Proxy Voting and Shareholder Engagement FAQ

1 What is a proxy vote?

As an independent asset manager, BlackRock holds shares of a wide range of companies on behalf of our clients. These shares entitle the holders to vote on various issues put forth by the company and its shareholders at the company's annual meeting or at a special meeting. If a shareholder is unable to attend the meeting in person they may elect to vote their shares by means of a proxy ballot. BlackRock votes these proxies on behalf of clients that have given us the authority to do so. Examples of issues that might be included on a proxy ballot are the election of the board of directors, ratification of auditors, approval of executive compensation plans, and approval of proposed mergers and acquisitions.

2 Who at BlackRock is responsible for voting proxies of companies held in clients' accounts?

BlackRock's proxy voting process is led by our Investment Stewardship team, which consists of three regional teams (Americas, Asia-Pacific, and Europe, Middle East and Africa) located in five offices around the world. In addition to its own professional staff, the Investment Stewardship team draws upon the expertise of BlackRock's portfolio managers, researchers and other internal and external resources globally.

We see our corporate governance program as an investment function because it is focused on company leadership and management, not compliance. We work closely with portfolio managers, acting as a clearing house across BlackRock's investment teams, with the intention to present a consistent message to companies about governance.

The proxy voting process is overseen by our Global Oversight Committee, comprised of BlackRock's most senior equity investment professionals.

3 Does BlackRock vote proxies for every annual meeting of companies for whom it holds shares?

We aim to vote at 100% of meetings where our clients have given us authority to vote their shares – thus we vote at approximately 16,500 shareholder meetings across more than 90 markets each year. With regards to non-U.S. assets generally, we have approximately a 90% success rate in voting our funds' assets. Of the remaining, 8% were uninstructed due to shareblocking and 2% are unexecuted due to either the fund's leverage or market-based impediments such as ballots received post cut-off date or post meeting date.

4 Does BlackRock make its proxy voting record publicly available?

Yes. At the end of August each year we file a full voting record (known as Form N-PX filings) with the U.S. Securities and Exchange Commission, and publish the link to those filings on our website.

We also publish an annual review that provides a fuller explanation of our thinking on corporate governance and how we put it into practice.

5 How does BlackRock determine how to vote on specific issues?

Overall, we seek to vote our clients' shares in a way that our analysis suggests is in the best long-term economic interests.

In making that analysis we may take into account company-specific circumstances, but generally, we vote in accordance with our published investment stewardship principles and market-specific voting guidelines, which are available on our website.

These address our views on issues such as:

- boards and directors,
- accounting and audit-related issues,
- capital structure, mergers, asset sales and other special transactions,
- compensation and benefits,
- social, ethical and environmental issues, and
- general corporate governance matters.

We do not disclose publicly in advance of a meeting how we have voted or intend to vote.

6 How does BlackRock vote on management and shareholder proposals? Are there circumstances in which BlackRock abstains from voting?

We seek to vote on such proposals in a way that our analysis suggests is in the best long-term economic interests of clients. Our guidelines provide a framework for us in making those decisions; we may divert from those guidelines if there is a compelling reason. As with other voting matters, we assess management and shareholder proposals on a case-by-case basis.

In practice, acting in the best long-term economic interests of clients means sometimes being supportive of management and sometimes being supportive of shareholder proposals. When we do not believe management is acting in the best interests of stockholders, we seek to challenge the status quo through engagement, including voting on proposals and director elections. We provide summary statistics on our voting in our annual review, available on our website.

The main issues on which we withhold support are director elections (usually related to concerns about director independence or performance), capital raising, poor disclosure, and executive compensation. We recognize that more than one governance model may be effective, so we take a pragmatic approach. Our objective is to protect the value of our client's assets rather than to insist on full compliance with a single definition of good governance practices.

We may support shareholder proposals when, in our analysis, the company has not already taken sufficient steps to address the concern and when there is a clear and material economic risk to the company if it is not addressed.

7 Does BlackRock follow the recommendations of proxy advisors such as ISS and Glass Lewis?

We subscribe to a number of different research products which we take into consideration when deciding how to vote at U.S. company meetings. We do not follow the recommendations of any one provider but make our voting decision based on what we consider to be in the best long-term economic interests of fund investors.

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8 Does BlackRock engage with companies in addition to proxy voting?

Yes. We believe that shareholders should largely support management and that when it is necessary to challenge management and boards, the most effective means for communicating concerns is through direct engagement. We engaged with roughly 1500 companies around the world in 2016. When we engage successfully and companies adjust their approach, most observers are never aware of that engagement. As a long-term investor, we believe it pays to be patient (and persistent) in achieving the outcome that is most consistent with the economic interests of our clients. We sometimes support management on issues in the short term while they work through changes over the long-term. We typically only vote against management when direct engagement has failed.

At BlackRock, engagement encompasses a range of activities from brief conversations to a series of one-on-one meetings with companies. In essence though, it is about communicating to companies our concerns about issues that have the potential to materially impact long-term economic performance. Our preferred approach is to encourage companies to change their practices where we feel it is needed, rather than to divest their shares (which is, in any case, not generally possible for our passively managed or index funds).

Our engagement activities make an important contribution toward fulfilling our fiduciary duty to fund investors to protect and enhance their long-term economic interests in the companies in which we invest on their behalf.

9 Why does BlackRock take such large positions in some companies? What is the Firm's investment intention?

While BlackRock has substantial shareholdings in many companies, this simply reflects our position as one of the largest fund managers in the world. And, as a fiduciary investor we are investing only on behalf of our clients for customary investment reasons. The scale of the assets clients entrust to us means that, even as a well-diversified investor, we will in some markets have significant holdings in certain companies. Further, the majority of our equity investments – about 2/3 – are made through our index-tracking or passive portfolios. For these funds, this means that we have not taken a fundamental investment view on a company in making an investment.

For our active or fundamental portfolios, we do not reveal publicly our investment rationale in relation to individual companies.

10 How does BlackRock integrate environmental, social and governance (ESG) factors into its investment process?

We vote and engage on ESG issues across all portfolios. Our fundamental portfolio managers routinely consider potential economic risks or opportunities related to SEE issues when making investment decisions. By their nature, index funds can't take ESG factors into account in investment selection, unless they are bespoke indices where ESG factors are used as a screen. BlackRock is a signatory of the PRI and has participated in a number of initiatives under its auspices.