Proxy voting guidelines for Latin American securities

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These guidelines should be read in conjunction with the BlackRock Investment Stewardship Global Corporate Governance and Engagement Principles.

Introduction

BlackRock, Inc. and its subsidiaries (collectively, "BlackRock") seek to make proxy voting decisions in the manner most likely to protect and enhance the economic value of the securities held in client accounts. The following country-specific proxy voting guidelines (the "Guidelines") are intended to summarize BlackRock's general philosophy on corporate governance matters and approach to issues that may commonly arise in the proxy voting context for Latin American securities. These Guidelines are not intended to limit the analysis of individual issues at specific companies. Rather, they share our view about corporate governance issues generally, and provide insight into how we typically approach items that commonly arise on corporate ballots, as well as our expectations of boards of directors. They are applied with discretion, taking into consideration the range of issues and facts specific to the company and the individual ballot item.

We assess voting issues on a case-by-case basis, taking into account the circumstances of the company. Our voting decisions at any individual shareholder meeting may diverge from the general approach described in these guidelines.

BlackRock expects companies to observe the relevant laws and regulations of their market, as well as local guidelines pertaining to corporate governance best practices.

In many Latin American markets, companies have historically been controlled by a single owner or a small group of owners who have turned to the public equity markets as a source of capital without ceding control of the company to the owners of publicly traded shares. In Latin America, these closely held firms are sometimes viewed as more reliable investment opportunities than companies with a dispersed ownership base (commonly known as "dispersed companies" or "ownerless companies").This view has historically been upheld, as controlling shareholders can often be addressed directly regarding questions of corporate strategy and they are aligned on long-term performance.

As investors from other markets have increasingly viewed publicly traded companies in Latin America as an opportunity for portfolio growth and diversification, BlackRock encourages all issuers to adopt disclosure and operational processes to facilitate this international participation. These best practices include publishing the shareholder meeting circular at least 45 days prior to the meeting date, providing biographical information regarding director candidates as part of the shareholder meeting information circular, ensuring that the investor relations team includes individuals who speak languages commonly used by the company's foreign shareholders, and providing dedicated seats on the board for directors nominated by minority investors.

Argentina

Corporate governance in Argentina is governed by the Argentine General Companies Law No. 19,550, the Capital Markets Law No. 26,831 and its regulatory decree, and the regulations of the Argentine Securities Commission (*Comisión Nacional de Valores* or "CNV") approved by General Resolution No. 622/2013, as amended and supplemented. This is applicable to listed companies and provides certain principles of corporate governance as well as some specific rules, recommendations, and best practices.

The Corporate Governance Code (*Código de Gobierno Societario* or the "Code") aims to increase transparency and encompasses regulations related to the board of directors' independence and disclosure of corporate management practices. While the Code is not mandatory, all public Argentine companies must disclose, on a comply-or-explain basis, whether they follow the principles and practices recommended by the Code. Banks and financial entities supervised by the Argentine Central Bank, as well as the government-owned companies, must also comply with the applicable corporate governance regulations.

Boards and directors

Argentine laws provide that public companies must have a board of directors comprised of at least three members. The board size, quorum requirements, and vote standard are set forth in the bylaws.

Public companies in Argentina are required to have an audit committee comprised of three or more members of the board of directors, the majority of which must be independent, pursuant to the criteria established by the CNV. Independence is established in relation to the company and the controlling shareholders; independent directors cannot be executives of the company.

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

Companies that have an audit committee may decide not to have a separate supervisory committee; in these cases, supervisory responsibilities are overseen by the audit committee. However, this structure must be adopted by an extraordinary shareholder meeting.

Members of the board of directors, the audit committee, and the supervisory committee are appointed by the ordinary shareholder meeting. Minimum quorum and vote requirements are stipulated by the General Companies Law; however, the relevant company bylaws may provide higher requirements.

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

In order to attend a shareholder meeting, the shareholder must be registered with the company's Book of Attendance to Shareholders' Meetings. The shareholders must, within at least three business days prior to the date of the meeting, submit a certificate evidencing their ownership, issued by the depository agent. In order for the shareholder to cast a vote at the shareholder meeting, they must attend and act either in person or through an appointed attorney-in-fact. Directors, statutory supervisors, managers, and other employees of the company cannot act as attorneys-in-fact.

Auditors and audit-related issues

Public companies in Argentina are obligated to appoint an external auditor or company. They are appointed at the shareholder meeting and must rotate according to the guidelines provided by CNV regulations. There is a mandatory audit partner rotation as well.

Capital structure, mergers, asset sales, and other special transactions

Capital ownership and control of Argentine corporations is highly concentrated. Listed companies may have different classes of shares (common or preferred) with different economic rights attached to each class. Listed companies cannot issue shares with rights to cast multiple votes. Corporate capital increase (and, therefore, the issuance of new shares) must be approved at the shareholder meeting. Distribution of dividends must also be approved at the shareholder meeting. Additionally, 5% of the corporation's profits of each fiscal year must be allocated to a legal reserve until reaching 20% of the corporate capital.

Argentine companies within the public offering regime must file with the CNV annual and quarterly financial statements prepared in accordance with the International Financial Reporting Standards (IFRS), except for those categorized as small and medium-sized companies according to the criteria provided by the CNV. The annual financial statements, including the annual report issued by the board of directors (which must in turn include a specific report regarding the level of compliance with the Code) and the external audit report, must be submitted to shareholders for approval. Capital Markets Law provides that any investor seeking to acquire the control of a listed company stock must launch a public tender offer, at an equitable price, for a pre-fixed term, and subject to certain procedures stipulated by CNV regulations.

Remuneration and benefits

The remuneration of directors and statutory supervisors may be defined in the bylaws. If this information is not provided in the bylaws, then it will be determined by the shareholder meeting. The maximum amount of compensation, including salaries and other benefits, must not exceed 5% of the profits for the fiscal year if the company does not distribute dividends, and may be increased proportionately up to 25% of the profits for the fiscal year if dividends are distributed. However, the Argentine Companies Law and the CNV regulations provide that these limits may be exceeded if the resulting amount of compensation is insufficient to cover fees to directors who carry out specific duties to the extent that it is approved expressly at a shareholder meeting.

The Code provides a recommendation to set out clear policies of compensation for the members of the board of directors and top executives, in conjunction with company profit. CNV regulations provide that information on global remuneration paid to directors, statutory supervisors, and top executives must be disclosed in the relevant offering memorandum when securities are issued.

General corporate governance matters

Amendment of articles, capital increases, mergers and spin-offs, as well as other relevant transactions require approval at an extraordinary shareholder meeting.

Brazil

The Sao Paulo stock exchange, called B3—Brasil, Bolsa, Balcao Stock Exchange—currently offers four types of listing standards: traditional segment, Level 1, Level 2, and Novo Mercado. The latter three segments subject companies to additional corporate governance practices in comparison to those set forth by law, with the Novo Mercado requiring the most stringent standards. Additionally, all Brazilian companies follow, on a comply-or-explain basis, The Code of Good Corporate Governance administered by the Comissão de Valores Mobiliários (CVM). In conjunction with this governance code, the Brazilian

Institute of Good Corporate Governance (IBGC) has published a best practices code for voluntary adoption that aims to strengthen governance standards in the market.

While increasing capital from foreign investors has diversified Brazilian companies' ownership base and increased the average free float, corporate ownership typically remains highly concentrated. Traditionally, shareholder meetings have relied on the physical presence of shareholders; however, local rules provide for the remote instruction of proxy votes in certain circumstances.

Boards and directors

The Brazilian Corporations Law mandates a minimum of three directors, while the CVM recommends five to nine directors with a minimum of two directors having expertise in finance and accounting. If the company is listed on the Novo Mercado, the greater of two members or 20% of the board must be independent. Additionally, under Novo Mercado rules, the CEO cannot also act as the chairperson of the board. The IBGC code recommends that boards have at least a majority of independent directors. The Brazilian Corporations law allows minority and preferred shareholders present at the meeting to appoint one member each to the board of directors.

In addition to the board of directors, companies typically have an executive officer board and a fiscal council that is responsible for overseeing audit-related board functions. Brazilian companies generally do not have other board committees.

Minority shareholder board representatives are most often identified by shareholders physically in attendance at the meeting; as a result, shareholders voting via proxy may not be able to meaningfully identify their preferred candidates.

Shareholders are presented with the directors for election on a bundled slate. In recognition of local market practices, biographical director candidate information of the minority shareholders' candidate may not be available prior to the shareholder meeting. BlackRock generally votes to support director slates in Brazil, absent any specific concerns.

Auditors and audit-related issues

Public companies in Brazil have an external auditor that is selected by the board of directors without shareholder ratification. In addition, auditor compensation is typically not disclosed.

Capital structure, mergers, asset sales, and other special transactions

In a merger, the acquiring company must name risk assessment companies to evaluate the net worth of the target company; however, the approval of the statutory report does not preclude shareholders' right to dissent. Shareholders generally benefit from preemptive rights on new share issuances, regardless of share class.

According to the Corporations Law, companies must present financial statements to shareholders for approval at least one month in advance of the annual meeting.

In compliance with the Corporations Law, Brazilian companies must typically allocate 5% of the company's income to the company's legal reserve (as long as it is less than 20% of the outstanding capital); at least 25% of a company's adjusted net income must be distributed as dividends. If BlackRock concludes that a company has failed to appropriately allocate income to shareholders, BlackRock may vote against a proposal seeking approval of income allocation and dividends.

Proposals to issue additional shares, establish new share classes, or engage in a debt financing arrangement will be assessed on a case-by-case basis. BlackRock's decision will be guided by the information provided by the company, the company's current share structure, and BlackRock's assessment of whether the changes to the capital structure appear to be in the best long-term interests of shareholders. In the absence of sufficient disclosure regarding the proposed capital structure changes, we may consider a vote against the management proposal.

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

Remuneration and benefits

While local law and best practice standards call for the disclosure of compensation for management, such compensation is often disclosed in aggregate for directors and executives rather than individual allocations. Nevertheless, companies must disclose information on maximum, median, and minimum amounts of compensation.

Corporate social responsibility

Brazil maintains legislation on issues such as environmental protection, labor safety, consumer rights, and gender equality. The Brazilian Corporation Law also outlines the stipulation that the controlling shareholder must act in a manner that reflects the interests of minority shareholders, employees, and the community. In addition, BlackRock expects companies to consider corporate social responsibility in a way that fosters sustainable business operations and long-term value creation.

Chile

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

In Chile, the predominant forms of corporate structure are business groups or conglomerates. Most listed companies have a controlling shareholder or a group of shareholders acting in concert. While concentrated and pyramid structures are common, Chilean corporate governance rules enacted over the last 20 years have strengthened minority shareholder rights in listed companies by, among others, tightening rules for insider trading, enhancing the roles of independent directors, and further regulating related-party transactions in listed corporations.

Boards and directors

Corporate boards in Chile are one-tier boards, with at least five members. However, listed companies that are required to appoint an independent director and establish a board committee (as explained below) must have at least seven members. Director terms cannot exceed three years, although board members can be re-elected for subsequent terms. Board members must also be elected and removed as a slate, thus partial replacements are not allowed; however, the board may fill a specific vacancy by appointing an interim director until the next regular shareholder meeting takes place.

Under Chilean law, a listed company is required to appoint an independent director and establish a board committee when 1) its market capitalization reaches 1.5 million Unidades de Fomento (approx. $60 MM

USD), and 2) at least 12.5% of its voting shares are held by shareholders that control or possess less than 10% of all of its shares. Shareholders representing at least 1% of the company's shares may nominate independent directors to the board. The board committee must be comprised of at least three board members, the majority of which must be independent. If there is only one independent director, he or she shall appoint the remaining members of the committee from among the board.

In recognition of local market practices, biographical director candidate information may not be available prior to the shareholder meeting. BlackRock generally votes to support director slates in Chile, absent any specific concerns.

Auditors and audit-related issues

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

BlackRock generally supports ratification of auditor proposals, unless there is evidence of auditor misconduct.

Capital structure, mergers, asset sales, and other special transactions

Chilean companies are allowed to create multiple classes of stock with different voting rights for each class, although most companies have a single class structure. Nearly all Chilean companies have a controlling shareholder. Mergers, reorganizations, capital reductions, dissolutions, transfers of substantial assets, and granting of collateral or personal guarantees to secure third-party obligations (exceeding certain amounts) are some of the matters that require supermajority vote approval, to protect minority shareholder interests.

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

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

Chilean issuers are required by law to pay out at least 30% of net income as cash dividends; BlackRock typically supports payout ratios of 30% or more. Where a company has failed to appropriately allocate income to shareholders, we may vote against a proposal seeking approval of income allocation and dividends.

Proposals to issue additional shares, establish new share classes, or engage in a debt financing arrangement will be assessed on a case-by-case basis. BlackRock's decision will be guided by the information provided by the company, the company's current share structure, and BlackRock's assessment of whether the changes to the capital structure appear to be in the best long-term interests of shareholders. In the absence of sufficient disclosure regarding the proposed capital structure changes, we may consider a vote against the management proposal.

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

Remuneration and benefits

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

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

General corporate governance matters

Amendment of bylaws requires the approval of the majority of voting stock at a shareholder meeting, except for certain matters that require supermajority vote approval. BlackRock will generally vote against a proposal to amend bylaws unless sufficient information has been provided for investors to reasonably understand the implications of the proposal.

Corporate social responsibility

The CMF has been active in providing rules to improve the corporate governance regime in Chile. In 2012, the CMF issued a General Rule (updated in 2015) to compel listed companies to provide information on the existence of internal audit committees, corporate social responsibility programs, whistle-blower reporting channels, and management diversity (in relation to gender, nationality, age, and length of tenure for board members and high-level executives).

Colombia

The two most influential institutions with respect to corporate governance in Colombia are the Colombian Stock Exchange (*Bolsa de Valores de Colombia* or "BVC") and the Financial and Securities Superintendence (*Superfinanciera*). Additionally, Colombian Securities Law 964/2005 (*Ley del Mercado de Valores*) provides the legislative framework for regulation and basic principles of corporate governance for companies registered in the National Registry of Securities and Issuers (RNVE).

Furthermore, the Colombian Corporate Governance Best Practices Code (*Código País*) outlines 33 corporate governance practices that comprise 148 measures that are recommended for Colombian issuers, although they are not compulsory under Colombian law. However, the Colombian Corporate Governance Best Practices Code has been implemented through a comply-or-explain regulatory approach; companies must disclose on an annual basis.

Boards and directors

Boards of directors in Colombia must comprise a minimum of five directors and a maximum of ten; 25% of directors must be independent. The separation of chairman and legal representative positions is mandated by law. Law 964/2005 establishes that independent directors are those that are not in the positions or situations described by article 44 of the law. Criteria that would negate independence include:

1) employment by the issuer, any of its affiliates, or controlling entities; 2) status as a controlling shareholder of the issuer; 3) status as a shareholder or employee of a company that renders consulting services to the issuer, when the income received for such services represents more than 20% of the income of the company; and 4) involvement with a non-profit organization to which the issuer makes charitable payments.

An audit committee is the only board committee required by law and must be comprised of at least three independent directors, including an independent chair. The Colombian Corporate Governance Best Practices Code standards call for the establishment of a nominating and remuneration committee and a risk committee, as well as a corporate governance committee. According to the best practices code, each of these committees must have its own internal regulations.

The Colombian Corporate Governance Best Practices Code includes certain recommendations for the election process of directors. These include the classification of the nominated directors as independent representatives, executives, or shareholders of the issuer. Recommended disclosure also includes details of the candidates' qualifications and experience. BlackRock generally votes to support director slates in Colombia, absent any specific concerns.

Auditors and audit-related issues

Public companies in Colombia must have an external auditor that is elected by shareholders. The Colombian Corporate Governance Best Practices Code recommends the disclosure of the compensation paid to the external auditor and the establishment of a policy for the appointment of the external auditor. In the absence of contentious allegations surrounding the financial accounts of the company, BlackRock generally votes for the appointment of the board-selected auditors.

Capital structure, mergers, asset sales, and other special transactions

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

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

Columbian companies must typically distribute at least 50% of net income as dividends. If BlackRock concludes that a company has failed to appropriately allocate income to shareholders, BlackRock may vote against a proposal seeking approval of income allocation and dividends.

Proposals to issue additional shares, establish new share classes, or engage in a debt financing arrangement will be assessed on a case-by-case basis. BlackRock's decision will be guided by the information provided by the company, the company's current share structure, and BlackRock's assessment of whether the changes to the capital structure appear to be in the best long-term interests of shareholders. In the absence of sufficient disclosure regarding the proposed capital structure changes, we may consider a vote against the management proposal.

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

Remuneration and benefits

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

General corporate governance matters

The amendment of articles requires the approval of the majority of votes cast at a shareholder meeting, unless the articles of incorporation stipulate a different vote requirement. BlackRock will generally vote against a proposal to amend articles or bylaws unless sufficient disclosure allows for investors to reasonably understand the implications of the proposal.

Mexico

Mexico's corporate governance guidelines are largely based on the Mexican Securities Market Law (*Ley de Mercado de Valores* or "LMV"), which applies to companies listed on the Mexican Stock Exchanges (Bolsa Mexicana de Valores and Bolsa Institucional de Valores). Additionally, most public companies in Mexico also voluntarily adhere to at least some provisions of the 2018 Mexican Corporate Governance Code (*Código de Principios y Mejores Prácticas Corporativas* or the "Code"). While compliance with the Code is not mandatory, listed companies must disclose their compliance with the Code once a year.

Mexican Commercial Companies Law (*Ley General de Sociedades Mercantiles* or "LGSM") and the LMV provide the legislative framework for regulation and basic principles of corporate governance in Mexico.

Most large companies in Mexico have been traditionally organized as holding companies or business group conglomerates owned and controlled by families. Cross-shareholding and interlocking directorships are common.

Boards and directors

Most Mexican companies are governed by a single-tier board of directors. In accordance with applicable law, the board must not have more than 21 members; the Code provides for a minimum of three. At least 25% of the board must be independent, and any shareholder who owns 10% of voting shares is entitled to appoint at least one board member. An alternate director may be appointed for each director, provided that independence requirements are met by the alternate directors.

Directors nominated for election are generally presented on a bundled slate for approval by the shareholders. Furthermore, these proposals also often include verification of the directors' independence or approval of their remuneration.

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

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

In recognition of local market practices, biographical director candidate information may not be available prior to the shareholder meeting; however, in accordance with applicable law, shareholders are entitled to receive sufficient information and documentation at least 15 business days prior to the relevant shareholder meeting. Furthermore, pursuant to the provisions of the Code, such disclosure must include sufficient detail on the professional background and experience of the proposed directors and information necessary for the shareholders to verify compliance with independence requirements. BlackRock generally votes to support director slates in Mexico, absent any specific concerns.

Auditors and audit-related issues

Companies often have an internal auditor to manage day-to-day operations. They must also have an external auditor nominated and approved by the board. The audit committee certifies the objectivity and evaluates the performance of the external auditor. There are restrictions on the types of non-audit services and the amount of revenue thus generated that an auditor can provide to the company and still be considered independent. Furthermore, the audit firm must be rotated every five years and go through a cooling-off period of two years.

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

Capital structure, mergers, asset sales, and other special transactions

Mexican companies are allowed to create multiple classes of stock with special rights. Capital structures include multiple voting share classes with special voting rights for each. Non-voting or limited voting shares may be issued, representing up to 25% of the company´s paid capital stock. Among others, the following transactions require shareholder approval: mergers and acquisitions; spin-offs; reorganizations; private placements; liquidations; and related party transactions that represent more than 25% of the company's consolidated assets based on the figures corresponding to the immediate preceding quarter (transactions under such threshold require approval by the board). Due to the closely-held nature of most companies, these transactions are generally not hostile.

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

BlackRock expects Mexican companies to adhere to market standards with regard to dividend distribution and payout ratios. BlackRock typically supports payout ratios of 30% or more, and will review the payout levels of the past two years if the ratio has fallen below this level. If BlackRock concludes that a company has failed to appropriately allocate income to shareholders, BlackRock may vote against a proposal seeking approval of income allocation and dividends.

Proposals to issue additional shares, establish new share classes, or engage in a debt financing arrangement will be assessed on a case-by-case basis. BlackRock's decision will be guided by the information provided by the company, the company's current share structure, and BlackRock's assessment of whether the changes to the capital structure appear to be in the best long-term interests of shareholders. In the absence of sufficient disclosure regarding the proposed capital structure changes, we may consider a vote against the management proposal.

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

Remuneration and benefits

There is no disclosure of director remuneration.

Shareholders are not asked to approve remuneration of executives. Instead, the corporate governance committee, together with the board of directors, approve the remuneration policy applicable to the company´s officers.

General corporate governance matters

Amendment of articles generally requires the approval of 75% of voting stock at a shareholder meeting. BlackRock will generally vote against a proposal to amend articles or bylaws unless sufficient disclosure allows for investors to reasonably understand the implications of the proposal.

Shareholders with at least 10% of voting shares have the right to request the chairman of the board of directors or the chairman of the board´s committees to call a special meeting.

Shareholder proposals are rare in Mexico.

Peru

Peruvian corporate governance is primarily centered on Peruvian Company Law (Law N° 26887/1997), Peruvian Securities Law (Legislation Decree N° 861/1996), and the Code for Good Corporate Governance for Peruvian Corporations (“CBGC”). Companies are encouraged to disclose information regarding shareholder structure, director independence, board committees, and remuneration.

The CBGC operates on a comply-or-explain basis and is an updated version of the Principles of Good Governance for Peruvian Corporations (“PBG”) of 2002.

Under Peruvian Capital Market Regulations, listed companies are not required to elect independent directors, establish committees, or disclose substantial information. In practice, disclosure regarding directors and their independence is uncommon. Companies are primarily organized as financial and industrial conglomerates owned or controlled by families, government, and / or multinational companies. Although voting by proxy is allowed, voting by a show of hands is the primary mechanism utilized by shareholders and company-specific powers-of-attorney are required for third party representation of funds or trusts. This structure can prove challenging for international investors seeking to engage with companies through the proxy voting mechanism.

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

Boards and directors

BlackRock encourages Peruvian issuers to provide information regarding the names and biographies of director nominees simultaneous with the public announcement of the shareholder meeting, although this practice is uncommon.

In recognition of local market practices, biographical director candidate information may not be available prior to the shareholder meeting. BlackRock generally votes to support director slates in Peru, absent any specific concerns.

In Peru, it is also acceptable for directors to appoint "substitute" or "alternate" directors who can stand in for "regular" directors in the event that the regular director is unavailable. BlackRock encourages boards that choose to utilize this structure to establish processes that ensure that substitute directors and / or alternate directors are sufficiently informed regarding the activities of the company to contribute effectively to the board's decision making process. Additionally, directors who are absent from a meeting should ensure that they are fully informed of all information shared at the meeting and all decisions made in their absence.

BlackRock generally votes to support proposals regarding director remuneration unless the proposed remuneration is inconsistent with director remuneration at similar companies or is not in the best interest of shareholders. Information regarding director remuneration is usually presented to shareholders after the annual meeting has taken place on an aggregated basis, rather than providing details of payments to each director.

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

Auditors and audit-related issues

In the absence of contentious allegations surrounding the financial accounts of the company, BlackRock generally votes for the appointment of the board-selected auditors and approves their remuneration. Consistent with regulatory requirements, BlackRock expects audit partners to be independent of the company. They should not hold a position with the company in the 24 months preceding the audit, should not have any direct or indirect financial interest in the company, and should not be related to directors or senior management of the company.

Capital structure, mergers, asset sales, and other special transactions

BlackRock expects companies in Peru to adhere to market standards with regard to dividend distribution and payout ratios. Typically, at least 10% of net income must be distributed as dividends. Proposals seeking approval of income allocation and dividends are assessed in light of the company's profitability, any share repurchase program that the company may have initiated, and other circumstances driving the income allocation decisions of the board. If BlackRock concludes that a company has failed to appropriately allocate income to shareholders, we may vote against a proposal seeking approval of income allocation and dividends.

Proposals to issue additional shares, establish new share classes, or engage in a debt financing arrangement will be assessed on a case-by-case basis. BlackRock's decision will be guided by the information provided by the company, the company's current share structure, and BlackRock's assessment of whether the changes to the capital structure appear to be in the best long-term interests of shareholders. In the absence of sufficient disclosure regarding the proposed capital structure changes, we may consider a vote against the management proposal.

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

Remuneration and benefits

Although the Principles of Good Corporate Governance for Peruvian Corporations encourage disclosure of information regarding the remuneration of senior management, in practice, such information is generally not provided to shareholders. Shareholders are not asked to approve remuneration of executives.

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