BlackRock Investment Stewardship

Proxy voting guidelines for Benchmark Policies – Canadian securities

Effective as of January 2026

BlackRock®

NM1225U-5078150-1/26

Contents

NM1225U-5078150-2/26

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 Canadian 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.

Under Canadian securities laws, publicly offered mutual funds, such as the Canadian iShares funds, have certain voting prohibitions if such funds hold another public mutual fund that is managed by the same manager or an affiliate. Certain voting restrictions are also a condition in no-action relief, permitting BlackRock-sponsored Canadian funds to exceed certain control thresholds of other non-Canadian BlackRock-sponsored funds. As a result, any BlackRock-sponsored Canadian funds that hold other BlackRock-sponsored fund(s) are not permitted to vote any proxies received from such underlying BlackRock-sponsored fund(s), even if the voting would be conducted by an independent third-party voting service provider.

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

---

[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.

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' vote 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 impede 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 or 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 economic 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[3]

[3] For companies listed on the Toronto Stock Exchange (TSX), companies should disclose, as required by law, the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year pursuant to National Instrument 58-101 Disclosure of Corporate Governance Practices, item 1(g) of Form 58-101F1.

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 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.

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. Our view of independence may vary from listing standards.

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
- Interlocking directorships with management

We may not support directors who we do not consider to be independent, including at controlled companies, when we believe oversight could be enhanced with greater independent director representation. We may also not support the chair of the nominating/governance committee, or where no chair exists, the nominating/governance committee member with the longest tenure.

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[4]	**2**
Non-Executive Directors	**4**

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

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

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-Canadian public boards.

Board structure

Classified board of directors/staggered terms

We look to directors to be re-elected annually. Classification of the board generally limits shareholders' rights to regularly evaluate a board's performance and select directors. While we will typically support proposals requesting board de-classification, we may make exceptions, should the board articulate an appropriate strategic rationale for a classified board structure. This may include when a company needs consistency and stability during a time of transition, e.g., newly public companies or companies undergoing a strategic restructuring. A classified board structure may also be justified at non-operating companies, e.g., closed-end funds or business development companies (BDCs), in certain circumstances. [5] However, in these instances, we look to the board to periodically review the rationale for a classified structure and consider when annual elections might be more appropriate.

Without a voting mechanism to immediately address concerns about a specific director, we may choose to vote against the directors up for election at the time. See "Shareholder rights" under the "Shareholder rights and board responsiveness" section for additional detail.

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.

In the absence of a significant governance concern, we defer to boards to designate the most appropriate leadership structure to provide adequate balance and independence.[6] 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.

---

[5] A BDC is a special investment vehicle under the Investment Company Act of 1940 that is designed to facilitate capital formation for small and middle-market companies.
[6] To this end, we do not typically support 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.

The following table illustrates examples of responsibilities under each board leadership model: [7]

	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 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.

[7] 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.

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 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 for effectiveness. However, we may not support the appropriate 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.[8] We assess company boards on a case-by-case basis and may not support the election of members of the nominating/governance committee where an S&P/TSX Composite company board is a sustained outlier compared to market practice in terms of its variety of experiences, perspectives, and skillsets.[9]

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[10]
- 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

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 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.

---

[8] Osler, Hoskin & Harcourt LLP, "2025 Diversity Disclosure Practices," October 2025, accessed in December 2025.
[9] 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.
[10] Under the Canada Business Corporates Act, publicly traded companies must disclose information to their shareholders and Corporations Canada on the diversity of their boards of directors and senior management teams, focusing on the representation of four designated groups: women, Indigenous peoples (First Nations, Inuit, and Métis), persons with disabilities, and members of visible minorities. Website accessed in December 2025.

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 withhold or 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

Majority vote requirements

We look to directors to be elected by a majority of the shares voted. We will normally support proposals seeking to introduce bylaws requiring a majority vote standard for director elections. Majority vote standards generally assist in ensuring that directors who are not broadly supported by shareholders are not elected to serve as their representatives. As a best practice, companies with either a majority vote standard or a plurality vote standard should adopt a resignation policy for directors who do not receive support from at least a majority of votes cast, unless they are incorporated under the Canada Business Corporations Act. Where the company already has a sufficiently robust majority voting process in place, we are unlikely to support a shareholder proposal seeking an alternative mechanism.

We note that majority voting may not be appropriate in all circumstances, for example, in the context of a contested election, or for majority-controlled companies or those with concentrated ownership structures.

Since 2014, Toronto Stock Exchange (TSX) issuers have been required to have majority voting policies under which directors who do not receive support from at least a majority of the votes cast are required to submit a resignation for consideration by the remaining board members. If a director receives less than a majority of votes for their election, we expect the board to accept the requisite resignation from such director, absent circumstances which we deem to be exceptional in our assessment of the board's disclosure of its rationale for not accepting the resignation.[11] If a board refuses to accept a resignation in

---

[11] Under most Canadian corporate laws, shareholders can either vote "for" a director or "withhold" their vote. This means that directors can be elected by just one "for" vote, even if they receive more "withhold" votes. However, under the Canada Business Corporations Act, shareholders of all publicly-traded companies governed by that Act, including venture issuers, must be afforded the opportunity to vote "for" or "against" a nominee for director in an uncontested election and the individual is elected only if they receive a majority of "for" votes. This addresses the fact that under the TSX Majority Voting Requirements, directors who do not

circumstances we deem to be not exceptional, we may not support the election of the board Chair and/or the chair of the nominating/governance committee, or where no chair exists, the nominating/governance committee member with the longest tenure.

Cumulative voting

As stated above, a majority vote standard is generally in the best long-term financial interests of shareholders, as it enhances director accountability through the requirement to be elected by more than half of the votes cast. As such, we will generally oppose proposals requesting the adoption of cumulative voting, which may disproportionately aggregate votes on certain issues or director candidates.

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.

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

---

receive a majority of votes are only required to tender their resignation, with the board deciding whether to accept it. While resignations must be accepted absent "exceptional circumstances," in practice this provision has resulted in defeated directors remaining on boards.

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.

Blank check preferred stock

We frequently oppose proposals requesting authorization of a class of preferred stock with unspecified voting, conversion, dividend distribution, and other rights (blank check preferred stock) because they may serve as a transfer of authority from shareholders to the board and as a possible entrenchment device. We generally view the board's discretion to establish voting rights on a "when-issued" basis as a potential anti-takeover device, as it affords the board the ability to place a block of stock with an investor sympathetic to management, thereby foiling a takeover bid without a shareholder vote.

Nonetheless, we may support the proposal where the company:

- Appears to have a legitimate financing motive for requesting blank check authority
- Has committed publicly that blank check preferred shares will not be used for anti-takeover purposes
- Has a history of using blank check preferred stock for financings
- Has blank check preferred stock previously outstanding such that an increase would not necessarily provide further anti-takeover protection but may provide greater financing flexibility

Increase in authorized common shares

BIS evaluates requests to increase authorized shares on a case-by-case basis, in conjunction with industry-specific norms and potential dilution, as well as a company's history with respect to the use of its common shares.

Increase or issuance of preferred stock

We generally support proposals to increase or issue preferred stock in cases where the company specifies the voting, dividend, conversion, and other rights of such stock and where the terms of the preferred stock appear reasonable.

Stock splits

We generally support stock splits that are not likely to negatively affect the ability to trade shares or the economic value of a share. We generally support reverse stock splits that are designed to avoid delisting or to facilitate trading in the stock, where the reverse split will not have a negative impact on share value (e.g., one class is reduced while others remain at pre-split levels). In the event of a proposal for a reverse split that would not proportionately reduce the company's authorized stock, we apply the same analysis we would use for a proposal to increase authorized stock.

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.[12] 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.

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

---

[12] 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.

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 six months of adoption or implementation. We also do not support the adoption of success rights plans (including limited duration rights plans) as a means to avoid obtaining shareholder approval.

Reimbursement of expense for successful shareholder campaigns

We generally do not support shareholder proposals seeking the reimbursement of proxy contest expenses, even in situations where we support the shareholder campaign. Introducing the possibility of such reimbursement may incentivize disruptive and unnecessary shareholder campaigns.

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. [13] 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

[13] 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.[14] 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.

"Say on Pay" advisory resolutions

In cases where there is a "Say on Pay" vote, BIS' evaluation of compensation practices at that particular company will inform our vote decision for or against the proposal, on behalf of clients and in a manner that appropriately addresses the specific question posed to shareholders. Where we conclude that pay and performance are misaligned, we may not support the management compensation proposal and/or relevant compensation committee members.

Frequency of "Say on Pay" advisory resolutions

BIS will generally support annual advisory votes on executive compensation. It is our view that shareholders should have the opportunity to express feedback on annual incentive programs and changes to long-term compensation before multiple cycles are issued. Where a company does not conduct a "Say on Pay" advisory vote within the frequency period that received the most support from shareholders or a "Say on Pay" resolution is omitted without explanation, BIS 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

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

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. This includes, but is not limited to, settlement agreements arising from such behavior and paid for directly by the company. 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.

Equity compensation plans

BIS supports equity plans that align the financial interests of directors, managers, and other employees with those of shareholders. We look to boards to establish policies prohibiting the use of equity awards in a manner that could disrupt the intended alignment with shareholders' financial interests, such as the limited recourse pledging or hedging of stock. We may support shareholder proposals requesting the establishment of such policies.

Our evaluation of equity compensation plans is based on a company's executive pay and performance relative to peers and whether the plan plays a significant role in a pay-for-performance disconnect. We generally oppose plans that contain "evergreen" provisions, which allow for automatic annual increases of shares available for grant without requiring further shareholder approval; we note that the aggregate impacts of such increases are difficult to predict and may lead to significant dilution. We also generally oppose plans that allow for repricing without shareholder approval. We may oppose plans that provide for the acceleration of vesting of equity awards even in situations where an actual change of control may not occur. We encourage companies to structure their change of control provisions to require the termination of the covered employee before acceleration or special payments are triggered (commonly referred to as "double trigger" change of control provisions).

We find it helpful when companies submit their equity compensation plans for shareholder approval more frequently than required by listing exchange standards to facilitate the timely consideration of evolving plan governance practices. Particularly when share reserve requests grow significantly versus prior plans, we look to boards to clearly explain any material factors that may potentially contribute to changes from the company's past equity usage. We may support an equity plan share request if we determine that support for such plan is in the best interests of shareholders. However, we may also not support members of the compensation committee to signal our concerns about the structure or design of the equity compensation plan or the company's equity grant practices and the imprudent use of equity.

Golden parachutes

We generally view golden parachutes as encouragement to management to consider transactions that might be beneficial to shareholders. However, a large potential payout under a golden parachute arrangement also presents the risk of motivating a management team to support a sub-optimal sale price for a company.

When determining whether to support or oppose an advisory vote on a golden parachute plan, BIS may consider several factors, including:

- Whether we determine that the triggering event is in the best interests of shareholders
- Whether management attempted to maximize shareholder value in the triggering event

- The percentage of total premium or transaction value that will be transferred to the management team, rather than shareholders, as a result of the golden parachute payment
- Whether excessively large excise tax gross-up payments are part of the pay-out
- Whether the pay package that serves as the basis for calculating the golden parachute payment was reasonable in light of performance and peers
- Whether the golden parachute payment will have the effect of rewarding a management team that has failed to effectively manage the company

It may be difficult to anticipate the results of a plan until after it has been triggered. As a result, BIS may not support a golden parachute proposal even if the golden parachute plan under review was approved by shareholders when it was implemented.

We may support shareholder proposals requesting that implementation of such arrangements require shareholder approval.

Option repricings/exchanges

There may be instances where underwater options create an overhang on a company's capital structure and a repricing or option exchange may be warranted. We evaluate these instances on a case-by-case basis. BIS may support a request to reprice or exchange underwater options under the following circumstances:

- The company has experienced significant stock price decline as a result of macroeconomic trends, not individual company performance
- Directors and executive officers are excluded; the repricing or option exchange is value neutral or value creative to shareholders; tax, accounting, and other technical considerations have been fully contemplated
- There is clear evidence that absent repricing or option exchange, employee incentives, retention, and/or recruiting may be impacted

BIS may also support a request to reprice or exchange underwater options in other circumstances, if we determine that the repricing or option exchange is in the best interests of shareholders. We may not support members of the compensation committee where a board implements or approves a repricing or option exchange without shareholder approval. Where such a repricing or option exchange includes named executive officers, we may also not support the company's annual advisory vote on executive compensation, and if such proposal is not on the ballot, we may not support the election of the compensation committee chair.

Supplemental executive retirement plans

BIS may support shareholder proposals requesting to put extraordinary benefits contained in supplemental executive retirement plans (SERP) to a shareholder vote unless the company's executive pension plans do not contain excessive benefits beyond what is offered under employee-wide plans.

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.[15]

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.[16] 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 and 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.[17, 18] 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.

---

[15] 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.

[16] 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.

[17] 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. Website accessed in December 2025.

[18] 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 (as implemented in Canada by the Canadian Sustainability Standards Board) 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 a 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, contemplate 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.[19] 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.[20]

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,

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

[20] 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.[21]

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.

[21] 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.

Further, if a company qualifies as an emerging growth company (an EGC) under the Jumpstart Our Business Startups Act of 2012 (the JOBS Act), we will give consideration to the NYSE and NASDAQ governance exemptions granted under the JOBS Act for the duration such a company is categorized as an EGC. An EGC should have an independent audit committee by the first anniversary of its IPO, with our standard approach to voting on auditors and audit-related issues applicable in full for an EGC on the first anniversary of its IPO.

Corporate form

In our view, it is the responsibility of the board to determine the corporate form that is most appropriate given the company's purpose and business model.[22] We look to companies proposing to change their corporate form to a public benefit corporation (PBC) or similar entity, to put it to a shareholder vote if not already required to do so under applicable law. We appreciate when the supporting documentation from companies or shareholders proposing to alter the corporate form clearly explains how the interests of shareholders and different stakeholders would be impacted as well as the accountability and voting mechanisms that would be available to shareholders. As a fiduciary on behalf of clients, we generally support management proposals to convert to a PBC if our analysis indicates that shareholders' financial interests are adequately protected. Corporate form shareholder proposals are evaluated on a case-by-case basis.

Exclusive forum provisions

BIS generally supports proposals to seek exclusive forum for certain shareholder litigation. In cases where a board unilaterally adopts exclusive forum provisions that we consider unfavorable to the interests of shareholders, we will not support the independent Chair or Lead Independent Director and members of the nominating/governance committee.

---

[22] Corporate form refers to the legal structure by which a business is organized.

Reincorporation

We evaluate the economic and strategic rationale behind the company's proposal to reincorporate on a case-by-case basis. In all instances, we evaluate the changes to shareholder protections under the new charter/articles/bylaws to assess whether the move increases or decreases shareholder protections. Where we find that shareholder protections are diminished, we may support reincorporation if we determine that the overall benefits outweigh the diminished rights.

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.

Adjourn meeting to solicit additional votes

We generally support such proposals unless the agenda contains items that we judge to be detrimental to shareholders' best long-term economic interests.

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 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.

Shareholder protections

Amendment to charter/articles/bylaws

As a general principle, we consider it best practice when shareholders have the right to 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.

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.

Proxy access

It is our view that long-term shareholders should have the opportunity, when necessary and under reasonable conditions, to nominate directors on the company's proxy card.[23]

Securing the right of shareholders to nominate directors without engaging in a control contest can enhance shareholders' ability to meaningfully participate in the director election process, encourage board attention to shareholder interests, and provide shareholders an effective means of directing that attention where it is lacking. Proxy access mechanisms should provide shareholders with a reasonable opportunity to use this right without stipulating overly restrictive or onerous parameters for use, and also provide assurances that the mechanism will not be subject to abuse by short-term investors, investors without a substantial investment in the company, or investors seeking to take control of the board.

In general, we support market-standardized proxy access proposals, which allow a shareholder (or group of up to 20 shareholders) holding three percent of a company's outstanding shares for at least three years the right to nominate the greater of up to two directors or 20% of the board. Where a standardized proxy access provision exists, we will generally oppose shareholder proposals requesting outlier thresholds.

Right to act by written consent

In exceptional circumstances and with sufficiently broad support, shareholders should have the opportunity to raise issues of substantial importance without having to wait for management to schedule a meeting. Accordingly, we consider it good practice when shareholders have the right to solicit votes by written consent provided that: 1) there are reasonable requirements to initiate the consent solicitation process in order to avoid the waste of corporate resources in addressing narrowly supported interests; and 2) shareholders receive a minimum of 50% of outstanding shares to effectuate the action by written consent.

We may oppose shareholder proposals requesting the right to act by written consent in cases where the proposal is structured for the benefit of a dominant shareholder to the exclusion of others, or if the proposal is written to discourage the board from incorporating appropriate mechanisms to avoid the waste of corporate resources when establishing a right to act by written consent. Additionally, we may oppose shareholder proposals requesting the right to act by written consent if the company already provides a shareholder right to call a special meeting that offers shareholders a reasonable opportunity to raise issues of substantial importance without having to wait for management to schedule a meeting.

Right to call a special meeting

In exceptional circumstances and with sufficiently broad support, in our view shareholders should have the opportunity to raise issues of substantial importance without having to wait for management to

---

[23] BlackRock is subject to certain 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, including our ability to submit shareholder proposals or nominate directors for election to the board. Non-compliance with these rules could adversely affect BlackRock's ability to serve its clients' interests.

schedule a meeting. Accordingly, shareholders should have the right to call a special meeting in cases where a reasonably high proportion of shareholders (typically a minimum of 15% but no higher than 25%) are required to agree to such a meeting before it is called. However, we may oppose this right in cases where the proposal is structured for the benefit of a dominant shareholder, or where a lower threshold may lead to an ineffective use of corporate resources. We generally think that a right to act via written consent is not a sufficient alternative to the right to call a special meeting.

Consent solicitation

While BIS is supportive of the shareholder rights to act by written consent and call a special meeting, 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, including our ability to participate in consent solicitations. As a result, BIS will generally not participate in consent solicitations or related processes. However, once an item comes to a shareholder vote, we uphold our fiduciary duty to vote in the best long-term financial interests of our clients, where we are authorized to do so.

Simple majority voting

We generally favor a simple majority voting requirement to pass proposals, while allowing the company discretion regarding the calculation of the majority. Therefore, we will generally support the reduction or the elimination of supermajority voting requirements to the extent that we determine shareholders' ability to protect their economic interests is improved. Nonetheless, in situations where there is a substantial or dominant shareholder, supermajority voting may be protective of minority shareholder interests, and we may support supermajority voting requirements in those situations.

BIS supports director elections by majority vote, as mandated by the TSX Majority Voting Requirements.

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.

NM1225U-5078150-25/26

Want to know more?

blackrock.com/stewardship | contactstewardship@blackrock.com

This document is provided for information and educational purposes only. Investing involves risk, including the loss of principal.

Prepared by BlackRock, Inc.

NM1225U-5078150-26/26