our concerns.

Employee stock purchase plans

Employee stock purchase plans (ESPP) are an important part of a company's overall human capital management strategy and can provide performance incentives to help align employees' interests with those of shareholders. We typically support qualified ESPP proposals.

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[10] "Special awards" refers to awards granted outside the company's typical compensation program.

Material sustainability-related risks and opportunities

Appropriate oversight of material risks and opportunities, including material sustainability-related risks and opportunities, is an important component of having an effective governance framework that supports durable, long-term financial value creation.[11]

We look to companies to provide robust disclosure that allows investors to effectively evaluate companies' strategy and business practices related to material sustainability-related risks and opportunities. We find it helpful when companies' disclosures demonstrate that they have a resilient business model that integrates material sustainability-related risks and opportunities into their strategy, risk management, and metrics and targets, including industry-specific metrics.

Standardized disclosure of sustainability-related data supports investors in making informed decisions. The International Sustainability Standards Board (ISSB) standards, IFRS S1 and S2, represent one such approach to standardization that we find useful in our analysis.[12] However, we do not mandate any specific disclosure framework companies should use, and recognize that companies may report using different standards, some of which may be required by regulation. In such cases, we ask that companies highlight the metrics that are industry- or company-specific.

We also recognize that companies may be phasing in reporting over several years. We do not prescribe timelines regarding when companies should make sustainability-related disclosures but appreciate it when companies produce them sufficiently in advance of their shareholder meeting, to the best of their abilities, to provide investors with time to assess the data and make informed voting decisions.

Climate and nature-related risk

Many companies are assessing how to navigate the low-carbon transition while delivering long-term financial value to investors. For companies facing material climate-related risks, we find it helpful when they publicly disclose, consistent with their business model and sector, how they intend to deliver long-term financial performance through the low-carbon transition, including where available, their transition plan.[13, 14] From company disclosures and engagement, we seek to understand the strategies companies have in place to manage material risks to, and opportunities for, their long-term business model associated with a range of climate-related scenarios.

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[11] By material sustainability-related risks and opportunities, we mean the drivers of risk and financial value creation in a company's business model that have an environmental or social dependency or impact. Examples of environmental issues include, but are not limited to, water use, land use, waste management, and climate risk. Examples of social issues include, but are not limited to, human capital management, impacts on the communities in which a company operates, customer loyalty, and relationships with regulators.

[12] The ISSB is an independent standard-setting body within the International Financial Reporting Standards (IFRS) Foundation. The standards build on the Task Force on Climate-related Financial Disclosures (TCFD) framework and the standards and metrics developed by the Sustainability Accounting Standards Board (SASB), which have both converged under the ISSB. Please refer to the IFRS website to learn more about the framework and standards S1 "General Requirements for Disclosure of Sustainability-related Financial Information" and S2 "Climate-related Disclosures." Websites accessed in December 2025.

[13] We have observed that more companies are developing such plans, and public policymakers in certain markets are signaling their intentions to require them or already have requirements in place, such as Australia, Brazil, and the European Union (please see the International Transition Plan Network for information). We view transition plans as a method for a company to both internally assess and externally communicate its long-term strategy, ambition, objectives, and actions to create financial value through the global transition towards a low-carbon economy. Across the landscape there remains divergence on the objectives of such plans and the details they should contain. While transition plans can be helpful disclosure, BIS does not make the preparation and production of transition plans a voting issue. BIS may engage companies that have chosen to publish a transition plan to understand their planned actions and resource implications. Websites accessed in December 2025.

[14] For more information, please see our commentary "Climate-related risks and a low-carbon transition," December 2025.

Recognizing the value of these disclosures, certain markets such as the European Union mandate large companies to disclose such climate-related financial information, while in other jurisdictions these disclosures are viewed as best practice in the market.

The ISSB standards provide one such framework that can assist investors in assessing company-specific climate-related risks and opportunities, and informing investment decisions. Such disclosures also provide investors with insights into how companies are managing the risks associated with the transition to a low-carbon economy by managing their own carbon emissions or emissions intensities to the extent financially practicable.

The ISSB standards, for example, contemplates disclosures on how companies are setting short-, medium- and long-term targets, ideally science-based where these are available for their sector, for scope 1 and 2 greenhouse gas emissions (GHG) reductions and to demonstrate how their targets are consistent with the long-term financial interests of their investors.

While we recognize that regulators in some markets are moving to mandate certain disclosures, at this stage, we view scope 3 emissions differently from scopes 1 and 2, given methodological complexity, regulatory uncertainty, concerns about double-counting, and lack of direct control by companies. We welcome disclosures and commitments that companies choose to make regarding material scope 3 emissions and recognize that these are provided on a good-faith basis as methodology develops.

In addition to climate-related risks and opportunities, for companies whose strategies, operations, or supply chains are materially reliant on natural capital, nature-related risks and opportunities may affect their ability to generate long-term financial returns.[15] For these companies, we rely on disclosures to understand how their strategies consider nature-related impacts and dependencies and to assess how the board oversees these risks.[16]

We look to boards to oversee management's approach to addressing material climate and nature-related risk in a company's business model and may convey concerns about board oversight in our voting on director elections or supporting a business relevant shareholder proposal when, in our assessment, the board is not acting in shareholders' long-term financial interests.

Companies’ impact on their workforce, supply chains, and communities

Companies determine their key stakeholders based on what is material to their business and long-term financial performance. For many companies, key stakeholders include employees, business supply chains, clients and consumers, regulators, and the communities in which they operate.

In our experience, companies that invest in the relationships that are critical to their strategic objectives are more likely to deliver durable, long-term financial performance. By contrast, we have found that poor relationships may create adverse impacts that could expose companies to legal, regulatory, operational,

[15] For more information, please see our commentary “Our approach to engagement on natural capital,” December 2025.

[16] Given the growing awareness of the materiality of these issues for certain businesses, enhanced reporting on a company's natural capital dependencies and impacts would aid investors’ understanding. The recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) may prove useful to some companies. We recognize that some companies may report using different standards, which may be required by regulation, or one of a number of other private sector standards. TNFD-aligned reporting is not a voting issue. Website accessed in December 2025.

and reputational risks. This is particularly relevant to a company's workforce, which is central to long-term financial value creation.[17]

As a long-term shareholder on behalf of our clients, we find it helpful when companies disclose how they have identified their key stakeholders and considered their interests in business decision-making. In addition to understanding broader stakeholder relationships, BIS finds it helpful when companies discuss how they consider the needs of their workforce today, and the skills required for their future business strategy. We are also interested in understanding how the board monitors and engages on these matters, given it is well positioned to ensure that the approach taken by management is informed by and aligns with the company's strategy. BIS does not direct a company's policies or practices, which are the responsibility of management and the board.

In addition, we find it helpful when companies disclose their approach to addressing material adverse impacts that could arise from their business practices and affect critical relationships with their stakeholders. We encourage companies to implement, to the extent appropriate, monitoring processes (often referred to as due diligence) to identify and mitigate potential adverse impacts and grievance mechanisms to remediate any actual adverse material impacts.

We look to boards to oversee management's approach to addressing material risks related to key stakeholders and may convey concerns about board oversight in our voting on director elections or supporting a business relevant shareholder proposal when, in our assessment, the board is not acting in shareholders' long-term financial interests.

Human capital management

A company's approach to human capital management (HCM) is an important factor in fostering an inclusive multifaceted, and engaged workforce, which contributes to business continuity, innovation, and long-term financial value creation. We look to companies to demonstrate a robust approach to HCM and provide shareholders with clear disclosures to help investors understand how a company's approach aligns with its stated strategy and business model.

Some themes relating to HCM are consistent across most companies. In order to understand companies' approaches to managing the risks and opportunities associated with human capital, we find it helpful when they disclose matters such as workforce size, composition, compensation, engagement, turnover, training and development, working conditions and health, safety and wellbeing, among other possible topics.

Other relevant HCM factors may be more nuanced to a company's strategy and business model. We ask companies to disclose and provide context on the most relevant HCM factors for their business.

[17] For more information, please see our commentary "Our approach to engagement on human capital management," December 2025.

Other corporate governance matters

IPO governance

We look to boards to disclose how the corporate governance structures adopted upon a company's initial public offering (IPO) are in the long-term financial interests of shareholders. We also find it helpful when boards conduct a regular review of corporate governance and control structures, such that boards might evolve foundational corporate governance structures as company circumstances change, without undue costs and disruption to shareholders.

In principle, we have concerns with the creation of a share class with equivalent economic exposure and differentiated voting rights. We also recognize the potential benefits of dual class shares to newly public companies as they establish themselves. However, we consider it best practice when these structures have a specific and limited duration. We will generally engage newly listed companies on topics such as classified boards and supermajority vote provisions to amend bylaws, as we think that such arrangements may not be in the long-term financial interests of shareholders.

We may apply a one-year grace period for the application of certain director-related guidelines (including, but not limited to, responsibilities on other public company boards and board composition concerns), during which we look to boards to take steps to bring corporate governance standards in line with market norms.

Multi-jurisdictional companies

Where a company is listed on multiple exchanges or incorporated in a country different from their primary listing, we apply the most relevant market guideline(s) to our analysis of the company's governance structure and specific proposals on the shareholder meeting agenda. In doing so, we typically consider the governance standards of the company's primary listing, the market standards by which the company governs themselves, and the market context of each specific proposal on the agenda. If the relevant standards are silent on the issue under consideration, we use our professional judgment as to what voting outcome would best protect the long-term financial interests of investors. We look to companies to disclose the rationale for their selection of primary listing, country of incorporation, and choice of governance structures, particularly where there is conflict between relevant market governance practices.

Bundled proposals

In our view, shareholders should have the opportunity to review substantial governance changes individually without having to accept bundled proposals. Where several measures are grouped into one proposal, BIS may not support certain positive changes when linked with proposals that generally contradict or impede the rights and/or financial interests of shareholders.

Other business

We oppose voting on matters where we are not given the opportunity to review and understand those measures and carry out an appropriate level of shareholder oversight, often bundled as "other business" ballot items.

Shareholder protections

Amendment to charter/articles/bylaws

As a general principle, we consider it best practice when shareholders have the right to evaluate and vote on key corporate governance matters, including changes to governance mechanisms and amendments to the charter/articles/bylaws. We may not support certain directors where changes to governing documents are not put to a shareholder vote within a reasonable period of time, particularly if those changes have the potential to impact shareholder rights. In cases where a board's unilateral adoption of changes to the charter/articles/bylaws promotes cost and operational efficiency benefits for the company and its shareholders, we may support such action if it does not have a negative effect on shareholder rights or the company's corporate governance structure.

Amendments should be presented on the ballot to allow shareholders to vote independently on each topic. We typically support positive or neutral amendments. However, when we find positive or neutral amendments bundled with negative amendments, we will not typically support the bundled proposal. Similarly, in the absence of details that enable us to evaluate and make an informed decision, BIS will oppose the proposal.

When voting on a management or shareholder proposal to make changes to the charter/articles/bylaws, we consider in part the company's and/or proponents' publicly stated rationale for the changes; the company's governance profile and history; relevant jurisdictional laws; and situational or contextual circumstances which may have motivated the proposed changes, among other factors. We typically support amendments to the charter/articles/bylaws where the benefits to shareholders outweigh the costs of failing to make such changes.

Virtual meetings

Shareholders should have the opportunity to participate in the annual and special meetings for the companies in which they are invested, as these meetings are an opportunity for shareholders to provide feedback and hear from the board and management. While these meetings have traditionally been conducted in-person, virtual meetings are an increasingly viable way for companies to utilize technology to facilitate shareholder accessibility, inclusiveness, and cost efficiencies. Shareholders should have a meaningful opportunity to participate in the meeting and interact with the board and management in these virtual settings. We look to companies to facilitate open dialogue and allow shareholders to voice concerns and provide feedback without undue censorship. Relevant shareholder proposals are assessed on a case-by-case basis.

Shareholder proposals

In most markets, shareholders can submit proposals to be voted on at a company's shareholder meeting, as long as certain requirements are met. Shareholder proposals span a wide range of topics, including governance reforms, capital management, and changes in the management or disclosure of sustainability-related risks. These proposals have a varying degree of relevance for companies across sectors, locations, and business models.

BIS takes a case-by-case approach to voting on shareholder proposals and maintains a singular focus on the proposal's implications for long-term financial value creation for shareholders. Our analysis considers whether a shareholder proposal addresses a material risk that may impact a company's long-term financial performance. BIS may support shareholder proposals that request disclosures that help us, as long-term investors on behalf of our clients, better understand the material risks and opportunities companies face and how they are managing them, especially where this information is additive given the company's existing disclosures. We look for consistency between the specific request formally made in the proposal, the supporting documentation, and the proponents' other communications on the issues. We also assess the company's practices and disclosures and the costs and benefits to the company of meeting the request made in the proposal. We take into consideration a company's governance practices and disclosures against those of their peers.

BIS does not support shareholder proposals that we view as inconsistent with long-term financial value or that seek to micromanage companies. We take into consideration the legal effect of the proposal, as shareholder proposals may be advisory or legally binding depending on the jurisdiction, while others may make requests that would be deemed illegal in a given jurisdiction.

In our experience, it is helpful when companies disclose the names of the proponent or organization that has submitted or advised on the proposal. We recognize that some shareholder proposals bundle topics and/or specific requests. Further, the proponent's supporting statement may refer to topics that are not directly related to the request made in the proposal. In voting on behalf of clients, we must vote yes or no on the proposal as phrased by the proponent. Therefore, when we vote in support of a proposal, we are not necessarily endorsing every element of the proposal or the reasoning, objectives, or supporting statement of the proponent. We may support a proposal for different reasons than those put forth by the proponent, when we believe that overall it may advance our clients' long-term financial interests.

BlackRock is subject to certain rules, regulations, agency guidance, and contractual agreements that place restrictions and limitations on how BlackRock can interact with the companies in which we invest on behalf of our clients. BlackRock does not nominate directors for board elections or submit shareholder proposals to companies. Non-compliance with these requirements could adversely affect BlackRock's ability to serve its clients' interests.

Country-specific considerations

Argentina

Local regulation in Argentina applicable to listed companies provide certain principles of corporate governance, as well as rules, recommendations, and best practices. The National Securities Commission (*Comisión Nacional de Valores* or CNV) has published a Corporate Governance Code (*Código de Gobierno Societario* or the Code) that aims to increase transparency and encompasses some regulations related to the independence of board of directors and disclosure of corporate management practices. In addition, the Code sets forth general guidelines regarding gender diversity in the board of directors, equity and inclusion policies, and states that the board of directors should establish the company's general strategy, considering environmental, social and governance factors and risks.[18]

While the Code is not mandatory for most companies, we look to all public Argentine companies to disclose, on a comply-or-explain basis, whether they follow the principles and practices recommended by the Code.

Banks and financial entities supervised by the Argentine Central Bank, as well as government-owned companies, must comply with the applicable corporate governance regulations.

Boards and directors

As provided by Argentine laws, public companies must have a board of directors comprised of at least three members. The board size, quorum requirements (to the extent that it is more than a simple majority), and vote standard are set forth in the company's bylaws.

Public companies in Argentina are required to have an audit committee comprised of three or more members of the board of directors, the majority of whom must be independent, pursuant to the criteria established by CNV. Independence is established in relation to the company and the controlling shareholders; independent directors cannot be executives of the company. To note, our view of independence may vary from local listing standards., as outlined in the "Director independence" section in this document, which applies to all Latin American markets.

Public companies may also have a supervisory committee comprised of three members who must be lawyers or accountants. Its responsibilities include supervision of the administration of the company, attendance at all board and shareholder meetings, and, in general, company oversight from a legal perspective. According to the regulatory framework, all members of the supervisory committee must be independent.

Companies that have an audit committee may decide not to have a separate supervisory committee. In these cases, supervisory responsibilities are overseen by the audit committee.

Shareholders are entitled to nominate directors at ordinary shareholder meetings, provided that the candidates meet the independence requirements of the CNV. Information and documents for consideration at the shareholder meeting must be presented at least 15 business days prior to the meeting.

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[18] Comisión Nacional de Valores, "Código de Gobierno Societario," 2022.

Auditors and audit-related issues

Public companies in Argentina are obligated to appoint an external auditor or audit firm, who must be registered in the CNV's Registry of External Auditors. These appointments have to follow the guidelines provided by the CNV. BIS reviews the accounts, procedures, and the auditor's independence to determine if there are concerns that may render their opinion inaccurate. If we find problematic issues, we may not support the ratification of the auditor.

Capital structure, mergers, acquisitions, and other special situations

Capital ownership and control of Argentine corporations is usually highly concentrated. Listed companies may have different classes of shares (common or preferred) with different economic rights attached to each class. Listed companies cannot issue shares with rights to cast multiple votes. Corporate capital increase (and, therefore, the issuance of new shares) must be approved at the shareholder meeting.

Argentine companies within the public offering regime must file with the CNV annual and quarterly financial statements prepared in accordance with the International Financial Reporting Standards (IFRS), except for those categorized as small and medium-sized companies according to the criteria provided by the CNV. The annual financial statements, including the annual report issued by the board of directors (which must include a specific report regarding the level of compliance with the Code) and the external audit report, must be submitted to shareholders for approval. In the annual report, the board of directors must disclose information on the company's environmental or sustainability policy, including its main indicators if applicable, or explain why the company considers such policies irrelevant to its business.

Executive compensation and benefits

The compensation of directors and statutory supervisors may be defined in the bylaws. If this information is not provided in the bylaws, then it will be determined at the shareholder meeting. BIS generally supports these ballot items if they are aligned with the local regulations. We also review any additional available disclosure to inform our decision. The Code provides a recommendation to set out clear policies of compensation for the members of the board of directors and top executives, in conjunction with company profit. The CNV regulations provide that information on global compensation paid to directors, statutory supervisors, and top executives must be disclosed in the relevant offering memorandum when securities are issued.

General corporate governance matters

Amendment of articles, capital increases, mergers, and spin-offs, as well as other relevant transactions require approval at an extraordinary shareholder meeting. BIS votes on a case-by-case basis, taking into consideration available disclosure and rationale provided, prior to the related meeting.

Virtual meetings

The CNV established that Argentine public companies may hold virtual shareholder meetings, as long as such possibility is established in the company's bylaws. Virtual meetings may be held from the corporate headquarters or anywhere within the jurisdiction of the corporate domicile. In addition, shareholder meetings held in this manner must allow the participation of the shareholders, or their representatives, and other participants, by means that allow them to communicate among themselves through the simultaneous transmission of sound, images and words, guaranteeing, in all cases, the equal treatment of the participants and the participation in person by the shareholders who request to do so.

Brazil

The São Paulo stock exchange (B3 S.A. – *Brasil, Bolsa, Balcão* or B3) currently offers four standard types of listing segments (in addition to two access segments called Bovespa Mais and Bovespa Mais Level 2): traditional segment, Level 1, Level 2, and Novo Mercado. These three segments (other than the traditional segment) subject companies to incremental corporate governance practices in comparison to those set forth by law, with the Novo Mercado requiring the most stringent standards. Additionally, all Brazilian companies follow, on a comply-or-explain basis, the Brazilian Code of Corporate Governance administered by the Brazilian Institute of Corporate Governance (*Instituto Brasileiro de Governança Corporativa* or IBGC*)*, as required by the Brazilian Securities Commission (*Comissão de Valores Mobiliários* or CVM).

Boards and directors

The Brazilian Corporations Law mandates boards at a minimum have three directors, while the CVM recommends having five to nine directors, including a minimum of two directors that have expertise in finance and accounting. Additionally, under CVM's regulations, the CEO cannot also act as the chairperson of the board. The IBGC code recommends that boards have at least a majority of independent directors. The Brazilian Corporations Law allows minority and preferred shareholders representing at least 15% of common shares, 10% of preferred shares or 10% of the corporate capital (considering common and preferred shares) at the meeting to appoint one member to the board of directors. BIS encourages companies to have their board of directors appoint the CEO following a robust process and include succession policies. For state-owned enterprises, a transparent appointment process should be stipulated in the company's bylaws. Appointments for the role of chair should also be enacted by the board (or the nominating committee where available) and comply with the corresponding independence classification for the market.

In addition to the board of directors, companies typically have an executive officer board and if listed in the Novo Mercado, are required to have an audit committee responsible for overseeing audit-related board functions. Local law also allows for the establishment of a supervisory council (or Fiscal Council), with the main responsibility of overseeing the acts and decisions of management and the board. Given this structure, neither executives nor directors can serve on this council. BIS analyzes the available public information to inform our vote decision on behalf of clients. BIS generally supports director elections, when aligned with the company's corporate strategy; market practice for board composition in terms of the variety of experiences, perspectives, and skillsets; and higher levels of independence in Brazilian boards. This stance includes supporting minority shareholder-proposed candidates, provided that disclosures are made available in a timely manner and in advance of the meetings (approximately 30-45 days), to allow international investors to review and inform their decision.

Independence of directors is assessed on a case-by-case basis. In addition to market classification, we consider in our review track record, conflicts of interests, attendance, and potential overboarding, as previously established in the "Boards and directors" section of these guidelines. our view of independence may vary from local listing standards., as outlined in the "Director independence" section, which applies to all Latin American markets.

BIS generally supports directors' (and management's) discharge, provided that sufficient information has been disclosed and there are no unresolved allegations regarding misconduct, lack of oversight, pending legal proceedings started for breach of fiduciary trust, or other egregious issues.

We assess the directors' indemnification proposals on a case-by-case basis. We review disclosures linked to the indemnification policy/agreement and related safeguards to prevent potential conflicts of interests, financial impacts, and full terms and conditions of the policy/agreement (particularly when these prevent shareholders from receiving public information when plea agreements are executed). Typically, we do not support proposals that are not substantiated by robust disclosures.

Auditors and audit-related issues

Public companies in Brazil have an external auditor that is selected by the board of directors without shareholder ratification. BIS evaluates publicly available information to assess the auditor's independence, accuracy of accounts presented, audit procedures, and opinion presented on the financial statements. We generally do not support proposals to indemnify external auditors.

Capital structure, mergers, acquisitions, and other special situations

In a merger, the acquiring company must name companies to evaluate the net worth of the target company. However, the approval of the statutory report does not preclude shareholders' right to dissent. Except for specific situations (capital increase due to a merger or public offerings directed at retail investors), shareholders generally benefit from pre-emptive rights on new share or convertible securities issuances, regardless of share class. BIS generally does not support proposals that (re)introduce the creation of a new class of shares with superior voting rights.

Proposals to issue additional shares, establish new share classes, or engage in a debt financing arrangement are assessed on a case-by-case basis. BIS' vote decision on behalf of clients is guided by the information provided by the company, the company's current share structure, and our assessment of whether the changes to the capital structure appear to be in the long-term financial interests of shareholders. In the absence of sufficient disclosure regarding the proposed capital structure changes, we may not support the management proposal.

Similarly, BIS assesses mergers, asset sales, and other special transactions based on the specific circumstances of the company and the details of the proposed transaction.

Executive compensation and benefits

While local law and best practice standards call for the disclosure of management's (executives') compensation, such compensation is often disclosed in aggregate for directors and executives rather than individual allocations. Nevertheless, companies must disclose information on maximum, median, and minimum amounts of compensation. BIS may not support compensation proposals when the company does not present detailed information justifying pay structure or any pay structure changes especially on how the compensation program aligns with the company's long-term financial and/or operational performance, or if there are governance concerns regarding the company's compensation practices.

When reviewing equity compensation plans, we look into potential dilution, history of reasonable equity use over the last three years, general plan features (including management of the plan, vesting periods, repricing of options, excessively discounted exercise prices, and the disclosure of performance criteria) and we vote on a case-by-case basis.

Right to call special meetings

As per local law, shareholders with at least 5% of the company's share capital are allowed to call a special meeting.

Sustainability-related reporting

The CVM has been active in providing guidance to improve the corporate governance regime in Brazil. According to prevailing regulations and best practices, listed companies are required to disclose material information related to governance, including sustainability-related reporting. The reference form filed by Brazilian companies effectively requires disclosure in relation to environmental, social and corporate governance matters in a specific section. According to the regulation, companies are expected to provide information on the existence of audit committees, corporate governance practices, and management diversity. Disclosures related to whistle-blower channels, social responsibility programs, and other sustainability issues are recommended as part of best practices, particularly for companies adhering to the Brazilian Code of Corporate Governance and other voluntary frameworks. In addition, as of 2025, B3 requires listed issuers to disclose environmental, social and corporate governance matters, on a comply or explain basis, by the fifth month after the end of the companies' fiscal year.[19]

At a minimum, companies should report in compliance with these regulations. Where we find concerns or lack of disclosure, we may take voting action on a case-by-case basis.

Chile

Local regulations, including best practice codes inform the corporate governance of listed companies in Chile, in conjunction with rules issued by the Financial Market Commission (*Comisión para el Mercado Financiero* or CMF). Additionally, stock exchanges — the Santiago Stock Exchange and the Chilean Electronic Stock Exchange — have implemented a series of rules for issuers and other market participants.

Boards and directors

Corporate boards of listed companies in Chile are required to have at least five members. However, listed companies that are also required to appoint an independent director and establish a board committee (in certain cases) must have at least seven members. Director terms cannot exceed three years, although board members can be re-elected for subsequent terms. The entire board must be renewed after the expiration of its term as a slate. If a vacancy of a directorship occurs, the board may fill a specific vacancy by appointing an interim director until the next regular shareholder meeting takes place. Then, the entire board must be renewed. To note, our view of independence may vary from local listing standards, as outlined in the "Director independence" section in this document, which apply to all Latin American markets.

Boards of Chilean listed companies are also subject to gender-diversity requirements under Law No. 21.757.[20] The law adopts a comply-or-explain framework, under which no gender should represent more than 60% of the board's composition once the rule is fully implemented. Companies that do not meet the thresholds must disclose to the CMF the reasons for such deviation. CMF will make this information publicly available. Implementation of this rule is progressive:

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[19] B3 S.A. - Brasil, Bolsa, Balcão, "CVM aprova medidas propostas pela B3 para aumentar diversidade em diretoria e conselhos de administração de empresas listadas," 2023, accessed in December 2025.
[20] Biblioteca del Congreso Nacional de Chile, "Ley 21757," August 2025, accessed in December 2025.

- From 2026 to 2028: over-represented gender may comprise up to 80% of the board.
- From 2029 to 2031: over-represented gender may comprise up to 70% of the board.
- From 3031 onwards: over-represented gender may comprise up to 60% of the board.

Auditors and audit-related issues

External auditors are required to be independent. According to Chilean law, an external audit company lacks independence if it directly or indirectly: 1) maintains a significant contractual or credit relationship with the audited company (or any of the companies of its business group); 2) owns securities issued by the audited company (or any of the companies of its business group); or 3) simultaneously provides certain services that are banned (e.g., internal audit services, record-keeping, or representation services). Moreover, individuals participating in external audits are presumed to lack independence when they: 1) qualify as a person related to the audited company; 2) are, or have been within the past 12 months, an employee of the audited company (or any of the companies of its business group); 3) own securities issued by the audited company or its business group; or 4) audit the company for more than five years, among other cases.

BIS generally supports ratification of auditor proposals, unless there is evidence of auditor misconduct, or we have concerns about auditor independence.

Capital structure, mergers, acquisitions, transactions, and other special situations

Mergers, reorganizations, capital reductions, dissolutions, transfers of substantial assets, and granting of collateral or personal guarantees to secure third-party obligations (exceeding certain amounts) are some of the matters that require supermajority vote approval, to protect minority shareholder interests.

Listed companies may enter into related-party transactions provided that: 1) they are intended to contribute to the corporate interest; 2) the transaction is at arms' length as to the market price, terms, and conditions; and 3) the transaction complies with the related-party transaction procedure detailed in the Chilean Corporations Act, which includes pre-approval by the majority of uninterested directors, and in certain cases, by the shareholder meeting, requiring a supermajority vote approval

Companies must present board-approved financial results and auditor reports to shareholders for approval at the annual meeting. These reports typically include the balance sheet and the income statements of the company.

Share buybacks

By local law, share repurchases must be approved by shareholders by a super-majority vote and meet specific criteria; shares must be repurchased in proportion to their share class; and companies may not possess more than 5% of their own subscribed and paid-in share capital.

BIS assesses proposals to issue additional shares, establish new share classes, or engage in a debt financing arrangement assessed on a case-by-case basis (by law, issuance of shares for equity plans have to be paid within three years). BIS' vote decision on behalf of clients is guided by the information provided by the company, the company's current share voting structure, and BIS' assessment of whether the changes to the capital structure appear to be in the long-term financial interests of shareholders. In the absence of sufficient disclosure regarding the amount and purpose of share buybacks and/or the proposed capital structure changes, we may consider voting against the management proposal.

Similarly, we assess mergers, asset sales, and other special transactions based on the specific circumstances of the company and the details of the proposed transaction.

Debt issuances risk rating

BIS will generally support these proposals, as long as they meet legal requirements and are accompanied by sufficient disclosure. If we find concerns about how the particular issuance will affect shareholders' long-term financial interests, we may not support the proposal.

Executive compensation and benefits

Listed companies must disclose director compensation in the annual report with separate figures for travel, bonuses, and other expenses. As a result, shareholders have information with which to evaluate director compensation proposals.

Shareholders are not asked to approve the compensation of executives. However, the aggregate compensation figure for the principal officers of listed companies must be disclosed in the annual report.

General corporate governance matters

Amendment of bylaws requires the approval of the majority of voting stock at a shareholder meeting, except for certain matters that require supermajority vote approval. BIS will generally vote against a proposal to amend bylaws, unless sufficient information has been provided for investors to reasonably understand the implications of the proposal. We look to companies to disclose their adoption of codes of good governance, such as principles established by the Organization for Economic Co-operation and Development (OECD), or justify their non-adoption.

Right to call special meetings

As per Chilean law, shareholders with at least 10% of the company's share capital are allowed to call a special meeting.

Sustainability-related reporting

The CMF has been active in providing rules to improve the corporate governance regime in Chile. According to current regulations, listed companies are compelled to provide information in their annual reports about the existence of internal audit committees, corporate social responsibility programs, whistle-blower reporting channels, and the composition of management teams (in relation to gender, nationality, age, and length of tenure for board members, management, and other executives), as well as other sustainability-related reporting requirements. At a minimum, companies should report in compliance with these regulations. Where we find concerns or lack of disclosure, we may take voting action on a case-by-case basis.[21]

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[21] Starting on January 2027, public companies shall prepare an integrated annual report in accordance with ISSB standards IFRS S1 and S2 (for the fiscal year 2026). Companies with assets of less than UF 1 million are exempt from this requirement. Public companies shall also report sustainability metrics that are relevant to their business under relevant Sustainable Industry Classification System (SICS) categories. If a metric cannot be reported by a company, it must explain the reasons for such circumstance. Source: Comision Para El Mercado Financiero, "CMF issues regulation perfecting instructions to prepare Integrated Annual Reports," October 2024, and "Norma de Caracter General N°519," October 2024. Websites accessed in December 2025.

Colombia

Corporate governance in Colombia is regulated by the Colombian Stock Exchange (*Bolsa de Valores de Colombia* or BVC) and the Financial and Securities Superintendence (*Superintendencia Financiera de Colombia*). Additionally, local law provides the legislative framework for regulation and basic principles of corporate governance for companies registered in the National Registry of Securities and Issuers (*Registro Nacional de Valores y Emisores or* RNVE).

Furthermore, the Colombian Corporate Governance Best Practices Code (*Código País* or the Code) outlines corporate governance practices that comprise measures recommended for Colombian issuers, although they are not compulsory under law. The Code has been implemented through a comply-or-explain approach, and companies report their compliance on an annual basis.

Boards and directors

Boards of directors of companies registered in the RNVE in Colombia must comprise a minimum of five directors and a maximum of 10; 25% of directors must be independent. To note, our view of independence may vary from local listing standards and may have a stricter definition of independence and "affiliations," as outlined in the "Director independence" section in this document, which applies to all Latin American markets.

For companies registered in the RNVE that have majority of State participation, 30% of directors must be women (this requirement shall be complied with by 2026). The separation of chairman and legal representative positions is mandated by law. In addition, the law establishes criteria to classify independent directors, including not having: 1) employment by the issuer, any of its affiliates, or controlling entities; 2) status as a controlling shareholder of the issuer; 3) status as a shareholder or employee of a company that renders consulting services to the issuer, when the income received for such services represents more than 20% of the income of the company; 4) involvement with a non-profit organization to which the issuer makes substantial charitable payments; 5) status as manager of a company in which a legal representative of the issuer acts as a member of the board of directors; and 6) receiving from the issuer remuneration that is different from the fees paid for being a member of the board of directors or a committee. An audit committee is the only board committee required by local law and must be comprised of at least three directors, including all the independent directors on the board. Additionally, the chair of such committee should be independent. The Code standards suggest the establishment of a nominating and compensation committee and a risk committee, as well as a corporate governance committee. According to the Code, each of these committees must have internal regulations.

The Code includes certain recommendations for the process for electing directors. These include the classification of the nominated directors as independent representatives, executives, or shareholders of the issuer. Recommended disclosure also includes details of the candidates' qualifications and experience.

Auditors and audit-related issues

Public companies in Colombia must have an external auditor (*revisor fiscal)* that is elected by shareholders. The Code recommends the disclosure of the compensation paid to the external auditor and the establishment of a policy for the appointment of the external auditor. In the absence of contentious allegations surrounding the financial accounts of the company, BIS generally votes for the appointment of the board-selected auditors.

Capital structure, mergers, acquisitions, transactions, and other special situations

Common shares carry one vote per share. Share classes with multiple voting rights are not allowed, although preferred shares carrying no votes are permitted in the capital structure. Shareholders have preemptive rights on new share issuances, regardless of share class. Shareholder approval is required for share issuances without preemption. Companies typically seek approval for the creation of a pool of capital for general issuances.

Colombian companies must present annual accounts and statutory reports to shareholders for approval at the annual meeting. These reports typically include a chairman's letter, balance sheet, income statement, and explanatory notes in accordance with applicable IFRS guidance.

BIS assesses proposals to issue additional shares, establish new share classes, or engage in a debt financing arrangement on a case-by-case basis. BIS' voting decision on behalf of clients is guided by the information provided by the company, the company's current share structure, and our assessment of whether the changes to the capital structure appear to be in the long-term financial interests of shareholders. In the absence of sufficient disclosure regarding the proposed capital structure changes, we may not support the management proposal.

Similarly, mergers, asset sales, and other special transactions are assessed based on the specific circumstances of the company and the details of the proposed transaction.

Right to call special meetings

Per local law, shareholders with the percentage of the company's share capital established in the bylaws are allowed to call a special meeting. If the bylaws do not establish a specific percentage for these purposes, local law provides that shareholders with at least 20% of the company's share capital may call a special meeting.

Executive compensation and benefits

Best practice calls for the disclosure of the compensation policies for CEOs, directors, auditors, and consultants. Moreover, the Code recommends that shareholders approve the general policy of compensation of board members (not executives), and that the board establishes a compensation committee. The general policy of compensation for executives must be approved by the board of directors.

General corporate governance matters

The amendment of articles requires the approval of the majority of votes cast at a shareholder meeting, unless the articles of incorporation stipulate a different vote requirement. BIS will generally not support a proposal to amend articles or bylaws unless sufficient disclosure allows investors to reasonably understand the implications of the proposal.

Mexico

Mexico's corporate governance guidelines are largely regulated by local law which also applies to companies listed on the Mexican Stock Exchanges. Additionally, most public companies in Mexico also voluntarily adhere to at least some provisions of the 2018 Mexican Corporate Governance Code (*Código de Principios y Mejores Prácticas Corporativas* or the Code), developed by the Enterprise and Coordination Council (*Consejo Coordinador Empresarial* or CCE). While compliance with the Code is not mandatory, listed companies must disclose their compliance with the Code once a year.

Boards and directors

Most Mexican companies are governed by a single-tier board of directors. In accordance with applicable law, the board must not have more than 21 members; the Code provides for a minimum of three. At least 25% of the board must be independent, and any shareholder who owns 10% of voting shares is entitled to appoint at least one board member. Our view of independence may vary from local listing standards, as outlined in the "Director independence" section in this document, which apply to all Latin American markets.

Directors have a duty of loyalty and a duty of care to the company's shareholders. Liability actions derived from the breach of such duties may be initiated by the shareholders of the company.

Mexican listed companies are required by law to establish an audit and corporate governance committee comprised of independent directors. Furthermore, in accordance with applicable law, board committees should consist of no fewer than three directors; the Code provides for a maximum of seven directors. The chairman of these committees must be appointed by the shareholders. The remaining committee members are appointed by the board of directors.

Share buybacks

Local law states that repurchase of shares must be approved by shareholders and should meet specific criteria. In most cases, however, terms are not disclosed. As a result, BIS votes on these ballot items on a case-by-case basis, depending on the level of information disclosed publicly, as well as the company's track record.

Auditors and audit-related issues

Companies often have an internal auditor to manage day-to-day operations. They must also have an external auditor nominated and approved by the board. There are restrictions on the types of non-audit services and the amount of revenue thus generated that an auditor can provide to the company and still be considered independent.

If submitted for shareholder approval, in the absence of contentious allegations surrounding the financial accounts of the company, BIS generally votes for the appointment of the board-selected auditors.

Capital structure, mergers, acquisitions, transactions, and other special situations

Mexican companies are allowed to create multiple classes of stock with special rights. Capital structures include multiple voting share classes with special voting rights for each. Non-voting or limited voting shares may be issued, and companies are required to disclose through the stock exchanges the characteristics of their capital structure and the rights or restrictions applicable to each class or series of shares. Among others, the following transactions require shareholder approval: mergers and acquisitions; spin-offs; reorganizations; private placements; liquidations; and related party transactions that represent more than 20% of the company's consolidated assets based on the figures corresponding to the preceding quarter (transactions under such threshold require approval by the board). Due to the closely held nature of most companies, these transactions are generally not hostile.

The board must present financial results and director and auditor reports to shareholders for approval at the annual meeting. These reports typically include a letter from the board, a report from the CEO, balance sheet, and income statements.

Shareholders may delegate to the board of directors the authority to approve capital increases and the terms of subscription, including the authority to exclude the right of first refusal to existing shareholders for each subscription.

BIS assesses proposals to issue additional shares, establish new share classes, or engage in a debt financing arrangement on a case-by-case basis. BIS' voting decision on behalf of clients is guided by the information provided by the company, the company's current share structure, and our assessment of whether the changes to the capital structure appear to be in the long-term financial interests of shareholders. In the absence of sufficient disclosure regarding the proposed capital structure changes, we may not support the management proposal.

Similarly, BIS assesses mergers, asset sales, and other special transactions based on the specific circumstances of the company and the details of the proposed transaction.

Right to call special meetings

As per local law, shareholders with at least 10% of the company's share capital are allowed to call a special meeting.

Executive compensation and benefits

In Mexico, director and executive compensation disclosures are limited. Consistent with this document, BIS encourages enhanced disclosures that enable institutional investors to make informed voting decisions.

General corporate governance matters

BIS will generally not support a proposal to amend articles or bylaws unless sufficient disclosure allows investors to reasonably understand the implications of the proposal.

Shareholder proposals are rare in Mexico.

Peru

Peruvian corporate governance is primarily centered on Peruvian Company Law, Peruvian Securities Law, the Code for Good Corporate Governance for Peruvian Corporations *(Código de Buen Gobierno Corporativo para las Sociedades Peruanas* or the Code) and the Sustainability Corporate Report (*Reporte de Sostenibilidad Corporativa*), among others. Companies are encouraged to disclose information regarding shareholder structure, director independence, board committees, compensation, compliance and transparency, among others. The Code operates on a comply-or-explain basis.

At annual shareholder meetings, Peruvian companies generally seek: 1) the election of directors; 2) approval of the compensation of the directors; 3) approval of income allocation and dividends; 4) the election of the external auditor and approval of their compensation; and 5) approval of financial statements and discharge of directors.

Boards and directors

Peruvian issuers should publish information regarding the names and biographies of director nominees simultaneous with the public announcement of the shareholder meeting, approximately 30 to 45 days (but at least 10 days) prior to the meeting.

BIS evaluates available information, and looks for companies to disclose additional details, consistent with this document. When we find concerns, we may abstain from supporting director elections or oppose them, given the market voting standards.

The Code recommends that at least one-third of the board members be independent, and that they meet the criteria for independence as defined by applicable regulations. However, our view of independence may vary from local listing standards, as outlined in the "Director independence" section in this document, which apply to all Latin American markets.

BIS generally votes to support proposals regarding director compensation unless the proposed compensation is inconsistent with director compensation at similar companies or is not in the long-term financial interests of shareholders. Information regarding director compensation is usually presented to shareholders after the annual meeting has taken place reporting on an aggregated basis, rather than providing details of payments to each director.

BIS generally votes in support of the discharge of the board and management, provided sufficient information has been disclosed to shareholders and there are no unresolved allegations regarding misconduct by the board or management.

Auditors and audit-related issues

In the absence of contentious allegations surrounding the financial accounts of the company, BIS generally votes for the appointment of the board-selected auditors and approves their compensation. Consistent with regulatory requirements, audit partners should be independent.

Capital structure, mergers, acquisitions, transactions and other special situations

BIS assesses proposals to issue additional shares, establish new share classes, or engage in a debt financing arrangement on a case-by-case basis. BIS' vote decision on behalf of clients will be guided by the information provided by the company, the company's current share structure, and our assessment of whether the changes to the capital structure appear to be in the long-term financial interests of shareholders. In the absence of sufficient disclosure regarding the proposed capital structure changes, we may not support the management proposal.

Similarly, BIS assesses mergers, asset sales, and other special transactions based on the specific circumstances of the company and the details of the proposed transaction.

Right to call special meetings

Under local law, shareholders with at least 5% of the company's share capital are allowed to call a special meeting. If the request is denied, a single shareholder holding just one share may call the meeting.

Executive compensation and benefits

Although the Code encourages disclosure of information regarding the compensation of senior management, in practice, such information is generally not provided to shareholders. Shareholders are not asked to approve compensation for executives.

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