



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 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 portfolio managers which allows us to exchange our respective insights on governance and performance matters 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 these regional Committees, the BIS Global Oversight Committee is a risk-focused committee which oversees compliance with BIS' duties and regulatory responsibilities relating to proxy voting and compliance with market-level stewardship codes, reviews and approves amendments to BIS' Global Corporate Governance & Engagement Principles, and amendments to the regional voting guidelines. The Global Oversight Committee is comprised of senior representatives from various BlackRock investment teams, BlackRock's Deputy General Counsel, the Global Head of Investment Stewardship, a BlackRock Global Executive Committee member to whom the BIS team reports, and other senior executives with relevant experience and team oversight.

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 – thus, we vote at approximately 17,000 shareholder meetings in over 85 markets each year. With regards to non-U.S.



holdings generally, we vote successfully at approximately 90% of meetings. Of the remaining, 8% were uninstructed due to shareblocking and 2% were unexecuted 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. 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](#).

In addition, we provide quarterly and annual reports that provide details 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 in 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 seek to vote on such proposals in a way that our analysis suggests is in the best long-term economic interests of clients. 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 from time to time oppose management by voting against management proposals or for a shareholder proposal. If we disagree with a company on an issue – for example, on the company's board composition – our first course of action is to engage with the company. In our engagements we aim to build



an understanding of the company's approach to corporate governance and to explain our concerns. We may vote against management at the annual shareholder meeting if we feel a company is insufficiently responsive to our concerns. Opposition often takes the form of voting against specific directors, as director elections are an effective means of holding companies accountable on matter for which the board is responsible.

We believe engagement with companies is more effective at encouraging change than simply voting against management or voting for shareholder proposals. We may support a shareholder proposal 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.

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?

As we note in the [profile of the BIS team](#), proxy advisory firms are a critical component of the proxy voting system but are just one of several inputs to our vote decision. They provide research and recommendations on proxy votes, as well as voting and reporting infrastructure. We do not follow any single proxy advisor's voting recommendations, and in most markets we subscribe to two research providers. The team also takes into consideration other inputs in our own analysis in advance of making our voting decision. 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 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 professionals across all regions, taking a local approach with companies while benefiting from global insights. BIS collaborates closely with the members of BlackRock's 125 investment teams to ensure team members have a long-term value mindset and to exchange insights on matters 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. We initiate many of our engagements because



companies have not provided sufficient information in their disclosures to fully inform our assessment of the quality of governance. We ask companies to review their reporting in light of their investors' informational needs. 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.

Last year, BIS had over 2,000 engagements with companies. We expect to increase the number of companies we engage over time as the team grows and more companies seek feedback from BlackRock as a long-term shareholder.