



BlackRock

Investment Stewardship Annual Report

January 1 – December 31, 2022



The 2022 BlackRock Investment Stewardship (BIS) Annual Report covers BIS' work on behalf of clients from January 1, 2022 to December 31, 2022.

As part of our fiduciary duty to our clients, we consider it one of our responsibilities to promote sound corporate governance as an informed, engaged shareholder on their behalf. At BlackRock, this is the responsibility of the BlackRock Investment Stewardship (BIS) team. BIS' team of 70+ dedicated professionals, who work across 10 global offices, focus most of our efforts on corporate governance. In our experience, sound governance is critical to the success of a company, the protection of investors' interests, and long-term financial value creation. We have also observed that well-managed companies will effectively evaluate and manage material sustainability related risks and opportunities relevant to their businesses. Appropriate oversight of sustainability considerations is a core component of having an effective governance framework, which supports durable, long-term value creation.

As one of many minority shareholders, BlackRock cannot – and does not try to – direct a company's strategy or its implementation. Rather, we engage companies and encourage them to publish disclosures that help investors understand how they identify and manage material risks and opportunities, in the context of their business model, sector, and geography. To that end, BIS takes a constructive, long-term approach to our engagement with companies and focuses on the drivers of risk and financial value creation in their business models. BIS primarily engages public companies on behalf of index strategies, and we make our company analysis and engagement meeting notes available to BlackRock's active portfolio managers. Other teams across BlackRock may engage with companies to help inform their

work on a broad spectrum of risk and value drivers in their investible universe. While we have specialized teams focused on specific asset classes and investment styles, we employ a "One BlackRock" approach, integrating expertise from across our investment functions. Our work on behalf of clients is supported by our proprietary, in-house Aladdin® technology.

Through this report, we aim to provide further clarity to our clients, the companies they are invested in, and our other stakeholders, about BlackRock's approach to investment stewardship and the issues that, in our experience, could impact a company's ability to deliver long-term, risk adjusted returns. The information in this report is dated as of December 31, 2022, unless otherwise noted, and is subject to change without notice. As a result, subsequent reports and publications distributed may therefore include additional information, updates, and modifications, as appropriate. The publication of this report also aligns with the timeline set by the UK's Financial Reporting Council (FRC) to comply with the UK Stewardship Code requirements. On March 20, 2023, prior to the submission to the FRC, this report was presented to the Nominating, Governance and Sustainability Committee (NGSC) of the BlackRock, Inc. Board of Directors by Joud Abdel Majeid — Global Head of Investment Stewardship and member of the BlackRock Global Executive Committee — and Michelle Edkins — Head of Global Institutional Relations and Policy. As described in the [NGSC Charter](#), the NGSC has oversight over the BIS function and, per the New York Stock Exchange's listing requirements, is comprised entirely of independent directors.

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This is an abbreviated version of the [2022 Annual Report](#) published on April 28, 2023. Please see full report for more detail.

Supporting long-term value creation through stewardship

As an asset manager, we are a fiduciary to our clients. Investment stewardship is a part of how we fulfill our fiduciary responsibilities to our clients, the true owners of the assets we manage. We do so by encouraging companies to have sound corporate governance and business practices that support the long-term, durable financial returns that our clients depend on to meet their investing goals. I am proud of the work BlackRock Investment Stewardship (BIS) has done over the past 12 months on behalf of our clients, and I am pleased to present our 2022 Investment Stewardship Annual Report.

2022 was one of the most challenging market environments in history – we saw significant market volatility, driven by elevated inflation, monetary policy uncertainty, geopolitical tensions, a global cost-of-living crisis, and labor market dislocations. At the same time, the Russian war in Ukraine and extreme weather events, such as the devastating floods in Pakistan and the heatwave in Europe, reminded companies how their businesses and their supply chains are not immune to major developments in the world around them – and must be resilient if they are to deliver long-term shareholder returns.

As part of our fiduciary responsibilities to act in our clients' long-term economic interests, we assess how companies respond to these and other material risks, as well as the opportunities, that have the potential to affect their financial performance. We have seen an expansion in the issues companies and their investors are focused on when assessing the drivers of risk and returns in business models. In our view, this more holistic approach to understanding long-term financial performance is a good thing. But even within this dynamic business environment, one thing that has not changed is the importance of strong leadership in the boardroom and in executive management. Similarly, BlackRock has been consistent in our sole focus on supporting companies in their efforts to generate long-term, risk-adjusted returns for our clients.



Larry Fink

Chairman and Chief Executive Officer

Today, more than 120 million people around the world rely on BlackRock to help them reach their investment goals.¹ BIS serves as a link between our clients and the companies in which they are ultimately invested. While this report focuses on the 2022 calendar year, BIS' work benefits from decades of experience. Through engagement, proxy voting, and participation in market-level dialogue, BIS focuses on promoting effective corporate governance while recognizing the unique markets and sectors in which companies operate. Importantly, the team aims to be constructive in their engagements with companies, because our clients do well when the companies they invest in do well. BIS engages from the perspective of a long-term investor to understand companies' strategy and how they are managing the risks and opportunities they face.

BlackRock is proud of our strong track-record in serving both public and private pension plans providing for workers in communities across the globe, as well as governments, insurance companies, endowments, charities, and ultimately individual investors. We understand the important responsibility that we have to advance their financial interests. That is why we have continually invested to build the best stewardship team in the industry. Our 70+ professionals are in 10 offices around the world and are uniquely equipped to bring more local insights in more markets globally than anybody else.

Some of our clients have expressed interest in taking a more direct role in the stewardship of their capital. That is why over the course of the year, BlackRock focused on advancing the opportunity for more of our clients to participate in proxy voting through BlackRock Voting Choice. An industry first, Voting Choice is an extension of BlackRock's commitment to innovation in technology to provide clients with more choice. As I have stated before, my hope is that in the future, every investor will ultimately be able to have access to choice in proxy voting, if they want it.

Even with this exciting progress, BIS' work will continue to be a foundational component of how we serve our clients as long-term investors in public companies. This past year has made clear the importance of strong corporate governance, with companies led by an effective board of directors and executive management team better able to navigate macro-economic and societal challenges that can impact their financial performance. In 2023, our stewardship efforts, as always, will be grounded in corporate governance and a singular focus on the long-term financial interests of our clients.

¹ Second Annual iShares Report on Investor Progress. "[Our next 100M investors](#)." As of December 4, 2021.

Sound corporate governance rests on a set of interconnected business practices that support companies' long-term financial value creation

Most of BlackRock's clients are investing to meet long-term goals, such as retirement. As an asset manager, we are a fiduciary to our clients. In that capacity, BlackRock's Investment Stewardship team serves as a link between our clients and the companies we invest in on their behalf.

We do so by engaging with companies to advance governance practices aligned with our clients' long-term financial interests as investors in public companies. And it is over a longer time horizon that many of the issues addressed in our stewardship work – such as board quality, enterprise risk management processes or sustainable business practices – will impact financial returns.

That said, we recognize that, while it may sound simple, it is not easy – for companies or investors. There is no single best way to govern or operate a company. Investment stewardship, therefore, must be pragmatic and nuanced, not a checklist. It should also factor in the complexity of the dynamic environment within which companies operate.

The value of a constructive, ongoing dialogue with companies

The challenging market conditions in 2022 have underscored how forces outside company control can weigh on near-term financial performance. It is during times like these when connectivity between companies and their investors becomes even more essential.

At BlackRock, we take an ongoing engagement approach. We meet with companies throughout each year and our engagements span multiple years. As investors, these conversations help us understand how companies are navigating issues likely to impact long-term financial performance. We find that most companies also welcome the dialogue as it enables them to explain their practices and understand how their investors view them.

Our stewardship professionals – who have deep regional and sector expertise – conduct extensive analyses using company disclosures and BlackRock’s proprietary research to inform this dialogue. When we identify company practices that, based on our analysis, could be enhanced to better align with our clients’ financial interests, we discuss these with management, seek to understand their approach, and share our perspectives.

A singular focus on long-term financial returns

In our experience, our clients do well when the companies in which they invest do well. In the vast majority of cases, we find that investors and management are aligned on how companies are delivering value for their investors.

Our voting reflects that alignment, as well as our engagement-first approach. For clients who authorize us to vote on their behalf, we use voting to signal support for or concern about management’s approach, usually *after* we have engaged with management. Most votes are on standard company resolutions and are not contentious; shareholder proposals typically represent less than 1% of our voting every year. In 2022, we voted to support ~90% of director elections.

As a fiduciary, our sole focus when we vote is on advancing our clients’ financial interests by encouraging practices that support long-term returns.

There are competing voices – with different objectives than BlackRock’s – with strong opinions about how we should vote on behalf of our clients. In our experience, measuring the quality of stewardship by the number of votes for or against management is an oversimplification of the issues that investors must contemplate. For one, it fails to acknowledge the progress that many companies are making year-on-year. It also misses other factors like the nature, quality and number of shareholder proposals that come to a vote every year. In 2022 for example, BIS saw a marked increase in the number of shareholder proposals on environmental and social issues. Many of these did not address a material business risk for the company or were overly prescriptive.

For our clients who have entrusted us with this important responsibility, we remain guided by our duty to make independent, and well-informed decisions about what, in our assessment, is in their best financial interests.

More voting choice and a transforming voting ecosystem

Some of our clients have expressed interest in a more direct role in the stewardship of their capital. In 2022, we continued to expand Voting Choice to provide more options for investors to vote their shares.

Nearly half of our index equity assets under management (AUM) are now eligible for Voting Choice. Products offering Voting Choice are now available to all the public and private pension plan assets we manage in the U.S. as well as retirement plans serving more than 60 million people around the world. Clients representing over U.S. \$500 billion in AUM have chosen to participate in Voting Choice to express their preferences.¹

This trend will add more voices to corporate governance, a development we welcome. Importantly, as more investors choose to direct their own votes, they will want to be informed. Commensurately, companies will likely seek new ways to reach a broader set of investors who are voting in line with their preferences – at scale. Amid these shifts, we believe the corporate governance ecosystem could meaningfully transform over the next decade.

A look ahead into 2023

As we enter another year of continued macroeconomic and geopolitical uncertainty, management teams – and the investors in their companies – are sharpening their focus on financial and operational resilience.

In environments like these, high standards of corporate governance and stewardship have never been more important for the integrity, trust, and efficient and effective functioning of capital markets. Our engagement priorities for 2023 remain largely unchanged as we believe that they continue to reflect the corporate governance norms that support companies in delivering long-term financial performance.

In February, I was delighted to join the Investment Stewardship function. I am proud of the work that the team has done in 2022 on behalf of our clients. We look forward to continuing our dialogue with companies in 2023 to learn more about how they are adapting in this rapidly changing landscape.



**Joud Abdel
Majeid**

Global Head of
Investment Stewardship

¹ As of March 2023.

Executive summary

Scope of the BIS 2022 Annual Report

This report aims to provide insight into our stewardship activities from January 1, 2022 through December 31, 2022. Consistent with BlackRock's fiduciary duty as an asset manager, BlackRock Investment Stewardship's (BIS) purpose is to support companies in their efforts to deliver durable financial returns on behalf of long-term shareholders like BlackRock's clients, who are the asset owners. These clients include public and private pension plans, governments, insurance companies, endowments, universities, charities and, ultimately, individual investors, among others.

BlackRock is a leading asset manager with a broadly diversified business across clients, products, and geographies. As of December 31, 2022, BlackRock's assets under management (AUM) stood at approximately U.S. \$8.6 trillion.¹ By asset class, 51% of the assets we manage for clients are in equity strategies. The majority of equity AUM is invested through index portfolios. As such, this report focuses on the important role BIS plays on behalf of BlackRock's clients invested in index portfolios.

We take a long-term approach in our stewardship efforts, reflecting the investment horizon of our clients, many of whom are investing for decades into the future to achieve their financial goals. In our experience, multi-year engagements with companies can lead to constructive outcomes for businesses and investors alike. Our dedicated stewardship analysts have the sector and local market expertise that allows for informed dialogue and understanding of the issues most material to how companies deliver long-term financial value creation.

The role of stewardship at BlackRock remains as important as ever

BIS serves as a link between our clients and the companies they invest in. Our clients depend on BlackRock to help them meet their investment goals; the business and governance decisions that companies make will have a direct impact on our clients' long-term investment outcomes and financial well-being.

BIS' 70+ professionals across 10 offices are well-equipped to bring a globally consistent, locally nuanced perspective to our clients and to the companies in which we invest on their behalf. This leads to stronger relationships with companies and a quality of dialogue that helps build mutual understanding.

Most of our clients are investing for long-term goals like retirement. We firmly believe in the value of engaging with companies and encouraging responsible business practices that serve the interests of long-term investors in public companies. This is particularly important for our clients invested in index strategies. A majority of BlackRock's equity AUM is held in index strategies, which track the performance of a particular grouping of public companies – for example, the S&P 500 in the U.S. or the TOPIX in Japan. Those funds and accounts typically remain invested in each company for as long as a company is included in the reference index. While investors in these strategies may sell out of a fund or account in its entirety, they cannot sell holdings in individual companies in that fund or account. This, in effect, means that most of our clients invested in index strategies are long-term investors in those companies.

As ever, we aim to build constructive relationships with companies, engaging in continuing dialogue with company leadership about the factors material to generating the long-term financial returns on which our clients depend.

Companies can continue to look to BlackRock, to provide constructive feedback on behalf of our clients and with a long-term view. Likewise, we will communicate our concerns when our observations indicate a company may not be appropriately managing risks that could potentially impact our clients' financial returns.

Our stewardship analysts have the sector expertise and local market knowledge that allows for informed dialogue on the issues most material to companies' ability to create durable, long-term financial value. Where appropriate, we also work with BlackRock's active investment teams to help ensure our stewardship work is grounded in encouraging the practices that support long-term corporate financial performance. BIS does not pursue good governance for its own sake – everything we do is grounded in supporting companies who act in the long-term financial interests of investors

This depth of experience also enables us to make informed, considered voting decisions. We vote on behalf of those clients who authorize us to do so. Guided by our [Global Principles](#) and [regional voting guidelines](#), we vote in support of companies

that continue to deliver financial value for their shareholders, taking into consideration the constraints they face. As ever, we do not rely on the recommendations of proxy advisors.

Expanding proxy voting options for more of our clients

We have seen continued interest among investors – including our clients – in the corporate governance of public companies. That is why we launched BlackRock Voting Choice in [January 2022](#) and continued to expand the opportunity throughout the year (see [June](#) and [November](#) updates) for more clients to participate in the proxy voting process, where legally and operationally viable. Voting Choice is a proprietary initiative and was an industry first. As detailed in our paper, [It's All About Choice](#), our ambition over time is to continue to expand Voting Choice where client demand exists and the regulatory framework permits.

Through all these efforts, we are working to serve our clients and stay ahead of their needs. Our sole focus remains on helping clients achieve their long-term financial goals, because the money we manage is theirs, not ours.

We firmly believe in the value of engaging with companies to encourage sound corporate governance that serves the financial interests of long-term investors in public companies.



2022 stewardship in review

In 2022, companies faced complex strategic and operational challenges driven by inflation at multi-decade highs, tight labor markets, and disrupted supply chains. In addition, challenging geopolitical and socioeconomic factors and market volatility further impeded companies' long-term planning. In our engagements with company boards and management, BIS acknowledged these headwinds and continued to encourage a long-term focus. Despite the difficult macroeconomic backdrop, many companies are demonstrating remarkable resilience, evolving their businesses to manage risks and capture opportunities.

In December 2021, BIS announced updates to our policies which guided our stewardship work for the 2022 calendar year. Our policies are comprised of our [Global Principles](#) and [regional voting guidelines](#). Each year, we review our policies and update them as necessary to reflect changes in market standards and regulations, insights gained over the year through third-party and our own research, and feedback from clients and companies. We endeavor to take a globally consistent yet locally relevant approach, informed by market-specific corporate governance codes, listing standards and practices. Our goal is to make clients and companies aware of our views on current and emerging corporate governance practices that, based on our observations, support long-term shareholder value creation.

Our 2022 policy updates were incremental, with most clarifying our views on continuing areas of focus. In particular, we encouraged companies to make clear links between performance metrics used in incentive pay plans and corporate strategy. Given continuing advances in sustainability reporting standards, we suggested companies continue to enhance their disclosures by referencing global baseline standards and highlighting industry- or company-specific metrics.

Overall, our views on investment stewardship topics have continued to reflect the corporate governance practices that can support companies in their efforts to deliver long-term financial value. These have been developed over the years through our engagements with companies, clients, practitioners, and the broader market.

In February 2022, we refreshed our [Engagement Priorities](#) and published a series of supporting commentaries to offer companies and other stakeholders a detailed overview of our approach to engagement on a number of key corporate governance-related issues. Our Engagement Priorities remained consistent with prior years, reflecting our long-term focus on the corporate governance topics that our decades-long experience engaging with companies indicates are aligned with corporate performance over time.

Engaging on material risks and opportunities for our clients¹

In 2022, the BIS team continued our structured, year-round engagement program. Our analysts held 3,886 meetings (3,645 last year) with 2,588 unique investee companies (2,357 last year) across 51 markets. We continued to focus on the corporate governance and material, business relevant sustainability risks and opportunities in companies' business models.

We have set out our approach to discussing these issues with companies in our engagement priorities covering: [board quality and effectiveness](#); [strategy, purpose, and financial resilience](#); [incentives aligned with financial value creation](#); [climate and natural capital](#); and [company impacts on people](#).

3,880+
total engagements

2,580+
unique companies engaged

Priority	Total engagements ²
Board quality and effectiveness	2,349
Strategy, purpose, and financial resilience	2,118
Incentives aligned with financial value creation	1,509
Climate and natural capital	2,115
Company impacts on people	1,469

¹ Source: BlackRock. Sourced on January 29, 2023, reflecting data from January 1, 2022, through December 31, 2022. Most engagement conversations cover multiple topics and therefore the engagements across our five priorities sub-totals may not add up to the total engagements held in 2022. Our engagement statistics reflect the primary topics discussed during the meeting.

Our stewardship priorities in 2022

An engagement consists of constructive, ongoing discussions with company boards and management. These conversations extend well beyond proxy season and form the bedrock of open communication, better understanding, and clarity that are essential to making informed decisions on our clients' behalf. BIS counts only direct interaction as an engagement.

We also write letters to raise companies' awareness of changes in policy or thematic issues on which we are focused, but this outreach is considered distinct from engagement as it is difficult to monitor the effectiveness of letter writing without direct interaction.



Board quality and effectiveness

Our investment stewardship efforts have always started with the board and executive leadership. We believe that the performance of the board is critical to the financial success of a company and the protection of shareholders' interests over the long-term.



Strategy, purpose, and financial resilience

As one of many minority shareholders, BlackRock cannot – and does not try to – direct a company's strategy or its implementation. We engage on long-term corporate strategy, purpose, and financial resilience to understand how boards and management are aligning their business decision-making with the company's purpose and adjusting strategy and/or capital allocation plans as necessary as business dynamics change.



Incentives aligned with financial value creation

Appropriate and transparent compensation policies are a focus in many of BIS' engagements with the companies in which we invest on behalf of clients. BIS looks to a company's board of directors – typically a relevant committee – to put in place a compensation policy that incentivizes and rewards executives against appropriate and stretching goals tied to relevant strategic metrics, especially those measuring operational and financial performance.



Climate and natural capital

BIS engages with companies to better understand their approach to, and oversight of, climate-related risks and opportunities as well as how they manage material natural capital impacts and dependencies, in the context of their business model and sector.



Company impacts on people

In our experience, companies that invest in the relationships that are critical to their ability to meet their strategic objectives are more likely to deliver durable, long-term financial performance. By contrast, poor relationships may create adverse impacts that could expose companies to legal, regulatory, operational, and reputational risks. This is particularly the case with regard to a company's workforce, as a significant number of companies acknowledge the importance of their workers in creating long-term financial value.

Evolving global reporting standards

BlackRock has consistently advocated for enhanced reporting to help investors understand risks and opportunities in the business models of the companies that our clients invest in. Better quality information leads to better capital allocation and decision-making by investors. In our engagements, we continued to encourage companies to provide – in addition to robust financial reporting – comprehensive disclosures on their long-term strategy, the milestones to delivering it, and the governance and operational processes that underpin their businesses and long-term financial performance. This includes sustainability-related risks and opportunities that are material to how a company manages risk or creates long-term financial value.

As to the evolving reporting landscape, we were encouraged by the significant progress made in 2022, at a global and market level, towards establishing a global baseline set of sustainability reporting standards. Once such standards are realized, we remain hopeful that the reporting burden on companies can be reduced and the quality of information – both data and narrative – available to investors will be improved, supporting more efficient capital markets.

Proxy voting on behalf of clients¹

Engagement helps us to make better informed decisions for those clients who authorize us to vote on their behalf. Our [Global Principles](#) and [regional voting guidelines](#) set out our benchmark corporate governance policies, which we apply on a case by case basis. Voting at annual general and special shareholder meetings is how we formally signal support for or concern about how a company is managing issues that may have a long-term impact on shareholder returns. Globally, in 2022 we voted on behalf of those clients who authorized us to do so at more than 18,000 shareholder meetings on more than 173,000 proposals.

Our voting in support of management was largely consistent with the prior year: globally we voted in support of ~90% of directors standing for election and for all management proposed items on the agenda at 56% of shareholder meetings.

Similar to previous years, shareholder proposals represented less than 1% of the total proposals we voted on during the year. Globally, BIS supported 133 shareholder proposals, down from 285 proposals supported in 2021.² Several factors played into our decisions to support fewer shareholder proposals in 2022.

Notably, and as discussed in further detail beginning on page 90, in 2022 BIS observed a shift in the types and number of shareholder proposals that went to a vote. This was evident in a marked increase in the number of shareholder proposals on environmental and social issues, particularly in the U.S. In our assessment, many of these did not address a material business risk for a company or were overly prescriptive about the required course of action by management. This trend was largely enabled by an update to U.S. Securities and Exchange Commission (SEC) [guidance](#), which broadened the scope of permissible proposals that addressed “significant social policy issues.”³

Globally, in 2022 we supported about 20% of the environmental and social-related shareholder proposals that we voted on; in absolute terms, this reflects support for 64, out of 325, environmental and social proposals (84 out of 184 last year). Average market-wide support was about 24%.⁴

For further details on our engagement and voting activities throughout the year, please see the section, “Our approach to stewardship” beginning on page 87.

¹ Clients who have authorized BlackRock to do so. ² Source: BlackRock, Institutional Shareholder Services (ISS). Sourced on January 29, 2023, reflecting data from January 1, 2022 through December 31, 2022. Includes abstentions. Excludes the Japanese market, where numerous shareholder proposals are filed every year due to low filing barriers, and where shareholder proposals are often legally binding for directors in this market. ³ See our commentary “[2022 climate-related shareholder proposals more prescriptive than 2021](#)” to learn more.

⁴ See source # 2.

An industry leader in the transparency of our stewardship work

In 2022, we remained committed to transparency in the stewardship work we do on behalf of clients. We continued to inform clients about our engagements, voting policies, and activities through direct communication and disclosure on our [website](#). Our full suite of publications for the year included our [Global Principles](#), [engagement priorities](#), supporting [commentaries](#); and our [regional voting guidelines](#) — all of which are updated annually. Along with the 2021 calendar year annual report, in July 2022 BIS published our regular [Voting Spotlight](#), focusing on our voting on behalf of clients during the 2021-22 proxy year.¹ We also continued to [disclose](#) the list of companies we met with, engagement topics discussed and the [votes we cast](#) on our clients' behalf on a quarterly basis.

In addition, BIS published 41 [vote bulletins](#) on 2022 annual and special shareholder meetings that explained our voting, and the engagement and analysis underpinning it, on multiple corporate governance issues at certain company shareholder meetings.²

As part of an upgrade to our digital presence in 2022, BIS also launched our [Insights Hub](#), an online resource that serves as a channel to publish insights — through commentaries and reports — on our approach to stewardship-related issues.

In recent years, BIS has increased the direct dialogue that we have with clients to better understand the stewardship issues that are important to them. We continued these conversations in 2022, holding more meetings with clients than the previous year, in large part prompted by client interest in the BlackRock Voting Choice offering.³ In other meetings, we discussed how our stewardship process continues to evolve, specific case studies and votes, and our views on market-level corporate governance and stewardship policy developments of interest to clients.

¹The 2021-22 proxy year covers the period from July 1, 2021, to June 30, 2022, representing the U.S. Securities and Exchange Commission's (SEC) 12-month reporting period for U.S. mutual funds, including iShares. ²Please refer to the Appendix section in this report for further detail about published Vote Bulletins. ³[Voting Choice](#) is our proprietary, industry first initiative that enables eligible institutional clients to participate in voting decisions where legally and operationally viable.

Marketplace engagement

We encourage market-level policies and practices that advance the long-term economic interests of investors such as our clients.

To that end, members of the BIS team participated in over 460 marketplace engagements¹ globally in 2022, inclusive of conferences, roundtables, and public policy discussions. We also contributed formally in written submissions to 10 public policy consultations.

One example is our participation in the Taskforce on Nature-related Financial Disclosures (TNFD). In June 2021, the TNFD was formally launched to address the lack of transparency and consistent information available to

financial institutions on how nature impacts a company's immediate financial performance, or the longer-term financial risks that may arise from how a company depends on and impacts nature.²

Backed by the G7 Finance Ministers and G20 Sustainable Finance Roadmap, the TNFD aims to develop a risk management and disclosure framework to help companies to report, and act on, natural capital risks and opportunities.³ The TNFD has made significant progress, including with the release of several beta versions of the framework, leading up to the final disclosure recommendations anticipated in September 2023. BlackRock is a contributing member of the TNFD.

¹ Source: BlackRock. Sourced on January 31, 2023, reflecting data from January 1, 2022 to December 31, 2022. These efforts are separate from our engagements with public companies and from engagements with clients, and are carried out with the objective of sharing our perspective as a long-term minority investor. Examples of marketplace engagements include speaking at industry events and conferences, or participating in academic seminars, among others. The work that we do is intended to advance the economic interests of BlackRock's clients' as long-term investors. ² For more information, please see the TNFD's website: "[Taskforce on Nature-related Financial Disclosures](#)." ³ Better information will allow financial institutions and companies to incorporate nature-related risks and opportunities into their strategic planning, risk management and asset allocation decisions. For more information, please see the TNFD's website: "[Taskforce on Nature-related Financial Disclosures](#)."

Engagement and voting statistics



By the
numbers

3,886
engagements in 2022

2,588

Unique companies engaged

834

Companies engaged
multiple times

51

Markets covered in
engagements

70%+

Of the value of our clients'
equity assets engaged¹

Source: BlackRock. Sourced on January 29, 2023, reflecting data from January 1, 2022, through December 31, 2022.

¹ Reflects BlackRock exposure as of December 31, 2022.

Engagement across our five priorities¹



Board quality and effectiveness

2,349



Strategy, purpose, and financial resilience

2,118



Incentives aligned with financial value creation

1,509



Climate and natural capital

2,115



Company impacts on people

1,469

Source: BlackRock. Sourced on January 29, 2023, reflecting data from January 1, 2022, through December 31, 2022.

¹ Most engagement conversations cover multiple topics and therefore the engagements across our five priorities sub-totals may not add up to the total engagements held in 2022. Our engagement statistics reflect the primary topics discussed during the meeting.

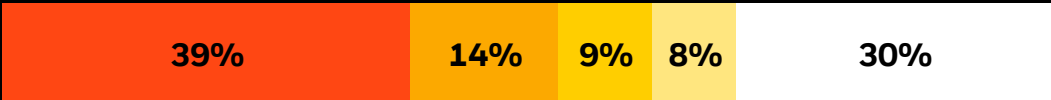
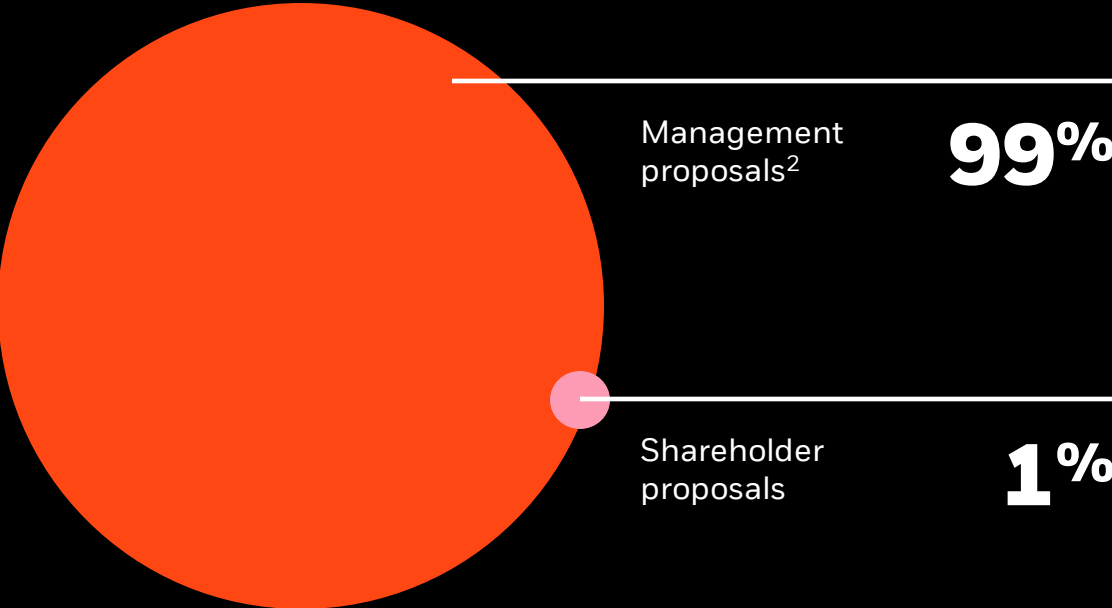
BIS 2022 voting overview

	Companies voted	Number of meetings voted at	Number of proposals voted
Americas	5,165	5,629	47,309
APAC	6,210	9,167	76,084
EMEA	2,875	3,476	49,933
Global total	14,250	18,272	173,326

Source: BlackRock, Institutional Shareholder Services (ISS). Sourced on January 29, 2023, reflecting data from January 1, 2022 through December 31, 2022.



Proposals voted at a glance¹



- Director elections
- Director-related
- Compensation
- Capitalization
- Other³



- Governance
- Social
- Environmental
- Director elections⁴

Source: BlackRock, Institutional Shareholder Services (ISS). Categories reflect ISS classifications. From time to time, ISS may update the categorization of proxy voting matters across management and shareholder proposals as part of their proposal categorization enhancement and standardization process. The information was sourced on January 29, 2023, reflecting data from January 1, 2022 through December 31, 2022. ¹ This calculation excludes director-related shareholder proposals and other shareholder proposals that are predominantly filed in Greater China, often by controlling shareholders and are, in effect, late agenda items from management. By excluding these proposals in this calculation, we believe we can show a better reflection of our voting activities on behalf of clients across markets. Other graphs displaying shareholder proposal-related data may exclude the Japanese market, where numerous shareholder proposals are filed every year due to low filing barriers, and where shareholder proposals are often legally binding for directors in this market. Where shareholder proposals in Japan are excluded in the calculation, this is duly noted. ² Does not include management proposals asking shareholders to approve how often (e.g. every year or every three years) compensation policies should be voted on, i.e. "Say on Pay" proposals. ³ "Other" management proposals include the following categories: reorganization and mergers, anti-takeover related, say-on-climate proposals brought by management, routine business/miscellaneous, preferred bondholder, and other proposals. ⁴ These reflect shareholder proposed election of directors/supervisors and contested elections and fall outside the categories that most shareholders would view as environmental, social, and governance.

BIS voting on behalf of clients at a glance

90%

% of director elections that BIS supported

13%

% of proposals where BIS did not support management recommendation¹

133

Shareholder proposals supported²

Number of companies where BIS did not support directors for core governance concerns^{3,4}

Americas APAC EMEA TOTAL

Independence

212	1,203	205	1,620
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Board diversity

640	131	185	956
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Overcommitment

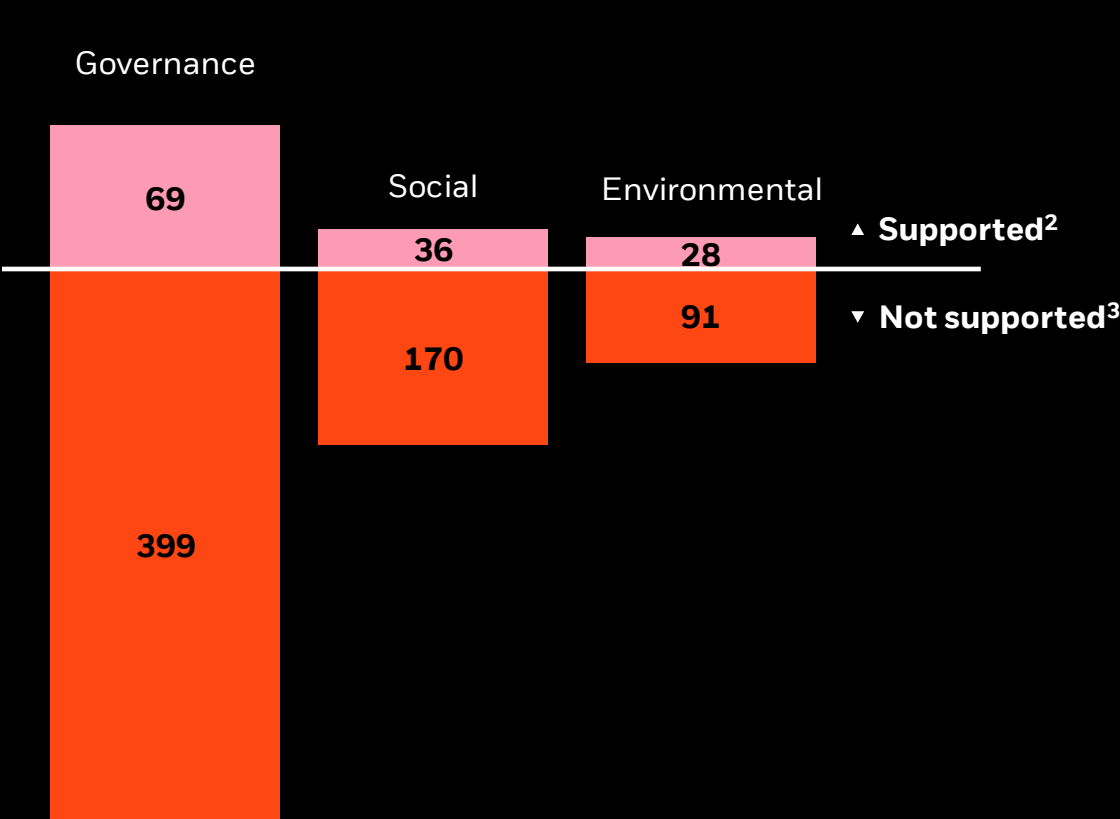
185	89	382	656
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Compensation

275	12	312	599
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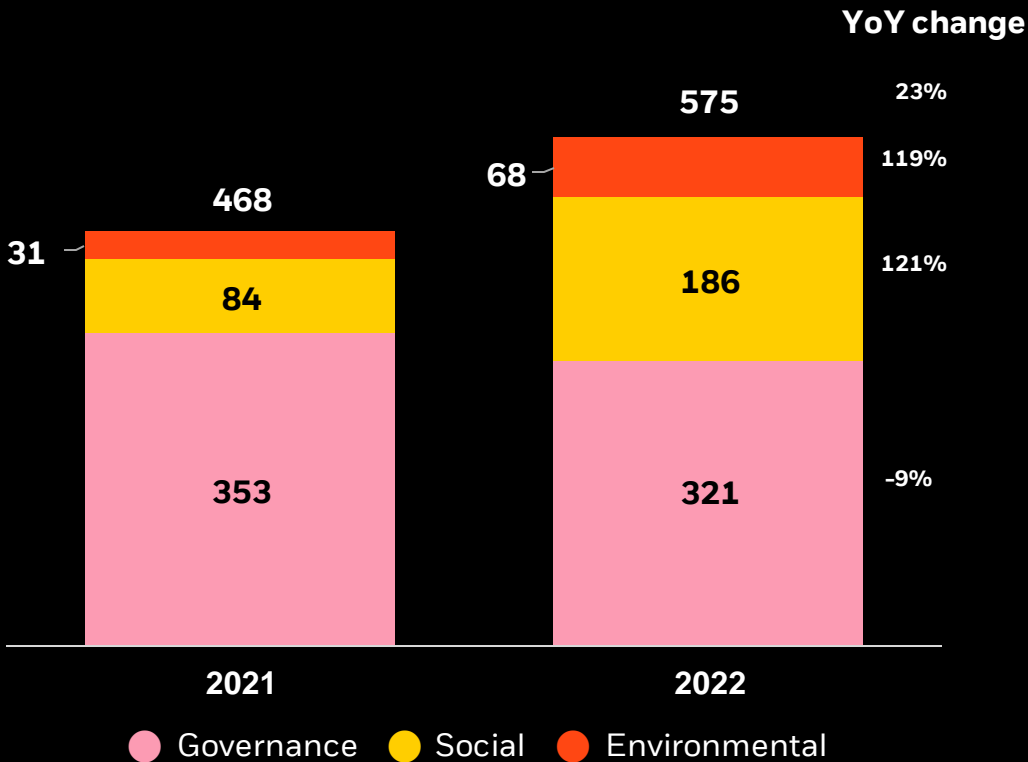
Source: BlackRock, Institutional Shareholder Services (ISS). Categories reflect ISS classifications. From time to time, ISS may update the categorization of proxy voting matters across management and shareholder proposals as part of their proposal categorization enhancement and standardization process. The information was sourced on January 29, 2023, reflecting data from January 1, 2022 through December 31, 2022. ¹ Votes to not support management recommendation include votes to not support director-related proposals and in support of shareholder proposals, abstentions included. ² Excludes the Japanese market, where numerous shareholder proposals are filed every year due to low filing barriers, and where shareholder proposals are often legally binding for directors in this market, abstentions included. ³ Votes where we did not support management includes votes withheld and abstentions. ⁴ Votes where we did not support directors reflect only director elections.

How BIS voted on behalf of clients on shareholder proposals globally¹



Measured in number of proposals supported/not supported.

Increase in U.S. E&S shareholder proposals that BIS voted on^{4,5}

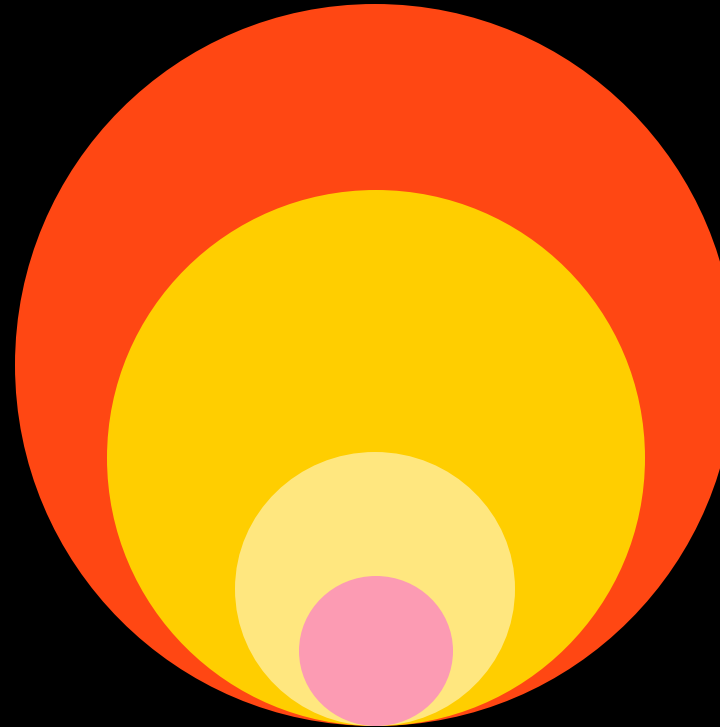


In the U.S., we saw a significant increase in the number of environmental and social shareholder proposals we voted on, many of them more prescriptive than in prior years, enabled by changing guidance by the U.S. SEC.⁶

Source: BlackRock, Institutional Shareholder Services (ISS). Categories reflect ISS classifications. From time to time, ISS may update the categorization of proxy voting matters across management and shareholder proposals as part of their proposal categorization enhancement and standardization process. The information was sourced on January 29, 2023, reflecting data from January 1, 2022 through December 31, 2022.¹ Excludes the Japanese market, where numerous shareholder proposals are filed every year due to low filing barriers, and where shareholder proposals are often legally binding for directors in this market. ² Includes abstentions. ³ Includes withhold votes. ⁴ Source: BlackRock, Institutional Shareholder Services (ISS), Sourced on January 29, 2023. ⁵ Year 2021 reflects data from January 1, 2021 through December 31, 2021. Year 2022 reflects data from January 1, 2022 through December 31, 2022. ⁶ To learn more, please refer to our Investment Stewardship commentary, "2022 climate-related shareholder proposals more prescriptive than 2021."

BlackRock index equity and Voting Choice asset breakdown

An industry first and a proprietary offering, enables institutional clients to participate in voting decisions where legally and operationally viable.



● **\$4.5tn**
Total index equity AUM

● **\$2.1tn**
Eligible for Voting Choice

● **\$555bn**
Exercising Voting Choice

● **\$223bn**
Newly Committed to Voting Choice

Source: Source: BlackRock. Client funds participating in BlackRock Voting Choice are as of March 31, 2023. Assets include index equity assets held in multi-asset fund of funds strategies. Note: Newly committed Voting Choice AUM includes pooled fund clients that have elected to participate in Voting Choice and assets of separate account clients that have elected to participate in newly-available Voting Choice options for separate accounts. Certain institutional pooled funds that implement Systematic Active Equity (SAE) strategies are also eligible for BlackRock Voting Choice but are not displayed in the chart. Eligible SAE institutional pooled funds and separate accounts amount to \$102bn in eligible Voting Choice assets. All currency shown in USD. Please see the [Voting Choice factsheet](#) to learn more about the options.

Appendix

Appendix I – Voting statistics

January 1, 2022 through December 31, 2022

		Americas	EMEA	APAC	Global total
Management proposals					
Director elections ¹	support	27,104	10,234	21,972	59,310
	not support*	2,188	1,590	2,749	6,527
	abstain	4	171	4	179
Director-related ²	support	1,336	7,718	9,623	18,677
	not support*	242	1,538	1,431	3,211
	abstain	986	1,058	73	2,117
Compensation ³	support	4,388	3,959	3,680	12,027
	not support*	559	1,452	1,106	3,117
	abstain	0	31	0	31
Capitalization	support	852	5,332	6,298	12,482
	not support*	109	390	1,366	1,865
	abstain	0	18	6	24
Reorganization and mergers ⁴	support	460	1,094	7,354	8,908
	not support*	40	83	1,687	1,810
	abstain	0	29	0	29
Anti-takeover related ⁴	support	548	481	57	1,086
	not support*	53	22	61	136
	abstain	0	0	0	0
Social ⁴	support	0	0	0	0
	not support*	0	0	0	0
	abstain	0	0	0	0
Say-on-climate	support	2	37	7	46
	not support*	0	1	1	2
	abstain	0	0	0	0
Routine business / Miscellaneous	support	6,549	12,841	16,008	35,398
	not support*	171	158	837	1,166
	abstain	378	545	1	924
Preferred / Bondholder ⁴	support	4	165	0	169
	not support*	8	287	0	295
	abstain	10	0	0	10

Source: BlackRock and Institutional Shareholder Services (ISS). Categories reflect ISS classifications. From time to time, ISS may update the categorization of proxy voting matters across management and shareholder proposals as part of their proposal categorization enhancement and standardization process. The above information was sourced on January 29, 2023, reflecting data from January 1, 2022 through December 31, 2022. * Includes votes to not support and withheld. **1** Elect directors/supervisors and contested elections. **2** Includes discharge of directors, committee appointments, bundled elections and election of directors to specific board positions. **3** Includes Say-on-Pay proposals, Approve Remuneration Policy, and Equity Plans. **4** Pending final numbers. Due to a reclassification by ISS from 2021 to 2022, BIS is running a quality control check to ensure year-over-year consistency across these proposal categories.

		Americas	EMEA	APAC ex Japan	Japan	Global total	Global ex Japan
Shareholder proposals by theme							
Governance	support	48	14	5	10	77	67
	not support*	276	101	22	170	569	399
	abstain	2	0	0	4	6	2
Social	support	36	0	0	0	36	36
	not support*	167	3	0	4	174	170
	abstain	0	0	0	0	0	0
Environmental	support	24	3	1	0	28	28
	not support*	58	16	17	54	145	91
	abstain	0	0	0	0	0	0

		Americas	EMEA	APAC ex Japan	Japan	Global total	Global ex Japan
Other shareholder proposals							
Director elections ¹	support	27	0	0	0	27	27
	not support*	17	0	3	17	37	20
	abstain	0	0	0	0	0	0
Director-related ²	support	112	344	1,252	2	1,710	1,708
	not support*	75	215	93	44	427	383
	abstain	48	3	0	0	51	51
Other ³	support	0	0	61	0	61	61
	not support*	0	0	4	0	4	4
	abstain	0	0	0	0	0	0

Source: BlackRock and Institutional Shareholder Services (ISS). Categories reflect ISS classifications. From time to time, ISS may update the categorization of proxy voting matters across management and shareholder proposals as part of their proposal categorization enhancement and standardization process. The above information was sourced on January 29, 2023, reflecting data from January 1, 2022 through December 31, 2022. Note: The appendix separates shareholder proposals voted in the Japanese market, where numerous legally binding proposals are filed every year due to the low filing threshold. Japanese law allows proxy access for essentially any proposal and the threshold to file a legally binding shareholder proposal is relatively low, at 1% of outstanding shares or 300 trading-units, held for over six months. Given the low filing threshold, shareholder proposals may focus on items that are not necessarily related to long-term financial value creation. By separating these proposals, we believe we can show a better comparison of our voting activities on behalf of clients across markets.

* Includes votes to not support and withheld. **1** Shareholder proposed election of directors/supervisors and contested elections. **2** Includes discharge of directors, committee appointments, bundled elections and election of directors to specific board positions. **3** Includes a number of shareholder originated proposals that fall outside the categories that most shareholders would view as environmental, social, and governance proposals and are generally procedural in nature. There are a substantial number of shareholder proposals in Greater China relative to other markets.

Appendix II – Proposal terminology explained

Management proposals

Anti-takeover and Related Proposals — proposals concerning shareholder rights, the adoption of “poison pills,” and thresholds for approval, among others.

Capitalization — generally involves authorizations for stock issuances, private placements, stock splits, and conversions of securities.

Compensation — proposals concerning executive pay programs (including say-on-pay and approving individual grants), remuneration policies, equity compensation plans, and golden parachutes.

Election of Directors — a category of management originated proposals which includes the election of directors.

Director-related Proposals — a category of management originated, director-related proposals (excluding director elections), such as supervisory board matters, declassification of boards, implementation of majority voting, and the discharge of directors or boards among others.

Mergers, Acquisitions, and Reorganizations — involves significant transactions requiring shareholder approval like spin-offs and asset sales, as well as changes to company jurisdiction or structure.

Routine Business — covers an assortment of common management originated proposals, including formal approvals of reports, name changes, and technical bylaws, among many others.

Other management proposals

Preferred / Bondholder — includes management items presented at bondholder meetings that are reserved for voting by holders of preferred shares or bonds as well as other proposals used to confirm information regarding the individual or institution voting the shares.

Environmental — includes management originated proposals related to environmental issues, such as proposals to approve a company’s climate action plan, commonly referred to as “say on climate.”

Social — includes management originated proposals relating to a range of social issues such as guidelines on political contributions.

Shareholder proposals

Governance — generally involves key corporate governance matters affecting shareholder rights including governance mechanisms and related article/bylaw amendments, as well as proposals on compensation, and corporate political activities and related disclosures.

Environmental — covers shareholder originated proposals relating to reports on climate risk, energy efficiency, recycling, community environmental impacts, and environmental policies.

Social — includes shareholder originated proposals relating to a range of social issues such as reports on gender diversity, civil rights, and pay equity.

Election of Directors — a category of shareholder originated proposals which includes the election of directors on a dissident shareholder’s slate.

Director-related Proposals — a category of shareholder originated director-related proposals (excluding director elections) such as discharges of directors, committee appointments, and elections of directors to specific board positions, among others.

A majority of these shareholder proposals appear on ballots in Greater China relative to other markets. This is due to the China Securities Regulatory Commission (CSRC) requiring companies that have a foreign listing to submit their proposals 45 days prior to the meeting (which applies to all Chinese companies that have an A-share listing in China together with H-shares listed in Hong Kong).

However, the CSRC allows shareholder proposals for these companies to be included up to 10 days prior to the meeting. The result is that many shareholder proposals are submitted by controlling shareholders and are, in effect, late agenda items from management.

Other — includes a number of shareholder originated proposals that fall outside the categories that most shareholders would view as ESG proposals and are generally procedural in nature.

A majority of these shareholder proposals appear on ballots in Greater China. This is due to the China Securities Regulatory Commission (CSRC) requiring companies that have a foreign listing to submit their proposals 45 days prior to the meeting (which applies to all Chinese companies that have an A-share listing in China together with H-shares listed in Hong Kong). However, the CSRC allows shareholder proposals for these companies to be included up to 10 days prior to the meeting. The result is that many shareholder proposals are submitted by controlling shareholders and are, in effect, late agenda items from management.

Appendix III – List of Vote Bulletins BIS published on annual and/or special shareholder meetings held in 2022

Company	Market	Meeting Date	Topic
China Tower	Hong Kong and China	1/14/2022	Board quality and effectiveness
Costco	U.S.	1/20/2022	Board quality and effectiveness, climate risk
Helmerich & Payne	U.S.	3/1/2022	Board quality and effectiveness, climate risk
Samsung	South Korea	3/16/2022	Board quality and effectiveness, climate risk
POSCO International	South Korea	3/21/2022	Company impacts on people
Toshiba Corporation	Japan	3/24/2022	Board quality and effectiveness
Hyundai Development Co.	South Korea	3/29/2022	Company impacts on people
Bank of Montreal	Canada	4/13/2022	Climate risk
Petrobras	Brazil	4/13/2022	Board quality and effectiveness
HCA Healthcare	U.S.	4/21/2022	Corporate political activities
Banorte	Mexico	4/22/2022	Board quality and effectiveness
Warrior Met Coal	U.S.	4/26/2022	Human capital management
Marathon Petroleum	U.S.	4/27/2022	Incentives aligned with financial value creation
Grupo Mexico	Mexico	4/28/2022	Board quality and effectiveness
Glencore	United Kingdom	4/28/2022	Climate risk
Cognata	Brazil	4/29/2022	Board quality and effectiveness
Santos	Australia	5/3/2022	Corporate political activities
Barclays	United Kingdom	5/4/2022	Climate risk
Ocado	United Kingdom	5/4/2022	Incentives aligned with financial value creation
Rio Tinto	United Kingdom, Australia	Rio Tinto plc: 4/8/2022, Rio Tinto Limited: 5/5/2022	Board quality and effectiveness

Company	Market	Meeting Date	Topic
Equinor	Norway	5/11/2022	Human capital management
Intel	U.S.	5/12/2022	Incentives aligned with financial value creation
Anthem	U.S.	5/18/2022	Company impacts on people
Home Depot	U.S.	5/19/2022	Board quality and effectiveness
Woodside Petroleum	Australia	5/19/2022	Corporate strategy
Shell	United Kingdom	5/24/2022	Climate risk
Meta	U.S.	5/25/2022	Company impacts on people
Amazon	U.S.	5/25/2022	Incentives aligned with financial value creation
ExxonMobil	U.S.	5/25/2022	Corporate political activities
Chevron	U.S.	5/25/2022	Human capital management
TotalEnergies	France	5/25/2022	Climate risk
McDonald's	U.S.	5/26/2022	Company impacts on people
Alphabet	U.S.	6/1/2022	Company impacts on people
Netflix	U.S.	6/2/2022	Incentives aligned with financial value creation
Monster Beverage	U.S.	6/14/2022	Climate risk
J-POWER	Japan	6/28/2022	Strategy, purpose, and financial resilience
SMFG	Japan	6/29/2022	Strategy, purpose, and financial resilience
J Sainsbury plc	United Kingdom	7/7/2022	Company impacts on people
NWD	Hong Kong	11/22/2022	Board quality and effectiveness
Fortum Oyj	Finland	11/23/2022	Corporate strategy
Uniper SE	Germany	12/19/2022	Corporate strategy

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