

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 authorized us 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 the BlackRock Investment Stewardship (BIS) team, which consists of three regional teams - Americas, Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA") - located in seven offices around the world.

BIS is strategically positioned as an investment function and bridges BlackRock's various portfolio management groups. It helps to protect and enhance the value of our clients' assets across the full range of mandates that includes alpha-seeking, factor, indexing, and sustainability strategies. The team confers regularly with BlackRock's equity and credit analysts and portfolio managers to share insights on material ESG topics relevant to investment decisions.

BIS maintains three regional advisory committees ("Stewardship Advisory Committees") for the Americas, APAC, and EMEA which review and advise on amendments to the proxy voting guidelines covering markets within each respective region. These Committees generally consist of senior BlackRock investment professionals and/or senior employees with practical boardroom experience. In addition to the regional Committees, the BIS Global Risk Oversight Committee is a risk-focused committee which oversees compliance with BIS's duties and regulatory responsibilities relating to proxy voting and market-level stewardship codes. It reviews and approves amendments to BIS's Global Corporate Governance & Engagement Principles and market-specific voting guidelines. The Global Risk Oversight Committee is comprised of senior representatives from various BlackRock investment teams, BlackRock's Deputy General Counsel, the Global Head of Investment Stewardship, the BlackRock Global Executive Committee member to whom the BIS team reports, and other senior executives with relevant investment and risk oversight experience.

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

We aim to vote at 100% of meetings where our clients have given us authority to vote their shares, and therefore vote at approximately 16,000 shareholder meetings in approximately 85 markets each year. With regards to non-U.S. holdings, generally we estimate that we vote successfully at approximately 90% of meetings. Of the remaining, 8% are not voted due to share blocking and 2% are not voted due to either the fund's leverage, impediments such as ballots received post cut-off date or post meeting date, or other restrictions like in-person attendance or power of attorney being required in order to vote.

4 Does BlackRock make its proxy voting record publicly available?

Yes. We file a full voting record (known as Form N-PX filings) with the U.S. Securities and Exchange Commission each year at the end of August, and publish the link to those filings on our website. Additionally, we disclose our voting record on a quarterly basis on our website. The quarterly voting report provides details of each shareholder meeting at which we cast votes globally, including the vote instruction by proposal and a high-level, standardized explanation of any votes cast against management. The searchable record can be found in the proxy voting history section of the Investment Stewardship website.

In addition, we publish quarterly and annual reports that provide more context about the team's global voting and engagement activities.

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

We vote to achieve the outcome that, in our professional judgement, is aligned with the best long-term economic interests of our clients.

In our analysis, we may take into account company-specific circumstances. The framework for our analysis and decision is explained in our published global governance principles and market-specific voting guidelines, which are available on our website.

These guidelines address our views on issues on which shareholders may be asked to vote such as:

- boards and directors,
- accounting and audit-related issues,
- capital structure, mergers, asset sales, and other special transactions,
- compensation and benefits,
- environmental and social 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 cast informed votes aligned with clients' long-term economic interests. Our governance and voting guidelines provide a framework for us in making those decisions; we may divert from those guidelines if there is a compelling reason. We generally assess management and shareholder proposals on a case-by-case basis.

We may signal concern about a company's approach to corporate governance and business practices, including material environmental and social factors, by voting against management proposals or for a shareholder proposal. Given their duty to represent shareholder interests, amongst others, we will generally hold directors accountable where we believe they have fallen short or a company is insufficiently responsive to shareholder concerns. We will usually engage with company leadership where we have concerns about a company's approach to corporate governance or business practices to understand the company's perspective and provide our feedback.

We believe engagement with companies is critical to ensuring that we vote on an informed basis to protect our clients' long-term economic interests. We may vote against management if the company cannot provide a sufficiently robust explanation of its approach to allay our concerns.

Similarly, we may support a shareholder proposal when, in our analysis, the company has not taken sufficient steps to address a concern and there are possible or realized reputational, operational, or financial ramifications resulting from poor management or board oversight of an issue.

We ordinarily refrain from abstaining from both management and shareholder proposals, unless abstaining is the valid vote option (in accordance with company by-laws) to signal concern to management, there is a lack of disclosure regarding the proposal to be voted, or an abstention is the only way to implement our voting intention.

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

The BIS team performs independent research and analysis, coming to vote conclusions that are consistent with our own voting guidelines and that we believe are in the best long-term economic interests of our clients. The team does not follow the recommendations of any single proxy advisor. While we subscribe to research from several proxy advisory firms, their research is one among many inputs into our vote analysis process. We do not blindly follow proxy advisors' recommendations on how to vote. We use proxy research firms primarily to synthesize corporate governance information and analysis into a concise, easily reviewable format so that our analysts can readily identify and prioritize those companies where our own additional research and engagement would be beneficial.

BlackRock performs annual in-person due diligence of the lead firm whose research and services we use.

As we outlined in our 2018 [letter](#) to the Securities and Exchange Commission (SEC), we believe that improvements can be made throughout the proxy process, including around voting processes, shareholder proposals, and proxy advisors. Proxy advisors play an important role in the corporate governance ecosystem; however, we think that some improvements would benefit all stakeholders.

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

BlackRock, as a fiduciary investor, undertakes all investment stewardship engagements and proxy voting with the goal of protecting and enhancing the long-term value of our clients' assets.

BIS engages with leadership of portfolio companies to encourage them to adopt corporate governance and business practices aligned with long-term financial performance. The team is positioned within the firm as an investment function and is comprised of dedicated professionals across all regions, taking a local approach with companies while benefiting from global insights. BIS works with the members of BlackRock's equity and credit investment teams to share insights on material ESG topics relevant to investment decisions. BIS engages with companies in the same long-term frame, irrespective of whether a holding is in alpha-seeking, factor, or indexing strategies.

Engagement is not a single conversation. We have ongoing dialogue with companies to evaluate their business practices and explain our views over time. Engagement is a key mechanism for providing feedback or signaling concerns to companies about factors that affect long-term financial performance. Where we believe a company's governance or business practices fall short, we ask probing questions, explain our concerns and expectations and then allow time for a measured response. In addition to meeting with executives and board directors, we may also communicate with the company's advisors (investment relations, legal teams, etc.), and engage with other shareholders where appropriate. In our view, companies that embrace corporate governance as a strategic objective – as opposed to a compliance function – are more likely to generate sustained financial returns over time.

BIS averages approximately 3,000 company engagements annually. We expect to increase the number of companies we engage over time as the team grows and as more companies seek feedback from BlackRock as a long-term shareholder.