



BlackRock

Active Investment Stewardship Annual Report

January 1 – December 31, 2025



Overview and scope of this report

This report covers BlackRock Active Investment Stewardship's (BAIS) activities from January 1 through December 31, 2025.

BlackRock's stewardship policies are developed and implemented separately by two independent, specialist teams, BAIS and BlackRock Investment Stewardship (BIS). While the two teams operate independently, their general approach is grounded in widely recognized norms of corporate governance and shareholder rights and responsibilities.

BAIS partners with BlackRock's active investment teams in relation to their holdings. BIS is a dedicated function within BlackRock that is responsible for stewardship activities in relation to clients' assets invested in index equity strategies.

In addition to BlackRock's stewardship policies, BlackRock offers two additional stewardship options to provide clients with more choice to meet their investment needs: BlackRock Voting Choice and the Climate and Decarbonization Stewardship program.

The information in this report is dated as of December 31, 2025, and currency is shown in USD, unless otherwise noted.

Information included in this report 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 information herein must not be relied upon as a forecast, research, or investment advice. BlackRock is not making any recommendation or soliciting any action based upon this information and nothing in this document should be construed as

constituting an offer to sell, or a solicitation of any offer to buy, securities in any jurisdiction to any person. References to individual companies are for illustrative purposes only.

The publication of this report aligns with the timeline set by the UK's Financial Reporting Council (FRC) to comply with the 2026 UK Stewardship Code requirements. On March 18, 2026, prior to the submission to the FRC, the full firmwide report – of which this report is an excerpt – was presented to the Nominating and Governance Committee (NGC) of the BlackRock, Inc. Board of Directors. As described in the [NGC Charter](#), the NGC has oversight over BlackRock's stewardship policies and significant publications and, per the New York Stock Exchange's listing requirements, is comprised entirely of independent directors.

For more information, visit BlackRock's stewardship webpage [here](#).

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Larry Fink

Chairman and Chief Executive Officer

Image courtesy of Jerry Goldberg and BlackRock.
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From our Chairman and CEO

As a fiduciary to our clients, BlackRock's role is to help them navigate the capital markets in pursuit of their financial objectives. For decades, we have worked to expand access to long-term investing in the belief that broader participation through retirement programs, pensions, and other savings plans strengthens markets and supports economic growth.

More than half of the assets BlackRock manages are on behalf of clients saving for retirement. For these investors, markets are not abstract; they are a pathway to long-term financial security measured over decades.

As participation in capital markets has broadened, so have client expectations. Investors increasingly seek whole-portfolio solutions that are diversified, cost-effective, and aligned with their goals. In index and active strategies, and across public and private markets, we act in our clients' long-term financial interests, seeking to deliver durable risk-adjusted returns and providing investment choices designed to meet their objectives.

Stewardship is a core function of our fiduciary responsibility. As long-term investors acting on behalf of our clients, we engage with companies to understand how boards and management teams oversee strategy, manage material risks, and allocate capital to sustain performance over time. We do this work with diligence and independent judgment, guided solely by our obligation to our clients and informed by our research and company engagements.

The vast majority of our clients delegate voting authority to BlackRock, entrusting us to act on their behalf. At the same time, through BlackRock Voting Choice — the industry's largest pass-through voting program — we have expanded opportunities for eligible clients to participate in how their shares are voted, should they choose to do so.

Investment stewardship is an important link between our clients and the public companies in which they are invested. As our investment platform continues to grow and evolve, we remain steadfast in our commitment to exercising this responsibility with rigor, independence, and a singular focus on delivering long-term value for our clients.

I am proud of what our stewardship teams accomplished this year, and I am pleased to share this report on their work.



Executive summary

About BlackRock

BlackRock's purpose is to help more and more people experience financial well-being. As a fiduciary to investors and a leading provider of financial technology, we help millions of people build savings that serve them throughout their lives by making investing easier and more affordable.

Click here for additional information on BlackRock:

Learn More >

Our role as an asset manager

Fiduciary duty is a foundational principle at BlackRock. It means that, as an asset manager, we have an obligation to act in the best interests of our clients and to focus solely on their investment objectives.

We invest our clients' money according to their instructions and unique investment objectives. They choose how they would like their money invested; we provide them with access to the world's financial markets to achieve their investment objectives through simple, accessible and cost-efficient investment solutions, risk management, research, data, and analytics. As of December 31, 2025, clients entrusted BlackRock with \$14 trillion of assets under management (AUM).¹

BlackRock's success is driven by our people and a strong corporate culture. With approximately 24,900 employees in more than 30 countries who serve clients in over 100 countries across the globe, BlackRock provides a broad range of investment management and technology and subscription services to institutional and retail clients worldwide.²

Our clients include public and private pension plans, insurers, endowments, universities, charities, family offices, wealth managers, and, ultimately, the individual investors they serve, many of whom are saving for retirement.

Our investment approach: client-led, choice-driven

Put simply, BlackRock works to help our clients' investments — more than half of which are for retirement — grow over time.³ How? We work to stay ahead of our clients' needs by providing them with a broad set of investment choices across stocks, bonds, cash, and private markets. This is backed by industry-leading insights and deep portfolio expertise which cut across regions, asset classes, and strategies — so that our clients can decide what investment strategy best aligns with their financial objectives.

Our investment approach is informed by three principles: **client choice, performance, and research.** The continued trust our clients place in us to manage their assets is at the center of everything we do. The section titled "Our investment approach" on page 15 exemplifies our focus on delivering the best risk-adjusted returns for clients in line with their investment objectives.

1. BlackRock, Inc. "BlackRock's Q4 2025 Quarterly Results." 2. BlackRock Inc. "Form 10-K" for the fiscal year ended December 31, 2025. 3. BlackRock estimates based on AUM as of December 31, 2021, and Cerulli data as of 2020. ETF assets include only qualified assets based on Cerulli data, and assumes 9.5% of institutionally held ETFs are related to pensions or retirement. Institutional estimates includes assets defined as "related to retirement" and are based on products and clients with a specific retirement mandate (e.g., LifePath, pensions). Estimates for LatAm based on assets managed for LatAm Pension Fund clients, excluding cash.

About stewardship at BlackRock

At BlackRock, investment stewardship is core to our role as an asset manager and a fiduciary to our clients.

BlackRock (and its predecessor companies) has had a stewardship function for well over two decades. Our stewardship program is focused on advancing the long-term financial interests of our clients as investors in companies. As stewards of our clients' assets, we engage with companies and vote at shareholder meetings on behalf of clients who have delegated voting authority to us in a manner that is consistent with their investment objectives.¹

As a link between our clients and the public companies they are invested in, BlackRock offers a range of investment stewardship options to reflect clients' individual investment choices and goals.

Voting at a company's shareholder meeting is a right of share ownership and a core principle of corporate governance. As a fiduciary, BlackRock is legally required to make proxy voting determinations in a manner that is consistent with the investment objectives of clients who have delegated voting authority to us.

Setting, executing, and overseeing strategy is the responsibility of a company's management and its board. As one of many minority shareholders in public companies, BlackRock does not direct a company's strategy or its implementation, nor how they should manage material business risks. We do not view stewardship as a mechanism to directly seek outcomes related to economies and societies as a whole, which is the role of governments and policymakers. We may participate in industry-level discussions to further the dialogue on matters that could impact our clients' portfolios or to provide an increased understanding of our approach to stewardship.

BlackRock's stewardship program has four key pillars:

Engaging

We engage with the boards and management of companies to deepen our understanding of their business models, including how they are overseeing material business risks and opportunities.

Proxy voting

We vote at shareholder meetings on management and shareholder proposals for clients who have authorized us to do so.

Industry dialogue

We participate in industry dialogue on stewardship to share our perspectives on matters that may impact our clients' investments.

Reporting

We inform clients about our stewardship activities on their behalf through a range of publications on our website, as well as through direct client communications.

At BlackRock, investment stewardship is core to our role as an asset manager and a fiduciary to our clients. BlackRock offers a range of investment stewardship options to reflect clients' individual investment choices and goals.

¹ On February 11, 2025, the U.S. Securities and Exchange Commission (SEC) staff issued updated guidance for shareholders to maintain their eligibility to report their beneficial ownership under Schedule 13G of the Exchange Act. We comply fully with these requirements and do not engage with portfolio companies for the purpose, or with the effect, of changing or influencing control of any company.

BlackRock’s stewardship policies are developed and implemented separately by two independent, specialist teams.

This report describes BAIS' policies and explains how they guide engagement and voting activities on behalf of clients, with case studies included to illustrate the team's work over the reporting period.

This report also explains the governance structures in place which help to ensure oversight and accountability of stewardship-related activities on behalf of clients, in alignment with our firm's business model and size.

In addition, this report outlines how BAIS oversees service providers to ensure services are delivered to meet the requirements of BlackRock's stewardship program, including proxy research firms that provide research and operational support for proxy voting, record keeping, and reporting processes.

Our report includes a description of how BAIS maintains policies and procedures that prevent undue influence on proxy voting activities, using independent third-party voting service providers when necessary. This robust governance structure helps to ensure that the team operates in line with BlackRock's fiduciary duty as an asset manager, and effectively manages potential conflicts of interest.

BlackRock Investment Stewardship (BIS)

BIS engages and votes on behalf of clients invested in index equity strategies. Approximately 90% of clients' public equity AUM are held in index equity strategies.¹

In its engagement and analysis, the BIS team seeks to understand how corporate leadership is managing material risks and capitalizing on opportunities to help protect and enhance companies' ability to deliver the long-term financial returns BlackRock's clients depend on to reach their investing goals. This, in turn, informs BIS' voting decisions for clients who have authorized BlackRock to vote on their behalf.

The BIS team, one of the largest in the industry, consists of more than 60 professionals who operate out of nine offices globally.²

BlackRock Active Investment Stewardship (BAIS)

BAIS supports BlackRock's active investment platform, including fundamental equity, systematic equity and multi-asset solutions strategies. The team's work also supports BlackRock's fixed income strategies, to the extent those strategies hold voting securities or conduct issuer engagements.³

BAIS provides expertise on investment stewardship, engaging with companies alongside and on behalf of active investment teams, when appropriate, and in recommending, operationalizing, and reporting on voting decisions. Active portfolio managers have discretion as to how they integrate stewardship within their investment processes in light of their clients' or funds' investment objectives.

The BAIS team consists of 13 dedicated professionals in six offices globally, and is co-located with the active investment teams with which the team collaborates.⁴

More information on each team's policies and approach can be found on their respective websites.

[BlackRock Investment Stewardship >](#)

[BlackRock Active Investment Stewardship >](#)

1. BlackRock, Inc. Estimate based on figures reported in BlackRock Inc.'s financial results as of December 31, 2025, which indicated that approximately 51% of total equity AUM was held in iShares ETFs, and a further 42% of total equity AUM was invested in index strategies on behalf of institutional and retail clients. See: "BlackRock's Q4 2025 Quarterly Results." 2. BIS. As of January 1, 2026. 3. BAIS was established as part of a strategic initiative to segment active and index investment functions, including stewardship, to unlock the full breadth of the firm's active and private markets capabilities. 4. BAIS. As of January 1, 2026.

Providing eligible clients with more choices

Our Voting Choice program provides eligible clients with more opportunities to participate in the proxy voting process

BlackRock Voting Choice is the industry's largest pass-through voting program.¹ This enables eligible clients to participate in the proxy voting process where legally and operationally viable.

The program is available to client assets representing \$3.76 trillion of BlackRock's \$7.7 trillion total index equity AUM, with clients representing approximately \$885 billion in index equity AUM exercising this option.² Clients invested in certain institutional pooled funds that implement Systematic Active Equity strategies are also eligible for Voting Choice.³

The section titled "Offering clients more choice," on page 17, contains more detail about this stewardship offering.

Our Climate and Decarbonization Stewardship program is an offering for clients in decarbonization-focused index and active strategies

In July 2024, BlackRock launched the Climate and Decarbonization Stewardship program, which applies only to funds with climate and decarbonization objectives across BlackRock's index and active platform and where the funds' respective governing body has explicitly approved the application of the program. Separately managed account (SMA) clients may also instruct BlackRock to apply the program to their holdings. The program represents approximately \$194 billion in AUM.⁴

On pages 23 and 53, BAIS outlines how the program was applied to in-scope strategies during the reporting period.

1. Based on total AUM eligible to participate in pass-through voting programs across the industry, as of December 31, 2025. Also see: "[The complete guide to pass-through voting](#)." Accessed in April 2026. 2. BlackRock. Client funds participating in BlackRock Voting Choice are as of December 31, 2025. Assets include index equity assets held in multi-asset fund of funds strategies. 3. Clients invested in certain systematic active equity managed funds are also eligible for voting choice. 4. As of December 31, 2025.



About BlackRock

Our purpose

BlackRock is a global asset manager and technology provider dedicated to helping more and more people experience financial well-being. We help millions of people invest to build savings that serve them throughout their lives.¹

Fiduciary duty is a foundational principle at BlackRock. It means that, as an asset manager, we have an obligation to act in the best interests of our clients and to focus solely on their investment objectives. We invest our clients' money according to their instructions and unique investment objectives. They choose how they would like their money invested; we provide them with access to the world's financial markets to achieve their investment objectives through simple, accessible, and cost-efficient investment solutions, risk management, research, data, and analytics.

As of December 31, 2025, clients entrusted BlackRock with \$14 trillion of AUM.² More than half of the money BlackRock manages is related to retirement.³

Our people

As an asset manager, BlackRock's long-term success depends on our people.

BlackRock is a global firm. With approximately 24,900 employees in more than 30 countries who serve clients in over 100 countries around the world, BlackRock provides a broad range of investment management and technology services to clients worldwide.⁴

BlackRock's culture is underpinned by five core principles that unify our workforce and guide how we interact with employees, clients, the communities in which we operate and other stakeholders:

- 1. We are a fiduciary to our clients.**
- 2. We are One BlackRock.**
- 3. We are passionate about performance.**
- 4. We take emotional ownership.**
- 5. We are committed to a better future.**

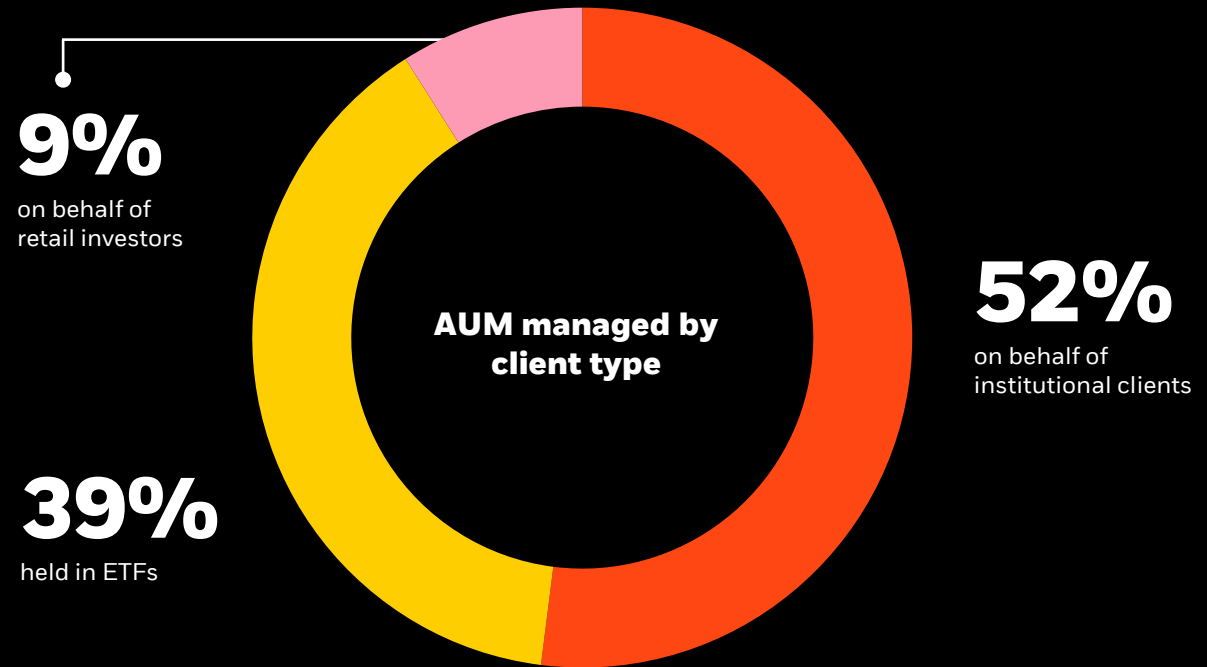
These principles represent our core values, our aspirations and our cultural language — lived and embraced by every employee at our firm.

1. Around the world, 43 million investors use iShares ETFs. BlackRock, as of September 30, 2023. 2. BlackRock, Inc. "BlackRock's Q4 2025 Quarterly Results." 3. BlackRock estimates based on AUM as of December 31, 2021, and Cerulli data as of 2020. ETF assets include only qualified assets based on Cerulli data and assumes 9.5% of institutionally held ETFs are related to pensions or retirement. Institutional estimates include assets defined as "related to retirement" and are based on products and clients with a specific retirement mandate (e.g., LifePath, pensions). Estimates for LatAm based on assets managed for LatAm Pension Fund clients, excluding cash. 4. BlackRock Inc. "Form 10-K" for the fiscal year ended December 31, 2025.

Our clients

The assets we manage belong to our clients.

Our clients include public and private pension plans, insurers, endowments, universities, charities, family offices, wealth managers, and, ultimately, the individual investors they serve, many of whom are saving for retirement.

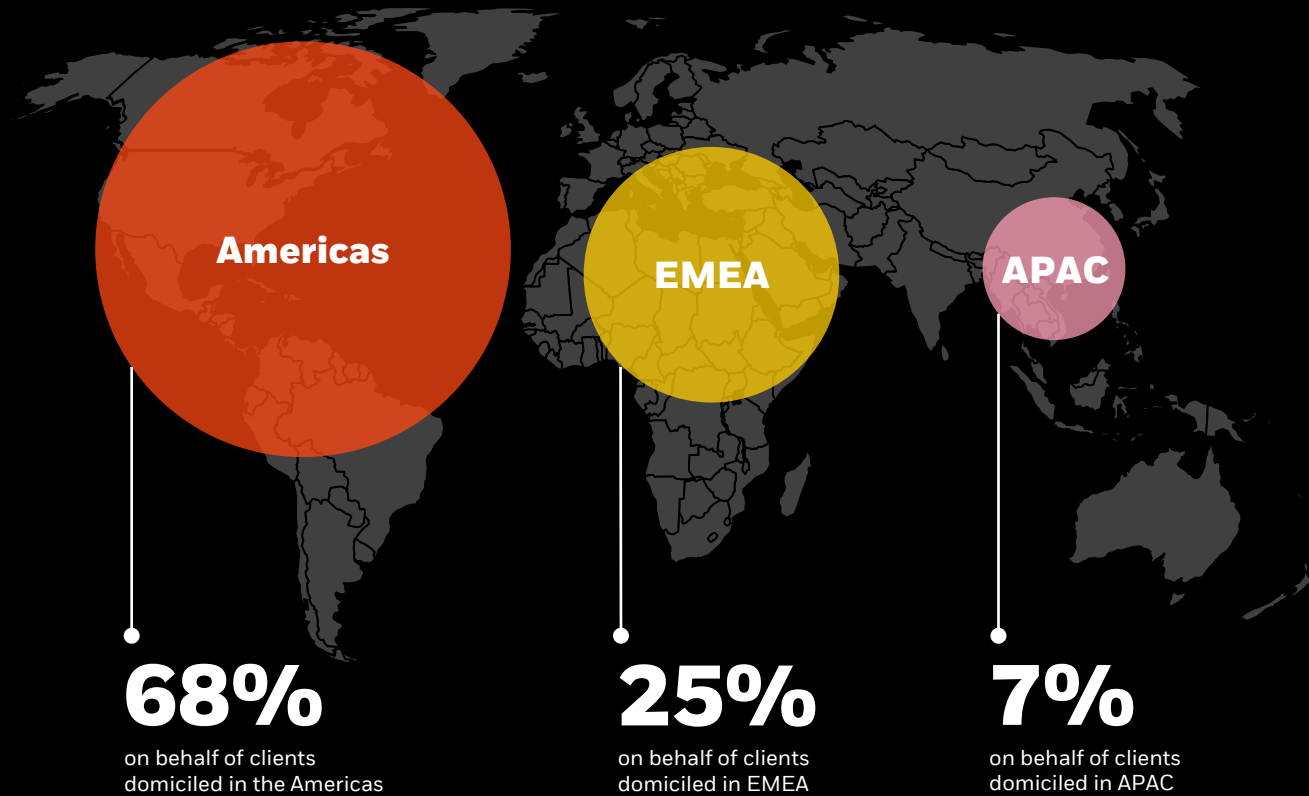


Source: BlackRock, Inc. "Q4 2025 Earnings Release Supplement," January 15, 2026..

We serve clients in over 100 countries.¹

BlackRock's footprint in the Americas, Asia-Pacific (APAC), and Europe, Middle East, and Africa (EMEA) regions reflects strong relationships with clients and financial intermediaries and an established ability to deliver global investment expertise in funds and other products tailored to local regulations and requirements.

AUM managed by region

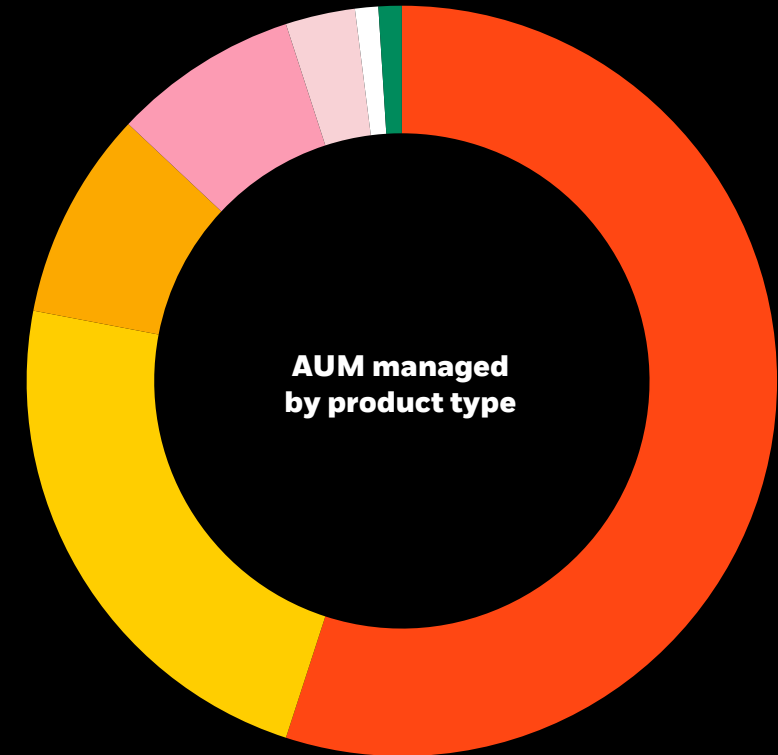
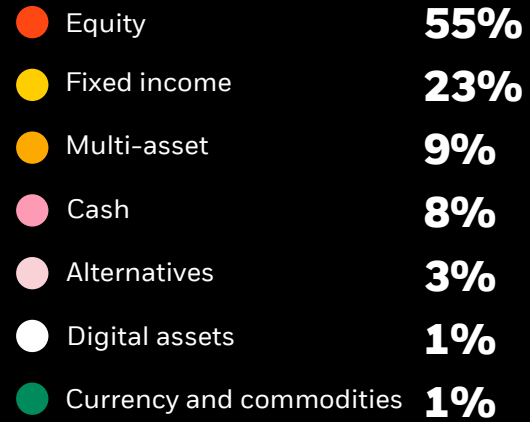


Source: BlackRock, Inc. "Q4 2025 Earnings Release Supplement," January 15, 2026.

1. As of December 31, 2025.

Everything we do is for our clients.

We listen to them, learn from them, and put their needs first. We focus on strong investment performance, seeking the best risk-adjusted returns for client portfolios, within the mandates given by clients, to help them meet their investment objectives.



Source: BlackRock, Inc. "Q4 2025 Earnings Release Supplement," January 15, 2026

Our investment approach

BlackRock was founded on the premise of understanding and managing investment risk, anticipating our clients' needs, and supporting them in achieving their long-term investment goals. We start with our clients' investment objectives and provide choice to meet their needs. We seek the best risk-adjusted returns within their mandates. And we underpin all of our work with rigorous research and analytics.

1.

Client choice.

We start with the client.

2.

Performance.

We seek the best risk-adjusted returns within the mandates clients give us.

3.

Research.

We underpin our work with research, data, and analytics.

Investment solutions to provide clients with choice in line with their specific investment goals and objectives

BlackRock's clients have a variety of goals and preferences. BlackRock's global investment platform encompasses broad and deeply integrated investment strategies across all major asset classes and investment styles. To support our clients' unique and varied investment objectives, BlackRock offers a wide range of investment products and strategies that our clients may choose from.

BlackRock recognizes that different clients have different investment objectives and preferences. We invest in companies for one simple reason: our clients have asked us to. It's our clients' money, not ours. We offer products and strategies to fit a broad set of investor objectives. That's part of being an asset manager. We follow our clients' mandates.



Industry affiliations and memberships to promote well-functioning capital markets

In order to better serve our clients, BlackRock participates in multiple organizations and trade groups across different regions. We participate in dialogue on issues that may impact our clients' portfolios. Participation in these groups helps us provide insights to clients who are interested in ways to mitigate certain risk and capture opportunities. This includes participating in organizations and trade groups related to corporate governance and stewardship. BlackRock conducts our stewardship activities independently. We do not coordinate our votes or investment decisions with any external group or organization. We do not make any commitments or pledges that would interfere with our independent determination on how to engage with issuers and vote proxies in the long-term financial interests of our clients or in accordance with our clients' instructions.

The firm joins and leaves many working groups and initiatives based on their relevance to our business needs and their effectiveness in supporting our clients' interests. Examples of BlackRock's industry affiliations include the Asian Corporate Governance Association (ACGA) and the Eumedion Corporate Governance Forum (Eumedion), both of which are corporate governance forums.^{1, 2} Membership in these forums allow the firm to participate in industry events and engage on emerging governance developments with other members. At the global level, BlackRock is also a member of the International Corporate Governance Network (ICGN).³ While we may not endorse all of these bodies' positions, we consider these networks as valuable forums to gain information, insights, and perspectives that benefit our clients.

Recognition of our stewardship approach

In 2025, we were pleased to see our approach to stewardship recognized by various organizations globally.

For example, in July 2025, BlackRock was recognized as a signatory of the UK Stewardship Code (the Code) based on the Financial Reporting Council's (FRC) evaluation of our 2024 annual stewardship report.⁴ Many clients recognize the Code as a best-practice standard for reporting investment stewardship practices. BlackRock has been a signatory to the Code and its predecessors for more than 15 years.

Offering clients more choice

BlackRock Voting Choice

Launched in January 2022, [BlackRock Voting Choice](#) – sometimes referred to as pass-through voting – provides eligible clients with more opportunities to participate in the proxy voting process, where legally and operationally viable.¹ Since then, BlackRock has continued to expand Voting Choice by extending the pool of eligible client assets that can participate and expanding the range of voting policies clients can choose from.

For eligible global institutional clients, in July 2024 we added Egan-Jones as the third voting policy provider on our BlackRock Voting Choice platform.² With the addition of Egan-Jones' voting guidelines, eligible institutional clients have access to 16 distinct voting guidelines from three voting policy providers, in addition to BlackRock's stewardship policies. Additionally, institutional clients with SMAs may implement custom voting guidelines reflecting their investment goals and preferences.

In 2025, we expanded BlackRock Voting Choice to eligible clients in select Swiss-domiciled funds, adding to existing availability in funds in the U.S., Canada, Ireland, and the UK.

For eligible U.S. retail shareholders, in February 2024, we launched a pilot program to make BlackRock Voting Choice available for our largest ETF for the first time. In early 2025, we formalized this innovative program and announced the inclusion of the Egan-Jones Wealth-Focused Policy as a third-party voting policy provider, expanding the available proxy voting policy options to eligible shareholders in the U.S. from seven to eight.

As of December 31, 2025, \$3.76 trillion of BlackRock's \$7.7 trillion total index equity AUM are eligible to participate in BlackRock Voting Choice with clients representing approximately \$885 billion in index equity AUM exercising this option.³

1. BlackRock will determine eligibility criteria under this program based upon, among other things, local market regulation and practice, cost considerations, operational risk and/or complexity, and financial considerations, including the decision to lend securities. 2. The three proxy advisors are Egan-Jones, Glass Lewis, and Institutional Shareholder Services (ISS) 3. BlackRock. Client funds participating in BlackRock Voting Choice are as of December 31, 2025. Assets include index equity assets held in multi-asset fund of funds strategies.



BlackRock
Active
Investment
Stewardship



Michelle Edkins

Global Head of BlackRock
Active Investment Stewardship

Foreword

Our purpose

Investment stewardship is one way in which BlackRock acts as a link between our clients and the public companies they are invested in. We see investment stewardship as core to our role as an asset manager and a fiduciary to our clients. Through direct dialogue – or engagement – with companies, we aim to understand how the most material economic, operational and geopolitical dynamics are impacting their businesses and long-term decisions and how our clients’ investments may be affected over time. Engagement also helps inform our voting on behalf of clients.

BlackRock Active Investment Stewardship (BAIS) is part of the Portfolio Management Group and partners with BlackRock’s investment teams, excluding index equity, on investment stewardship. Our purpose is to collaborate with active investors to develop stewardship perspectives on corporate governance and sustainability factors that can contribute to their assessments of companies’ ability to deliver durable financial returns.

Taking a long-term view in turbulent times

Investors and companies faced a structurally more fragmented geopolitical environment in 2025, in which trade rivalry, industrial policy and divergent views on the value of cross-border collaboration took center stage. Elevated levels of uncertainty and volatility made a focus on the long-term both more challenging and important. Many of the forces underpinning these structural shifts – the rapid rise of Artificial Intelligence (AI), diverging demographics, the need for energy resilience and secure supply chains – can best be addressed through long-term decision-making and investment.

Investors increasingly focused on portfolio resilience, including diversification across regions, greater exposure to real assets and infrastructure linked to energy transition and supply chain investment, and renewed attention to inflation protection and geopolitical hedging. At the same time, elevated valuations in some markets and tighter financial conditions have increased the premium on selectivity, balance sheet strength, and active risk management. While near-term uncertainty remains high, investors taking a long-term approach may benefit from more focused stewardship that can identify the differentiated risks and opportunities at a company-level.

Building understanding through dialogue

In this context, BAIS' engagements, both alongside investors and separately, helped us understand how companies are navigating these uncertainties to deliver financial performance. BAIS had 476 engagements with 347 companies, in addition to the thousands of meetings held by investors across the active platform. We heard from executives that they were prioritizing flexibility and operational pragmatism in the short-term, while working towards their long-term strategic objectives through investing in innovation and technology to support their competitiveness. Many also recognized the importance of talent retention and development in a rapidly changing workplace, and securing access to key resources, including natural capital.

We heard from board directors that they were focused on the resilience of the company's operations and strategy under multiple plausible scenarios and ensuring that executive leaders have the resources and support necessary to navigate the turbulence. They noted the challenges of overseeing rapidly changing technologies and ensuring the appropriate checks and balances were in place, particularly in relation to AI, to safeguard the business, its employees and customers.

These insights helped inform our voting recommendations to active equity investors. As has long been BlackRock's approach, they have discretion as to how they integrate stewardship, including how to vote, into their decision-making as relevant to their clients' or funds' investment objectives. We voted at more than 10,900 shareholder meetings on 110,000+ proposals, ~89% of which we voted in line with management recommendations.

Stewardship developments in 2025

BAIS was established in October 2024, and went live in January 2025, to support the engagement and voting activities of our liquid active equity, and index and active fixed income platforms. Over the year, we built the team to a full complement of 13 dedicated professionals globally. The team has eight voting and engagement specialists with a range of expertise across corporate governance, corporate advisory and investment analysis. It is based in six offices, in Asia, the UK, and the U.S., and is co-located with the active investment teams with which we collaborate.

Stewardship continues to be in focus for policy makers, as well as clients. In 2025, expectations around transparency, corporate governance, and shareholder rights remained high, while regulatory approaches increasingly differed across regions. In this environment, effective stewardship is about navigating local requirements thoughtfully while staying anchored in widely accepted principles of fiduciary duty and shareholder responsibilities that recognize the international nature of most clients' portfolios. Our focus remains on engaging constructively in a way that supports companies in delivering long-term financial returns for BlackRock's clients. We have never used engagement as a means to direct company strategy or drive specific outcomes, which are the responsibility of corporate management with input from their boards.

1. Source: BlackRock. Sourced on April 22, 2026, reflecting data from January 1, 2025, through December 31, 2025. 2. Source: BlackRock. ISS. Sourced on March 5, 2026, reflecting data from January 1, 2025, through December 31, 2025.

Looking forward

The market conditions that characterized 2025 look set to continue in 2026, further highlighting the role stewardship can play in supporting resilient investment outcomes. Companies are managing ongoing macroeconomic uncertainty, rapid technological change and shifting competitive dynamics, all of which place added importance on strong governance and sound strategic decision-making. In our experience, there is no single approach to successfully navigating these market conditions. Early adoption of new technologies, first-mover strategies for new business models, entering new markets or reorganizing global supply chains will have different risk and opportunity profiles at the market-, industry-, and company-level. Through engagement and voting, stewardship helps promote practices that support durable business performance, including effective boards, disciplined capital allocation and the management of financially material risks and opportunities over time.

Client expectations around stewardship continue to evolve toward greater choice, transparency and alignment with individual investment goals. Clients increasingly recognize that stewardship is not one-size-fits-all and value approaches that reflect different strategies, time horizons and priorities. In response, BAIS in 2026 is focused on offering clearer insight into how engagement and voting are conducted and on ensuring stewardship activities remain closely aligned with each client's mandate and long-term financial objectives.

About BlackRock Active Investment Stewardship

BlackRock Active Investment Stewardship (BAIS) is a specialist team within the Portfolio Management Group that manages BlackRock's stewardship engagement and voting on behalf of clients invested in liquid active strategies globally. BAIS works in partnership with BlackRock's active investment teams and is also responsible for engagement with issuers in index fixed income strategies, where appropriate. Our activities are informed by our Global Engagement and Voting Guidelines and insights from active investment analysts and portfolio managers, with whom we work closely in engaging companies and voting at shareholder meetings.

Our approach to stewardship within liquid active equities

In general, we support the recommendations of the board of directors and management. We may vote against management recommendations when we have concerns about how companies are serving the financial interests of our clients as their shareholders. BAIS takes a globally consistent approach to voting but considers the different corporate governance regulations and norms across markets. Votes are determined on a case-by-case basis, in the context of a company's situation and the investment mandate we have from clients.

Why BAIS?

Following BlackRock's acquisition of Global Infrastructure Partners in 2024, one of BlackRock's priorities was to enable the full breadth of our active and private markets platform for our clients, including knowledge-sharing across investment teams and pursuing transactions with public companies. Given the scale of BlackRock's indexing business, however, enabling these transactions required us to establish an information barrier around our index equity investment and stewardship platform to comply with applicable regulations. As a result, BAIS was established to support our liquid active equity and index and active fixed income strategies with a stewardship program, in collaboration with investors as relevant.

Our approach to stewardship within fixed income

Although fixed income investors do not have the right to vote at shareholder meetings, issuer engagement is a component of certain fixed income investment strategies at BlackRock, particularly for clients with sustainability objectives in addition to financial objectives. Most corporate governance-related fixed income engagements are undertaken in conjunction with the active investment stewardship team, and often active equity investors. Engagement with fixed income investment teams may help inform an issuer's approach to structuring specialist issuances and the standard terms and information in bond documentation.

BAIS Global Engagement and Voting Guidelines

The BAIS Engagement and Voting Guidelines outline for clients and companies the factors we consider when we vote on matters that are commonly included on shareholder meeting agendas. They are not prescriptive and are applied in the context of a company's operating environment and an active equity portfolio manager's investment strategy, anchored in BlackRock's fiduciary duty to clients.

BAIS monitors forthcoming votes and undertakes the analysis related to the items on the agenda of the annual or special shareholder meeting and makes voting recommendations to the active portfolio managers with holdings. Active portfolio managers may override the BAIS recommendation if they determine that voting their holding differently is more aligned with the investment objectives of their fund.

Different liquid active equity strategies may implement our voting guidelines differently, as a result of the latitude each portfolio manager has to make independent voting decisions on their holdings. For example, BAIS will generally vote the holdings in Systematic Active Equity (i.e., quantitative) portfolios in accordance with our guidelines. We provide voting recommendations to fundamental equity portfolio managers, who may determine to vote differently based on each portfolio's investment objectives and strategy. That said, because of the close collaboration between BAIS and investors, and the fact that most votes are routine, there is generally alignment in our voting.

Our guidelines discuss BAIS' views on corporate governance topics on which we may engage with management teams and board directors and on matters that routinely come to a shareholder vote. We recognize that accepted corporate governance norms can differ across markets and believe these guidelines represent globally applicable elements of governance that support a company's ability to manage material risks and opportunities and deliver financial returns to investors. Generally, we believe companies should observe accepted corporate governance norms within their local markets or, particularly in markets without well-established norms, aspire to widely recognized international best practices.

BAIS annual review process

BAIS reviews its Global Engagement and Voting Guidelines annually and updates them as necessary to reflect changes in market standards and best practices, insights gained over the year from our engagement and research, and the perspectives of our active equity investors.

[Read the full BAIS Global Engagement and Voting Guidelines >](#)

BAIS Guidelines Specific to Climate and Decarbonization

Some clients choose to invest in certain active BlackRock funds which have climate and decarbonization objectives in addition to financial objectives. Consistent with the objectives of those investment strategies, our stewardship activity in relation to the holdings in those funds differs in some respects from BAIS' benchmark guidelines. Under the BAIS Climate and Decarbonization-specific guidelines applied to those funds, we look to investee companies to demonstrate that they are aligned with a decarbonization pathway that means their business model would be viable in a low-carbon economy, i.e., one in which global temperature rise is limited to 1.5°C above pre-industrial levels.

Our approach to engagement

Engagement with public companies is the foundation of our approach to stewardship within fundamental active investing.¹ Through direct dialogue with company leadership, we seek to understand their businesses and how they manage risks and opportunities to deliver durable, risk-adjusted financial returns. Generally, portfolio managers and stewardship specialists engage jointly on material corporate governance matters. Our discussions focus on topics relevant to a company's success over time, including governance and leadership, corporate strategy, capital structure and financial performance, operations and sustainability-related risks, as well as macro-economic, geopolitical and sector dynamics. We aim to be constructive investors and are generally supportive of management teams that have a track record of financial value creation. In our experience, building and maintaining relationships with company leadership supports ongoing engagement.

BAIS develops our engagement strategy in close partnership with members of the active investment platform, ensuring both alignment and effectiveness. Generally, investment teams engage companies to inform portfolio management decisions while BAIS engages to better understand company business models and inform voting analysis and

recommendations. As such, the discussions are complementary. Both BAIS and active investment teams use a proprietary database to share meeting notes and perspectives, which can inform voting decisions and investment analysis as relevant.

BAIS and investment teams generally engage individual companies independently of, rather than alongside, other asset managers or asset owners. In our experience, this approach gives us a better opportunity to learn about a company's performance, governance and sustainability practices. In addition, BlackRock adheres to regulatory limits on collaborative engagement, particularly with respect to U.S. companies and companies with U.S.-listed securities.

BAIS may engage collaboratively with other shareholders in limited instances outside the U.S., where permissible under local regulations and a market norm, and where, in the team's view, BlackRock's clients' interests could be more productively advanced through joint dialogue. In these rare circumstances, the team would determine its engagement objectives independently, including with whom and how best to partner. In 2025, BAIS did not participate in collaborative engagement activities in any market.

Engagement in practice

BAIS determines whether to engage a company based on:

Portfolio managers' priorities

Level of concern about governance or financial performance

Anticipated benefit of engagement for the company and our clients

An agenda for the conversation focused on material risks and opportunities in company's business model

A need to better inform our voting analysis and decisions

Engagement priorities

Over time, BAIS has observed a number of consistent themes on which we engage with companies. Governance themes such as board quality, strategy execution and financial resilience, and competitive executive pay are common topics that we regularly discuss with nearly all the companies we engage. Themes associated with sustainable business practices, such as climate risk, natural capital, and company impacts on people will be in focus when they are relevant to a company's business model and have the potential to materially impact a company's ability to deliver durable financial returns. Each of these themes is discussed in more detail in BAIS' Engagement Priorities. We monitor emerging themes to understand their materiality and whether they are likely to have an enduring impact on companies, sectors or markets.

[Learn More >](#)

1. On February 11, 2025, the U.S. Securities and Exchange Commission (SEC) staff issued updated guidance for shareholders to maintain their eligibility to report their beneficial ownership under Schedule 13G of the Exchange Act. We comply fully with these requirements and do not engage with portfolio companies for the purpose, or with the effect, of changing or influencing control of the company.

Engagement effectiveness

BAIS assesses the effectiveness of our engagements on a case-by-case basis, based on a company's management and oversight of material business risks and opportunities and its performance over time. We do not have specific metrics to measure the effectiveness of a particular engagement. Rather, we view engagement meetings as effective if they provide us with additional insight into the company's governance-related perspectives, which may ultimately inform our voting or, as appropriate, a portfolio manager's investment decisions.

Integrating stewardship engagement insights

Active portfolio managers determine the extent to which stewardship engagement insights and voting activity are taken into consideration in their investment decision-making. Many stewardship engagements focus on governance and operational issues that may be material to a company's ability to deliver durable financial returns and thus may be factored in as relevant. Other issues raised in engagement could have longer-term implications for the financial performance of a company but are not immediately relevant to the investment thesis.

Our approach to voting

For clients who have authorized BlackRock to vote on their behalf, BAIS works with active portfolio managers to vote their holdings, in a manner that, in BAIS' assessment serves the financial interests of clients in the context of their active equity investment mandates.

For the vast majority of companies, we anticipate voting in favor of management recommendations, consistent with our active investment decisions and support for management teams that have a strong track record of financial value creation. Based on any particular point-in-time view, we may vote against management if we are concerned that a company is not acting in the interests of BlackRock's clients as investors. That said, BAIS

does not seek to direct companies on how they should manage their business. That is the responsibility of management, with input from the board. Our voting at a particular company or in relation to a particular issue may evolve independent of any specific BlackRock view or company action as company strategy and relevant market forces evolve.

Some risks or opportunities may be inherent to a particular company or industry and are better addressed through the investment process, ensuring appropriate risk-adjusted returns, rather than factored into the proxy voting process or generally evaluated through the lens of engagement effectiveness.

The BAIS team

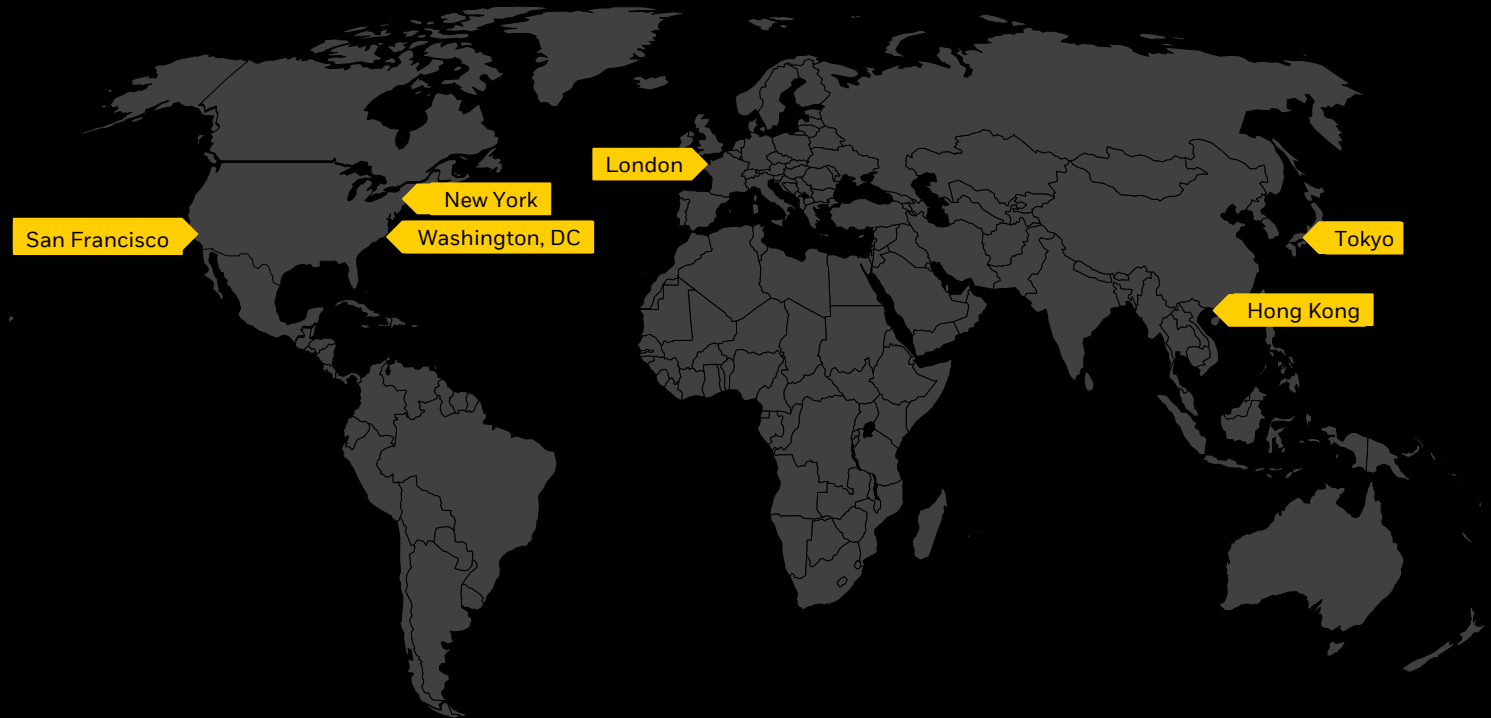
BAIS was established in October 2024 and began engaging and voting in January 2025, following the firm's decision to more closely align the range of investment strategies on the active investment platform. We started the year with three members of the team, all of whom transferred from BlackRock Investment Stewardship (BIS). By year end, we had 13 team members in seat, eight of whom cover voting and engagement across each region and five of whom are dedicated to our global operations platform. BAIS' size and structure reflects the discretion that active portfolio managers have as to how they integrate voting and stewardship engagement within their investment processes in light of their clients' or funds' investment objectives. BAIS works closely with BlackRock's active investors to engage and vote on their holdings in a manner that, in BAIS' assessment, serves the financial interests of clients in the context of their liquid active investment mandates.

Reporting on our activity

BAIS is committed to transparency in the stewardship work we do on behalf of clients. We inform clients about our engagement and voting policies and activities through direct communication and disclosure on our website. BAIS works closely with client-facing teams and product strategists across the active platform to hear clients' feedback on our work and perspectives on emerging stewardship issues. We meet with clients at their request, either as part of a regular portfolio review or specifically on stewardship matters. We also participate in industry events at which many clients present or are in attendance. We are always interested to learn more about how we can meet our clients' informational needs and deepen their understanding of our stewardship approach.

BAIS resources

BAIS leverages proxy advisor research, investment bank and other third-party data, as well as proprietary and public analytical tools to inform our analysis. BAIS and active investors share analysis and engagement notes on a proprietary research platform, which enables consideration of the insights of others on the active platform in each team's decision-making. It also helps monitor the progress companies are making towards their stated targets and how they are managing financially material risks and opportunities.



Our approach to proxy research firms and other service providers

Third-party vote services providers — or proxy research firms - provide research and recommendations on proxy votes, as well as voting infrastructure. BlackRock contracts primarily with the vote services provider ISS and leverages its online platform to supply research and support voting, record keeping, and reporting processes. We also use Glass Lewis' research and analysis as an input into our voting process. It is important to note that, although proxy research firms provide data and analysis, BAIS does not rely solely on their information or follow their voting recommendations. A company's disclosures, our engagements, investment colleagues' insights and our guidelines are important inputs into our voting decisions on behalf of clients.

Given the large universe of actively held companies, BAIS uses the primary vote services provider to streamline the voting process by making voting recommendations based on BAIS' guidelines when the items on a shareholder meeting agenda are routine. Agenda items that are not routine are referred back to BAIS to assess, escalate as necessary to the relevant portfolio managers, and vote. BAIS reviews and can override the recommendations of the vote services provider at any time prior to the vote deadline. Both BAIS and the vote services provider actively monitor securities filings, research reports, company announcements, and direct communications from companies to ensure awareness of supplemental disclosures and proxy materials that may require a modification of votes.

BAIS closely monitors the third-party vote services providers we contract with to ensure that they are meeting our service level expectations and have effective policies and procedures in place to manage potential conflicts of interest. Our oversight of service providers includes regular meetings with client service teams, systematic monitoring of service provider operations, as well as annual due diligence meetings in accordance with BlackRock's firmwide policies.

Our conflicts management policies and procedures

BlackRock maintains policies and procedures that seek to prevent undue influence on BAIS' proxy voting activity. Such influence might stem from any relationship between the investee company (or any shareholder proponent or dissident shareholder) and BlackRock, BlackRock's affiliates, a Fund or a Fund's affiliates, or BlackRock employees. For more information how BAIS manages conflicts of interest, please see the [BAIS Global Engagement and Voting Guidelines](#).

How BAIS applied its conflicts of interest policy in 2025

Conflicts of interest are managed in accordance with BAIS' policies and procedures. BlackRock maintains robust structures and processes to monitor for and manage potential conflicts of interest and to ensure that proxy voting is insulated from impact.

For example, BAIS outsourced the voting recommendation(s) to its independent third-party voting service provider for the May 2025 annual shareholder meeting of BCE Inc., a Canadian telecommunications company with operations across North America, because its Chair also serves as an independent non-executive director on BlackRock, Inc.'s board.¹

1. BCE Inc., "[Leadership Team](#)." (Accessed April 2026).



**2025 by
the numbers**

BAIS Benchmark Policies

BlackRock Active Investment Stewardship (BAIS) is responsible for stewardship engagement and voting on behalf of clients invested in active strategies globally

BAIS works in partnership with BlackRock's active investment teams and is also responsible for engagement with issuers in index fixed income strategies, where appropriate. Our activities are informed by our [Global Engagement and Voting Guidelines](#) and insights from active investment analysts and portfolio managers, with whom we work closely in engaging companies and voting at shareholder meetings.¹ This section provides a comprehensive overview of BAIS' engagement and voting activities for the year to December 31, 2025.

Engaging with companies to build our understanding of material risks and opportunities and inform our voting decisions on behalf of our clients

Region	Engagements	Companies engaged	Companies engaged multiple times	Markets engaged
Americas	269	209	46	3
APAC	43	37	5	7
EMEA	164	101	32	15
Total	476	347	83	25

Source: BlackRock. Sourced on April 22, 2026, reflecting data from January 1, 2025, through December 31, 2025.

BAIS engagements across our five priorities



Active investors also undertake engagements with thousands of companies each year, many of which will address these themes, as relevant to their investment thesis.

Source: BlackRock. Sourced on April 22, 2026, reflecting data from January 1, 2025, through December 31, 2025. Most engagement conversations cover multiple topics and therefore the engagements across key theme sub-totals may not add up to the total 476 engagements held in 2025. Our engagement statistics reflect the primary topics discussed during the meeting

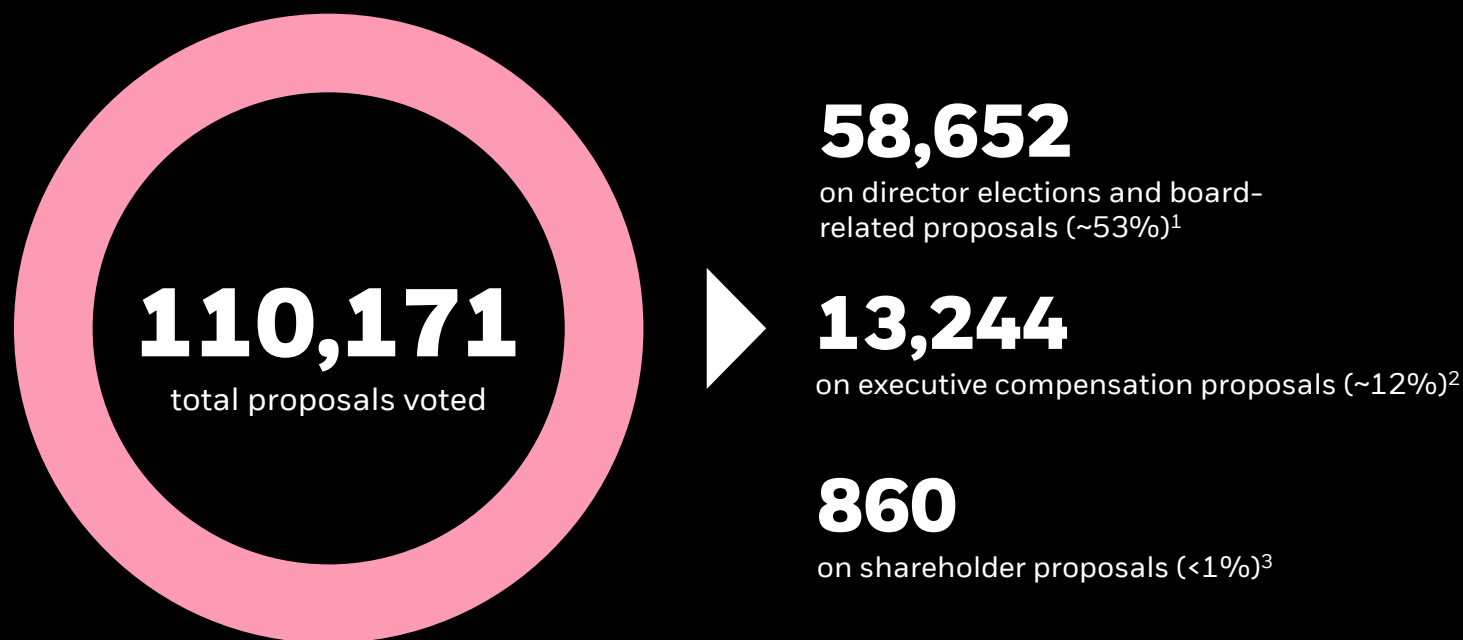
¹ On February 11, 2025, the U.S. Securities and Exchange Commission (SEC) staff issued updated guidance for shareholders to maintain their eligibility to report their beneficial ownership under Schedule 13G of the Exchange Act. We comply fully with these requirements and do not engage with portfolio companies for the purpose, or with the effect, of changing or influencing control of any company.

Voting on behalf of clients' in their financial interests

Region	Proposals voted	Meetings voted	Companies voted	Markets voted
Americas	36,583	4,072	3,787	8
APAC	39,727	4,748	3,428	16
EMEA	33,861	2,139	1,837	32
Total	110,171	10,959	9,052	56

Source: BlackRock, ISS. Sourced on April 22, 2026, reflecting data from January 1, 2025, through December 31, 2025.

Proposals voted at a glance



1. Includes management and shareholder director elections and board-related proposals. Board-related items include advisory votes, the election of alternate and deputy members to the board, and internal matters, among others. For a full description of items included in each proposal category, please refer to the Appendix section. 2. Includes management executive compensation proposals. 3. Includes only governance, climate and natural capital, and company impacts on people shareholder proposals per BlackRock's proposal taxonomy. 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.

Source: BlackRock, ISS. Sourced on April 22, 2026, reflecting data from January 1, 2025, through December 31, 2025. Numbers in parenthesis reflect the percentage each category represents out of total proposals voted. Reflects BlackRock's proposal taxonomy. To learn more about BlackRock's proposal taxonomy and a full detail of total proposals voted, please refer to the Appendix section.

Proposals voted at a glance

~89%

of proposals voted consistent with management's vote recommendation¹

~91%

of director elections voted consistent with management's vote recommendation

Source: BlackRock, ISS. Sourced on April 22, 2026, reflecting data from January 1, 2025, through December 31, 2025.

Number of companies where BAIS did not support proposals categorized as director elections for governance concerns¹

	Americas	APAC	EMEA	Total
Board independence	498	645	186	1,329
Executive compensation	13	3	5	21
Board composition	442	29	86	557
Overcommitment	206	30	116	352

Source: BlackRock, ISS. Sourced on April 22, 2026 reflecting data from January 1, 2025, through December 31, 2025.

1. Votes to not support management recommendation include votes withheld and abstentions.

Global shareholder proposals in 2025

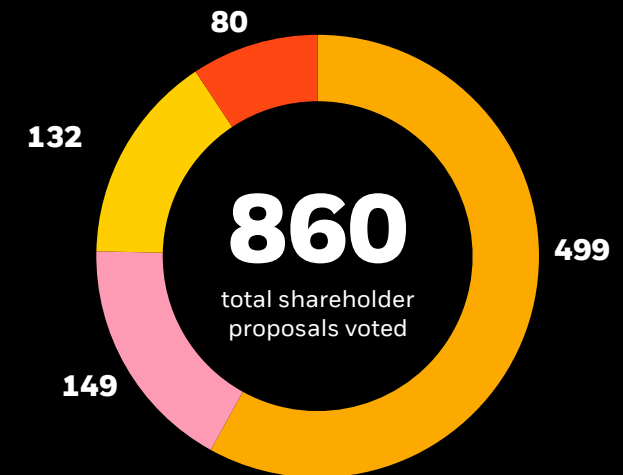
Measured in number of shareholder proposals BAIS voted on globally



Source: BlackRock, ISS. Sourced on April 22, 2026, reflecting data from January 1, 2025, through December 31, 2025. Includes only governance, climate and natural capital, and company impacts on people shareholder proposals per BlackRock's proposal taxonomy. 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.

Geographic distribution of shareholder proposals BAIS voted on in 2025

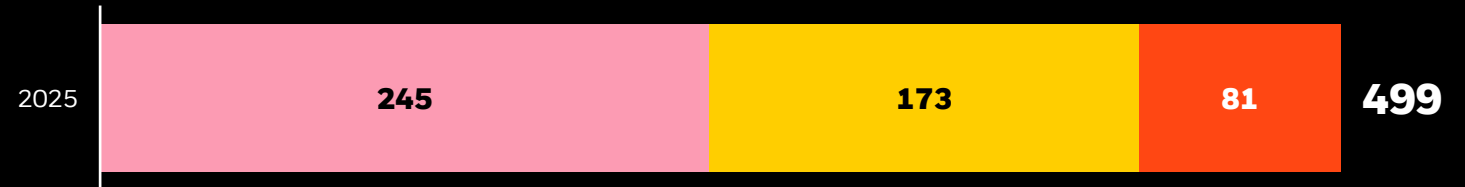
- U.S.
- APAC
- EMEA
- Americas ex-U.S.



Source: BlackRock, ISS. Sourced on April 22, 2026, reflecting data from January 1, 2025, through December 31, 2025. Includes only governance, climate and natural capital, and company impacts on people shareholder proposals per BlackRock's proposal taxonomy. 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.

U.S. shareholder proposals

● Governance ● Company impacts on people ● Climate and natural capital



Source: BlackRock, ISS. Sourced on April 22 2026, reflecting data from January 1, 2025, through December 31, 2025. Includes only governance, climate and natural capital, and company impacts on people shareholder proposals per BlackRock's proposal taxonomy.

Low levels of support for proposals in the U.S.

Measured in median market support for U.S. environmental and social-related proposals that went to a final vote and % of proposals receiving at least 75% market opposition.

~91%

% of proposals receiving strong opposition

~9%

Median market support

Source: BlackRock, ISS-ESG Voting Analytics Database. Measured in median shareholder support for U.S. climate and natural capital and company impacts on people-related shareholder proposals that went to a final vote. Includes ISS data only for companies that have disclosed shareholder meeting results. Sourced on April 22, 2026, reflecting from January 1, 2025, through December 31, 2025. BlackRock defines strong opposition to a proposal as having received at least 75% opposition from shareholders. A proposal has received majority support if more than 50% of shares voted were "for."

BAIS' vote decisions on shareholder proposals globally in 2025

	For	Against	Total
Governance	194	314	508
Company impacts on people, Climate and natural capital	3	349	352
Total	197	663	860

Source: BlackRock, ISS. Sourced on April 22, 2026, reflecting data from January 1, 2025, through December 31, 2025. Reflects vote instructions on governance, climate and natural capital, and company impacts on people shareholder proposals per BlackRock's proposal taxonomy. Votes "for" include 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.

Reasons BAIS did not support climate and natural capital, and company impacts on people shareholder proposals globally

Measured in number of shareholder proposals BAIS voted on globally

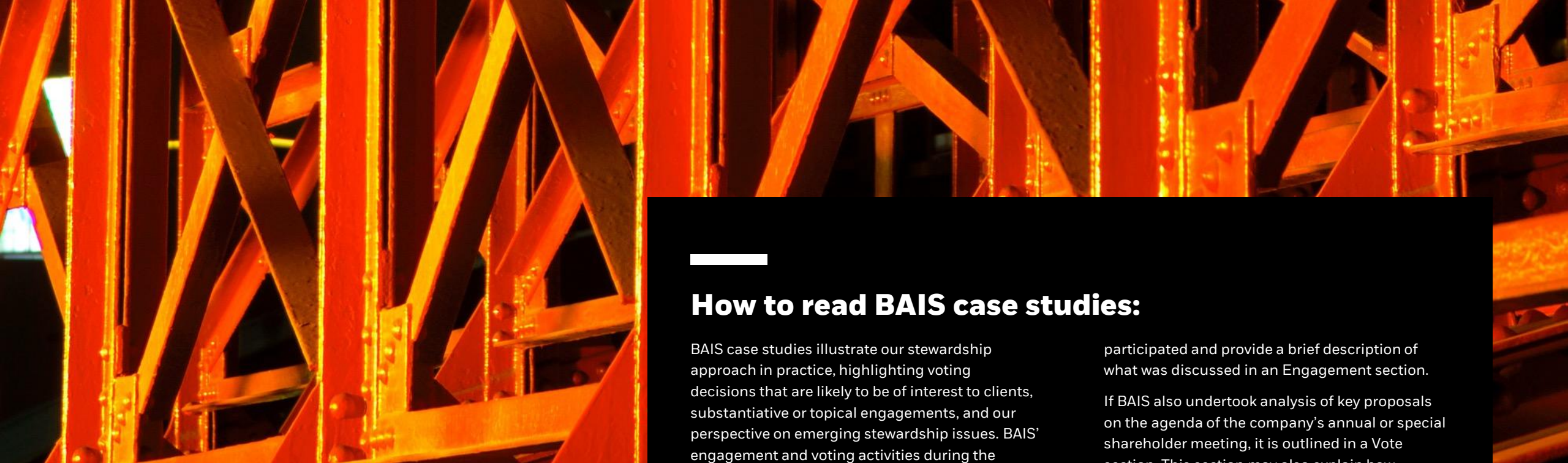
● Lacking economic merit ● Too prescriptive ● Company has process in place to address business risk



Source: BlackRock, ISS. Includes only climate and natural capital, and company impacts on people shareholder proposals per BlackRock's proposal taxonomy. Sourced on April 22, 2026, reflecting data from January 1, 2025, through December 31, 2025. 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. Each row totals may not add up due to some proposals being not supported for more than one reason.



2025 Case studies
BAIS Benchmark Policies



How to read BAIS case studies:

BAIS case studies illustrate our stewardship approach in practice, highlighting voting decisions that are likely to be of interest to clients, substantive or topical engagements, and our perspective on emerging stewardship issues. BAIS' engagement and voting activities during the reporting period are described through the lens of our five Engagement Priorities, the themes of which are often interconnected, as illustrated in the case studies below.

In these case studies, the Context section includes general information about the company and what prompted BAIS to engage. Because our engagement is informed by investors' priorities, a case study may outline their insights on the company, as well as market or sector dynamics affecting its performance or business model. If our stewardship team engaged with a company, we note whether investment team members

participated and provide a brief description of what was discussed in an Engagement section.

If BAIS also undertook analysis of key proposals on the agenda of the company's annual or special shareholder meeting, it is outlined in a Vote section. This section may also explain how investors' views and engagement insights were factored into the voting recommendations made to the active equity portfolio managers. BAIS may also describe any relevant company developments since the engagement or vote in a Next Steps section.

In engagements, BAIS does not direct companies on how they should manage their business. That responsibility lies with management, with input from their board. In addition, BAIS does not view stewardship as the mechanism to directly seek outcomes related to economies and societies as a whole, which is the role of governments and policymakers.



Board quality and effectiveness

BAIS' view

A company's board plays a central role in its success and financial performance over time. Directors individually bring their expertise and experience to advising management and, as a collective, the board provides strategic direction, oversight, and governance that guides the company in achieving its purpose and strategic objectives. For these reasons, board quality and effectiveness are at the heart of BAIS' engagements.

In our discussions with companies, we seek to understand how the board fulfils its fiduciary duties and ensures a governance structure that protects the interests of investors. We consider the experience and expertise of the directors individually and as a group, to understand the alignment with the company's business model and long-term strategy. We may also discuss some of the key responsibilities of the board, to help us understand the board's approach to oversight of management's execution of strategy and operations, succession planning for key executive and board roles, ensuring the integrity of financial reporting and other disclosures, and establishing and implementing executive pay policies.

Case studies

Americas

Air Products and Chemicals, Inc. (Air Products)

Context: Air Products is an international corporation based in the U.S. selling gases and chemicals for industrial applications.¹ In 2024, the activist investment firm Mantle Ridge LP launched a campaign calling for strategic changes at the company. It argued that Air Products underperformed its peers over recent years, in part as the result of a series of investments in coal gasification and clean hydrogen mega-projects that deviated from the company's core business. It also raised concerns about the company's governance, noting that the CEO's dual role as Chair weakened board oversight and that there was no clear leadership succession plan.² It nominated four directors for shareholder consideration at the January shareholder meeting and called for the Chair/CEO to be replaced.

Air Products argued that it had a two-pillar growth model which included a core industrial gas business as well as clean hydrogen projects. The company claimed that its hydrogen strategy aligned with global decarbonization trends and that it had secured prime global locations as a first mover. Nonetheless, it acknowledged a need to derisk its current hydrogen projects and committed to reducing capital commitments. Air Products also committed to a leadership transition, with a new CEO to be announced by the end of March 2025. The company also argued that appointing four new directors to a nine-person board would disrupt company performance and undermine shareholder confidence.³

Engagement: In activist situations, BAIS will generally meet with the company management and relevant directors to understand the company's response, in terms of strategy and governance, to the activist's criticisms. Where appropriate, we will also meet with the activist and its proposed appointees to the board to assess the merits of the argument for change. BAIS engaged alongside BlackRock investment teams with both Air Products and Mantle Ridge ahead of the shareholder meeting.

Vote: After considering each party's arguments, and assessing the respective director candidates, BAIS and the investment teams reached a similar conclusion to Mantle Ridge regarding the company's operational and capital allocation challenges, particularly in relation to its hydrogen mega-projects. We voted in support of all four of Mantle Ridge's director nominees, noting that their extensive industry and management experience could contribute to addressing the company's strategic and governance issues. Even if all four were elected, Air Products would maintain control of the board, which would balance the change agenda investors supported with an appropriate degree of continuity.

Shareholders elected three of the four Mantle Ridge nominees to the board, and the incumbent Chair/CEO was not re-elected.⁴ BAIS will continue to engage with the company's executive board members to better understand how the company is implementing its revised strategy and its management of financially material risks and opportunities.

All websites accessed November 2025. 1. Air Products and Chemicals. "[Welcome to Air Products](#)," January 2025. 2. Mantle Ridge. "[Refreshing Air Products](#)," December 2024. 3. Air Products and Chemicals. "[Air Products Sends Letter to Shareholders Correcting Mantle Ridge's Falsehoods and Misleading Claims](#)," January 2025. 4. Air Products and Chemicals. "[Air Products Reports Preliminary Voting Results from 2025 Annual Meeting of Shareholders](#)," January 23, 2025.

Americas**The Coca-Cola Company (Coca-Cola)**

Context: Coca-Cola .Coca-Cola is a U.S.-headquartered beverage company that manufactures, sells, and distributes a broad portfolio of drinks across more than 200 countries.¹ In reviewing Coca-Cola's board composition ahead of the company's annual meeting, BAIS was concerned that one director up for re-election had board commitments at numerous other companies. In addition to serving as a non-executive director at Coca-Cola, he is the sitting CEO and executive director at another U.S. Fortune 500 company as well as a non-executive director at a third.² In our analysis, we consider whether directors appear to have sufficient time to commit to each of their senior leadership roles to be engaged and effective. We may vote against the election of directors who do not appear to have sufficient capacity to effectively fulfil their duties to the board and company.

Engagement: BAIS engaged with Coca-Cola's Director of Corporate Governance in April 2025 to better understand the director's commitments. BAIS' research ahead of the meeting noted that the director had in the past received a relatively low level of shareholder support across the director's board mandates in comparison to peers. Notably, he received 60% support at Coca-Cola's 2024 annual meeting.³

During the engagement, Coca-Cola acknowledged the 2024 meeting results and noted that the director had

resigned from a board prior to joining Coca-Cola and resigned from a second board afterwards as evidence that he has demonstrated willingness to manage his portfolio of board mandates. That said, there was no expectation on the part of the company that the director would further reduce his commitments. He remains the CEO of a major company and sits on two outside boards as a non-executive director.

Vote: While the company expressed confidence in the director's skill set, BAIS remained concerned about his capacity to effectively fulfill his duties to the Coca-Cola board, particularly in light of his role as Chair and CEO of another Fortune 500 company. Additionally, macro-economic policy and market volatility in 2025 could require more time and attention in several of his roles. BAIS ultimately voted against the director's re-election at Coca-Cola's 2025 meeting.

The director's re-election was supported by 77% of shares voted for the annual meeting.⁴ The vote outcome is an improvement from 2024 but remains low relative to levels of support for director elections more generally, which typically garner above 95%,⁵ suggesting shareholder concern about the director's ability to fulfil his duties at Coca-Cola. BAIS will continue to engage Coca-Cola to better understand the board's effectiveness.

All websites accessed February 2026. 1. The Coca-Cola Company. "Geographical Segments." 2. The Coca-Cola Company. "Thomas Gayner." 3. The Coca-Cola Company. "2024 Annual General Meeting Results." May 2, 2024. 4. The Coca-Cola Company. "2025 Annual General Meetings Results." May 2, 2025. 5. ISS. "2025 U.S. Governance Post-Season Review: Evolving Priorities in a Shifting Landscape." September 29, 2025.

Case study

Americas

Lojas Renner S.A. (Lojas Renner)

Context: Lojas Renner is a retailer headquartered in Brazil offering apparel, accessories, and other lifestyle products in stores and across digital channels. At its September 2025 Extraordinary General Meeting (EGM), the company proposed several amendments to its Articles of Association, including a proposal to lower owner disclosure thresholds and another to extend the terms of its board directors from one year to two.¹

Engagement: BAIS and BlackRock's active investment teams met with the company's board and management team to better understand how the proposed amendments to the Articles of Association aligned with shareholder interests.

The company explained that lowering the ownership disclosure threshold below local regulatory requirements gave the company greater detail on changes in ownership. Leadership acknowledged our concern that it would increase the administrative burden on shareholders without advancing investor protections. It was not clear to BAIS that this measure was warranted.

Lojas Renner also explained its rationale to move to biennial director elections, sharing that it is increasingly

becoming common practice among its peers and a measure to mitigate complications arising from having to recruit and onboard directors annually. In BAIS' assessment, this would reduce shareholders' ability to express their views on directors in a timely manner thus reducing accountability. Considering that in practice, directors tend to join boards with the intention to serve for multiple years, BAIS did not consider annual elections to complicate director recruitment and onboarding.

Vote: In consultation with BlackRock's investment teams, BAIS ultimately voted against both of these proposals. At Lojas Renner S.A.'s 2025 meeting, the proposal to lower ownership disclosure thresholds passed narrowly with 53% support, and the proposed extension of board terms was rejected.² These results suggest broader investor concerns about governance practices that may not align with shareholder interests. BAIS will continue to engage with the company as it implements these new measures and monitor the effectiveness of the company's governance.

1. Lojas Renner S.A. "[Extraordinary General Meeting Management Proposal and Manual for Participation](#)." September 18, 2025. 2. Lojas Renner S.A., "[Final Summarized Voting Map](#)." September 18, 2025.



Strategy, milestones, and financial resilience

BAIS' view

A clearly articulated strategy and milestones consistent with a company's business cycle help investors and other stakeholders¹ understand how it is fulfilling its purpose, meeting its objectives, and delivering financial returns that are resilient overtime. A company's mandatory and voluntary reporting provides these key stakeholders with a baseline for decision-making and possible engagement with company representatives. We find it helpful when companies discuss in their disclosures how their near-term tactical execution contributes to the realization of their long-term strategy. Boards and executive leadership are responsible for setting strategy and establishing a corporate culture that supports employee engagement and productivity. In our discussions with companies, we are interested in learning how the strategy is being realized, how macroeconomic factors -such as geopolitical fragmentation - and operational disruption - such as artificial intelligence - as well as regulatory and market developments may be influencing changes in company priorities, milestones, and strategic investments.

1. For most companies these will include some or all of the following: employees, customers, suppliers, regulators, and the communities within which they operate.

Case study

Americas

Teck Resources Limited (Teck)

Context: Teck is a Canada-headquartered mining company that engages in the exploration, development, mining, and processing of copper, zinc, and steelmaking coal.¹ All of Teck's operations and assets are in the Americas. In September 2025, Teck announced a merger of equals² with Anglo American, a multinational mining company headquartered in the UK that produces copper, diamonds, platinum, iron ore, and nickel.³ Teck indicated that it expected the transaction to close within 12 to 18 months of the announcement.⁴ The proposed merger would be implemented by a plan of arrangement, in which Anglo American would issue 1.3301 new shares, in exchange for each outstanding Class A and Class B Teck shares. Anglo American shareholders would also receive a special dividend ahead of closing. The resulting post-dividend ownership would result in Anglo American shareholders holding 62.4% and Teck shareholders holding 37.6% of the resulting combined company.⁵

Vote: In December 2025, BAIS collaborated with portfolio managers across BlackRock's active investment platform to understand their views on the proposed transaction,

which required shareholder approval. BAIS' analysis recognized the strategic rationale of the combined company and the downside risk for Teck shareholders should the deal not go through. Most active investment teams with holdings concurred. BlackRock Fundamental Equity's Income & Value team, however, did not support the proposed transaction as, in their view, the valuation of the transaction was inadequate for the quality of Teck's assets. Therefore, BAIS instructed a split vote, voting the Income & Value team's holdings in Teck against the transaction, and all other Teck holdings across the active investment platform in support. Teck has a dual class share structure under which Class A common shares have 100 votes per share and Class B subordinate voting shares carry one vote per share.⁶

Teck shareholders voted to approve the merger, with 99.7% of the votes cast by Class A common shareholders and 89.7% of votes cast by Class B subordinate voting shareholders in favor.⁷ The merger was approved by the Government of Canada under the Investment Canada Act.⁸ BAIS will continue to monitor the merger as it progresses through additional regulatory approvals.

1. Teck. "2024 Annual Report." February 19, 2025. 2. Anglo American and Teck. "Merger of equals to create a leading global critical minerals champion." September 5, 2025. 3. Anglo American. "Integrated Annual Report 2024." 2025. 4. Teck. "Teck Announces Filing of Meeting Materials for Special Meeting of Shareholders seeking Approval of Merger of Equals with Anglo American." November 10, 2025. 5. Anglo American and Teck. "Merger of equals to create a leading global critical minerals champion." September 5, 2025. 6. Teck. "Consolidated Financial Statement For the Years Ended December 31, 2025 and 2024." 7. Teck. "Teck Reports Voting Results from Special Meeting of Shareholders." December 9, 2025. 8. Teck. "Teck and Anglo American receive Government of Canada approval for merger of equals under Investment Canada Act." December 15, 2025.

Executive incentives

BAIS' view

Effective executive compensation policies are crucial for aligning management incentives with company strategy and financial performance. Well-designed compensation plans have rigorous but realizable targets that incentivize appropriate risk taking, and balance near- and long-term awards. They are effective at incentivizing long-term thinking through different phases of the business cycle as well as retaining and attracting executives while minimizing the need for one-off, exceptional awards. Clear disclosures on compensation policies and how they are determined and implemented, including targets linked to strategic goals and compensation paid, help investors understand the link between strategy execution, incentive pay, and financial performance.

In our engagements, we generally discuss the board's philosophy on executive compensation, the objectives underpinning any new plans proposed, and the mechanisms in place to balance the interests of executives and shareholders. Engagement helps us to understand the nuances of pay policies, the relevance of performance metrics, and the rationale for any features or payments out of line with market norms, all of which may factor into our vote recommendations.

Case study

EMEA

Reckitt Benckiser Group PLC (Reckitt)

Context: Reckitt is a UK-headquartered multinational consumer goods company, operating and generating revenue globally across a wide variety of brands and products, focused on personal care, household cleaning and hygiene products, and over-the-counter medicines and self-care products. In recent years, Reckitt has faced operational challenges and controversies and a series of senior management changes following the previous full-time CEO's decision to step down in September 2022.¹ After 12 months under an interim CEO, in October 2023, both a new internal CEO² and an external CFO³ were appointed. A new Chair was appointed in May 2024.⁴ The company then updated its strategy, reorientating to high-margin, high-growth brands, while seeking to simplify the business and reduce fixed costs.⁵ During this period of management uncertainty, Reckitt's share price performance deteriorated.⁶

Engagement: BAIS engagements have focused on a range of topics to enable us to better understand the company's updated strategy and approach to capital allocation. We also sought to understand a range of governance issues including board composition and effectiveness, how financially material sustainability risks were managed, and the Remuneration Committee's approach to effectively incentivizing the new management team. Through our initial engagement with the Chair, we sought additional understanding of the process for setting the new CEO's remuneration, in particular the decision for the new CEO's

salary to be higher than both the interim and prior full-time CEO. We also engaged with the Chair of the Remuneration Committee to better understand the rationale for the remuneration policy changes being proposed ahead of the 2025 annual meeting.

These included the decision to benchmark remuneration to the upper quartile of the FTSE 30, the process for setting the maximum potential pay-out for the CEO under the annual performance plan, and the rationale for increasing the total performance shares and options granted under the new long-term incentive plan. At the time, these changes did not appear aligned with long-term shareholders' interests. We also sought to understand the committee's process for setting ambitious performance targets aligned with the new strategy, given a recent history of high achievement levels on several performance metrics.

Vote: Overall, BAIS and active investment teams did not find the rationale for the proposed changes to be compelling. In our view, the current remuneration structure and recent awards were not aligned with the interests of long term shareholders. Accordingly, we voted against the remuneration report and remuneration policy at the 2025 annual meeting. Nonetheless, both received high levels of support, at 96% and 94% respectively.⁷ BAIS and BlackRock's active investment teams have continued our engagement with the Board and management following the 2025 annual meeting and shared the rationale for our voting decision with the Chair.

1. Reckitt Benckiser. "[Laxman Narasimhan steps down as CEO](#)." September 1, 2022. 2. Reckitt Benckiser. "[CEO Transition Announcement](#)." September 1, 2023. 3. Reckitt Benckiser. "[Jeff Carr to retire as CFO; Shannon Eisenhardt named CFO Designate](#)." August 23, 2023. 4. Reckitt Benckiser. "[Chairman succession announcement](#)." November 15, 2023. 5. Reckitt Benckiser. "[Reckitt to sharpen its portfolio and simplify organisation for accelerated growth and value creation](#)." July 24, 2024. 6. Reckitt Benckiser. "[Historical Share Price](#)." September 2022 – 30th April 2024. 7. Reckitt Benckiser. "[2025 Annual General Meeting Results](#)." May 2025.



Company impacts on people

BAIS' view

Companies impact individuals and communities through their employment practices, supply chain management, products and services, and broader stakeholder engagement. As employers, companies' human capital management practices shape their ability to attract, develop, and retain the key talent they need to have a competitive advantage in the market. A company's performance may be improved through fair employment practices, safe work environments, and a culture that supports employee engagement and productivity. Similarly, for companies with material human rights risks in their business models, how they approach relations with local communities, Indigenous People's rights, and supply chain management, amongst other issues, can impact their reputation, regulatory risks, operational continuity, and long-term success.

Case study

EMEA

Next Plc. (Next)

Context: Next is a leading apparel and homeware retailer in the UK. The company has diversified its business in recent years beyond its in-store sales in the UK, with an increase in online and overseas sales. It is also investing in third-party brands by fully acquiring or taking controlling stakes in them or through partnerships that enable Next to facilitate sales, warehousing, shipping, and returns of third-party products.¹

Given this growth, the company now has over 45,000 employees, with 85% working within its retail stores, warehouses, and logistics centers. The company has been the subject of ongoing equal pay claims, with former and current employees in its retail stores seeking equal pay with colleagues in warehouses. The claims allege that the pay differential is related to gender-based discrimination, with a higher percentage of women working in its retail stores than in the company's warehouses.²

Following these claims and citing concerns around cost-of-living pressures in the UK, a non-profit advocacy group filed a special shareholder resolution ahead of the company's 2025 annual meeting. The group called for more detailed disclosures on the company's approach to setting pay for direct employees and third-party contracted staff, the number of these direct employees and third-party staff whose pay was below the Real Living Wage,³ and the oversight of this process.

Vote: BAIS, alongside active investment teams, assessed the proposal on its merit, considering the company's individual circumstances, with a focus on whether the disclosures requested in the proposal would help to enhance long-term financial value for the company and our clients. As part of this analysis, BAIS reviewed the company's existing disclosures in relation to the management of human capital, its response to the resolution filed by the proponents, as well as the disclosures of its peers. The proposal was also assessed in the context of the recent increases in the UK National Living Wage and employer National Insurance contributions,⁴ with the former increasing above general inflation in the past decade.⁵

The analysis highlighted that none of the company's relevant peers⁶ that were assessed currently provided disclosure in line with the requests of the resolution. In the view of BAIS and certain active investment teams, Next provided sufficient disclosure on its approach to human capital management, including non-wage benefits to employees such as shift flexibility, in-store discounts, and its employee share plan.⁶ In addition, the board already disclosed how the Remuneration Committee oversees human capital, including pay and rewards throughout the organization.⁷

All websites accessed November 2025. 1. Next Plc. "[Our history](#)." 2. Next Plc. "[Annual Report and Accounts](#)," January 2025. 3. ShareAction. "[Living Wage Resolutions 2025](#)." The Real Living Wage is a wage level deemed to meet the real cost of essential goods and services, with the rates calculated by the Resolution Foundation and overseen by the [Living Wage Commission](#). 4. Next Plc. "[Trading Statement January 2025](#)," January 7, 2025. 5. UK House of Commons Library. "[National Minimum Wage Statistics](#)," February 10, 2026. 6. Peers may include, among others, companies that are self-disclosed as peers, including the company's compensation peers as disclosed in proxy filings, as well as companies within the same sub-sector and geographic region with generally comparable market capitalization. 7. Next Plc. "[Corporate Responsibility Report to January 2025](#)," 2025. 8. Next Plc. "[Annual Report and Accounts](#)," January 2025.

We considered that the additional disclosure would not help us to better understand Next's approach to human capital management or how the company is addressing financially material risks and opportunities. Accordingly, we voted against the shareholder proposal at the company's annual meeting.

The special resolution received 26% shareholder support, so did not pass.¹ Despite this, the company noted that

1. Next Plc. "Annual General Meeting 2025." May 2025.

Case study

EMEA

Impala Platinum Holdings Limited (Impala Platinum)

Context: Impala Platinum is a leading platinum group metals producer operating primarily in South Africa and Zimbabwe. The company's operations span mining, refining, and smelting. It employs over 50,000 people who regularly work in high-risk underground environments.² In the mining sector, health and safety and human capital management tend to be key areas of focus given the inherent material business risks. Ensuring a robust safety culture is critical to maintain compliance with mine safety regulations that require comprehensive safety management systems, trainings, incident reporting, and inspections.³ A robust safety culture also supports

additional disclosure adjacent to this topic would be provided in the 2026 annual report. Since the 2025 annual meeting, BAIS and BlackRock's active investment teams have engaged with members of the board and management to better understand their response to the resolution, approach to executive and employee compensation, and broader approach to human capital management. We will continue to engage with Next to understand its approach.

employee wellbeing and operational efficiency and productivity which can impact long-term financial performance.⁴ In 2024, Impala Platinum recorded 19 fatal injuries among its employees and contractors.⁵

Engagement: In October 2025, BAIS met with Impala Platinum's sustainability team to gain a deeper understanding of the company's approach to health and safety.⁶ During the discussion, Impala Platinum outlined the implementation and impact of its eight-point safety plan, designed to create an environment for employees to raise issues and avoid taking shortcuts that compromise safety.⁶

All websites accessed November 2025. 2. Impala Platinum Holdings Limited. "Implats at a glance." 3. International Council on Mining and Metals. "Critical Control Management: Good Practice Guide." 4. International Financial Reporting Standards Foundation. "SASB Materiality Standards - Metals & Mining Sustainability Accounting Standard." 5. Impala Platinum Holdings Limited. "Annual Integrated Report," 2024. 6. Impala Platinum Holdings Limited. "Safety, Health, and Wellbeing."

The company also emphasized its data-driven safety management, using real-time incident reporting and analysis to identify trends and refine fatal risk protocols. Employees are empowered to halt operations if they perceive unsafe conditions, with the company sharing that over 100 self-imposed stoppages were reported, reflecting a proactive approach to risk management. Leadership regularly reviews high-potential incidents and shares lessons learned across sites, with regular workshops and direct engagement with crews and safety officers. Additionally, Impala Platinum has established mental health and psychological safety initiatives, which it has found to have had an impact on employees' risk behaviors, resulting in a 52% year-on-year increase in the uptake of mental health interventions.⁶ During the 2025 financial year, the lost-time injury frequency rate (LTIFR) improved by 11% to 3.46 per million man-hours worked, while the fatal injury frequency rate (FIFR) declined by 55% to 0.057.¹

We also discussed how the company incorporates safety outcomes into both group and individual executive performance assessments. These engagements provided valuable insights into how Impala Platinum is fostering a culture of safety and accountability across its workforce and adapting its processes.

Vote: At the 2025 AGM, shareholders were asked to approve Impala Platinum's remuneration policy and implementation report, which incorporated safety metrics into both group and individual executive performance assessments. In collaboration with the relevant BlackRock active investment teams, we decided to vote in support of the remuneration proposals, recognizing the strengthened health and safety oversight, including improved incident reporting and board-level accountability, as well as the overall alignment of executive remuneration with the company's long-term strategy and our clients' financial interests. Following the notably high number of fatal injuries recorded in 2024,² Impala Platinum has made considerable progress in embedding a safety culture across its operations.

At the 2025 AGM, the company's remuneration policy passed with 89% support and its remuneration implementation report passed with 67% support.³ BAIS will continue to engage with Impala Platinum as it implements its safety initiatives and makes progress towards its stated goals.

1. Impala Platinum Holdings Limited. "Annual Integrated Report." 2025. 2. Impala Platinum Holdings Limited. "Annual Integrated Report." 2024. 3. Impala Platinum Holdings Limited. "Results of Annual General Meeting and Retirement of Directors." October 30, 2025.

Case study

APAC

Hon Hai Precision Industry Co., Ltd. (Hon Hai)

Context: Hon Hai is a Taiwanese multinational electronics contract manufacturer. Its labor-intensive manufacturing model and large workforce expose the company to labor management risks. In September 2025, the non-governmental organization China Labor Watch published a report outlining labor rights concerns at the manufacturer's Zhengzhou facility, citing wage and benefits violations as well as instances of discrimination, harassment, and health and safety issues.¹

Engagement: Following these labor-rights allegations, BAIS and BlackRock's active investment teams met with Hon Hai's investor relations team in October 2025 to discuss, among other topics, its labor-management

practices. The company reaffirmed its compliance with standards outlined by the Responsible Business Alliance (RBA), of which it is a member, and highlighted an expanded third-party RBA assessment covering 58 sites and a consolidated summary for nine priority facilities in 2024.² The company emphasized its ongoing engagement with key stakeholders and its practice of providing comprehensive on-site access for due diligence. Leadership indicated that they are willing to explore publishing independent audit reports of individual manufacturing campuses, while acknowledging that the RBA currently publishes only consolidated summaries.

1. China Labor Watch. "China Labor Watch Raises Serious Concerns Over Alleged Labor Violations at Foxconn iPhone 17 Factory." September 25, 2025. 2. Hon Hai Precision Industry Co., Ltd. "Hon Hai Technology Group (Foxconn) Completes Independent Audits At 9 More Manufacturing Sites." April 1, 2025.

Climate- and nature-related risks and opportunities

BAIS' view

Climate change and natural capital management are closely linked and could present both material risks and opportunities for companies and shareholders.¹ As with any major structural shift, the global transition to a low-carbon economy presents opportunities for companies able to adapt to rapid technological change, shifts in consumer demand and evolving energy policy.² At the same time, the energy transition may pose risks for those companies unable to adapt, and climate change creates both financial and operational challenges as a result of resource scarcity and disruptions to supplychains.³

Natural capital encompasses the world's stocks of natural assets - including soil, air, water, and biodiversity - that underpin economic activity and human well-being.⁴ Degradation or mismanagement of these resources can pose material risks for companies, for example, limited access to water, loss of productive land, regulatory fines, reputational harm, and supply chain disruptions, which may have material financial impacts. Conversely, we believe proactive management of a company's natural capital impacts and dependencies may offer opportunities for differentiation, innovation, and long-term financial value creation.

1. For a concise overview of the economic implications, read more [here](#). 2. BlackRock Investment Institute. "[Evolving energy transition, evolving opportunities](#)." February 2025. 3. For instance, in March 2025, S&P Global reported that the total cumulative cost of climate hazard exposure for S&P Global 1200 index constituents is projected to reach \$25 trillion by 2050, including \$4.5 trillion in foregone revenue due to business interruption, \$3.8 trillion in excess operating costs, and \$16.5 trillion in property damages and excess capital expenditure. Read the full analysis [here](#). 4. This definition is widely recognized. Read more [here](#).

Case study

Americas

Ulta Beauty, Inc. (Ulta)

Context: Ulta is a leading U.S. retailer that sells beauty and personal care products, many of which traditionally rely on single-use plastics and complex packaging that can contribute to environmental waste. In its 2024 sustainability report, Ulta recognized an increasing interest from consumers in environmentally responsible products and committed that by 2025, 50% of its consumer-level packaging by weight would be recyclable, refillable, or made from recycled or bio-sourced materials.¹ Ulta noted that its ability to improve its sustainable packaging could support its long-term resource efficiency while also enhancing its brand perception and ability to meet shifting consumer expectations.

Engagement: In September 2025, BAIS met with Ulta's Investor Relations team and Chief Legal Officer to discuss, among other topics, how the company's packaging strategy will help the company meet shifting customer expectations. The company acknowledged that progress

towards making its packaging more sustainable requires cooperation with a broad set of over 600 brand partners with varying levels of manufacturing capabilities and noted that its biggest challenge is supplier cooperation. In response to these challenges, Ulta shared that it has established incentives to encourage brand participation, including by collecting data to demonstrate the impact that packaging initiatives can have on sales. Ulta emphasized its packaging commitments are driven by a clear business case, namely that being seen as a "conscious" beauty platform can strengthen its marketability.

Next Steps: BAIS monitors waste risk thematically across portfolios and will continue to engage Ulta on its execution of its sustainable packaging initiatives to meet consumer demand and enhance its resource efficiency in support of long-term financial performance.

1. Ulta Beauty. "2024 Environmental, Social and Governance Report." 2024



**BAIS Climate and
Decarbonization
Stewardship
program**

Implementing the BAIS Climate and Decarbonization Program

BAIS' analysis and voting undertaken as part of its Climate and Decarbonization Program is distinct from that done on behalf of clients invested in funds that apply our benchmark guidelines.

Specifically, for funds in-scope of the BAIS Climate and Decarbonization Program, we look to investee companies to demonstrate that they are aligned with a decarbonization pathway that means their business model would be viable in a low-carbon economy, i.e., one in which global temperature rise is limited to 1.5°C above pre-industrial levels.

Engagements focus on companies which produce goods and services that contribute to real world decarbonization or have a carbon intensive business model and face outsized impacts from the low-carbon transition, based on reported and estimated scopes 1, 2, and 3 greenhouse gas emissions.

Case study

Americas

D.R. Horton Inc. (D.R. Horton)

Context: D.R. Horton is the largest homebuilder by volume in the United States with operations in 126 markets in 36 states across the United States.¹ The company and its sector face specific climate- and energy transition-related, financially material business risks and opportunities. Changing regulations and consumer expectations around energy efficiency and weather resilience are impacting the cost of and demand for newly built homes.² D.R. Horton is at risk of losing market share to competitors who have adapted their business models more swiftly to these developments.

D. R. Horton's disclosure lags that of its U.S. peers³ in the homebuilding industry, who provide more information on their climate- and transition-related risk management, strategy, and performance measurement. As such, it is difficult for investors to gauge how D. R. Horton is adapting to changing regulator and consumer expectations. For example, several peers have made commitments, consistent with market-based initiatives, to reduce emissions, which can improve energy efficiency and reduce long-term costs through better resource management.⁴ While D.R.

Horton's disclosures note the company's improved energy efficiency ratings, its average would not be competitive in some major markets in which it operates.⁵

Scope 3 greenhouse gas emissions are the most significant contributor to total emissions reported for the construction sector, particularly those arising from use of sold products, i.e., houses.⁶ D.R. Horton does not disclose these whereas many of its competitors do, making peer analysis difficult on a key performance indicator that helps investors understand both operational efficiencies and end-state product competitiveness over time.

Vote: D.R. Horton is held in funds that have decarbonization investment objectives, alongside financial objectives.⁷ Under BAIS' decarbonization stewardship guidelines specific to these funds, we look to investee companies to demonstrate that their business model would be viable in a low-carbon economy and to disclose their scope 1, scope 2 and material scope 3 emissions.

All websites accessed January 2026. 1. D.R. Horton. "Investor Story." 2. MIT Center for Real Estate. "Stricter Building Energy Codes Raise Home Prices and Limit Housing Supply, If Not Well Designed." May 2, 2025. 3. BAIS considers companies in the context of their peer group for the purposes of determining the competitive landscape. Peers may include, among others, companies that are self-disclosed as peers, including the company's compensation peers as disclosed in proxy filings, as well as companies within the same sub-sector and geographic region with generally comparable market capitalization. 4. For example, Science Based Targets Initiative. "Buildings Sector Science-Based Targets Explanatory Document." June 2025. 5. D.R. Horton's average Home Energy Ratings Systems (HERS) index score for homes closed in 2024 of 56 (with 100 being a reference point for the national average and 0 being zero-energy homes (see [here](#) for more information). California and New York have HERS averages of 14 and 49, respectively (see [here](#) for more information). 6. Carbon Disclosure Project. "CDP Technical Note: Relevance of Scope 3 Categories by Sector." June 2024. 7. BAIS' analysis and voting for those funds did not contribute to the voting recommendations made to portfolio managers of funds that do not have climate and decarbonization objectives. At the time of the meeting, funds and separately managed accounts that directed BAIS to apply the decarbonization guidelines to their holdings collectively held less than 1% of the company's total shares available for voting.

In applying our guidelines, we took into account D.R. Horton's focus on consumer price sensitivity in certain markets. We also recognized the different regulatory and market forces influencing input costs and levels of demand for energy efficient and resilient homes. In BAIS' assessment, it would be possible for D.R. Horton to improve its disclosures to aid investors' understanding of its business risks, in particular by providing estimated material scope 3 emissions. This is something the majority of companies in the S&P 500 have reported.¹ In our view, there is nothing specific to the company's business model that indicates that making these disclosures would be impractical or unduly costly, even if some estimates may need to be restated when reporting methodologies improve.

1. University of California. "[The State of Corporate Sustainability Disclosure](#)." June 2025

In consultations with the investors managing the relevant funds, BAIS voted against the re-election of one of the independent directors, given the board's role in overseeing the company's approach to long-term strategy, operations, and risk management. By comparison, under BAIS' benchmark guidelines, the disclosure was sufficient and we recommended support for his re-election for those funds.

Next Steps: BAIS will continue to monitor the company's governance and disclosure practices and how it delivers durable, risk-adjusted financial performance while adapting its business model to be resilient through the energy transition.



2025 Case studies

Fixed Income

Stewardship within fixed income

While fixed income investors do not have the right to vote at shareholder meetings, issuer engagement remains a core component of certain fixed income investment strategies at BlackRock. Through engagement, BAIS is able to better understand a fixed income issuer's ability to deliver risk-adjusted financial returns.

Case study

EMEA

BNP Paribas (BNP)

Context: BNP is a diversified European bank headquartered in France with three key divisions: Commercial, Personal Banking & Services, Corporate & Institutional Banking, and Investment & Protection Services across its domestic markets and broader international network.¹

Engagement: BAIS and members of BlackRock's Fundamental Fixed Income teams met with BNP's Chair of the Board, the Head of Investor Relations, and the Corporate Social Responsibility Investor Relations officer to better understand the bank's management of financially material risks and opportunities.

A central focus of the discussion with BNP was the bank's corporate governance and succession planning. BNP outlined its proposal to extend the tenure of its CEO beyond the standard retirement age of 65, highlighting his pivotal role in executing the group's strategic plan. The board stated that it believes it is important to have leadership continuity. The company also shared it will lead a search closer to the time of expected leadership transition and in the meantime continue to develop internal candidates. The Chair also addressed the planned extension of his own tenure beyond 12 years, noting that,

although he is classified as non-independent, continuity on the board would support the CEO transition process.

We also discussed the company's 2025 remuneration policy, which included an approximately 25% increase in fixed salary for the CEO, the first adjustment since 2021.² BNP explained that during that same period the workforce average salary had grown around 10%. The board shared the increase in CEO salary also reflected the more complex business strategy he is expected to implement. We shared our perspectives on pay alignment, workforce considerations, and the need for clear explanations of changes in remuneration policy.

Next Steps: In BAIS' assessment, BNP made clear progress in strengthening its governance framework in 2025. The bank proactively addressed investor questions on long-term succession by setting out a structured approach combining near-term leadership stability with medium-term transition planning. BlackRock's active investment team was comfortable with the approach taken to succession planning and the company's revised remuneration policy. BlackRock's active fixed income investment team and BAIS remain confident in the bank's risk management and strategy.

1. BNP Paribas. "Our business lines and expertise." (Accessed January 26, 2026). 2. BNP Paribas. "Universal Registration Document and Annual Financial Report." 2024

Engaging across the active platform

Investment teams across BlackRock may engage with issuers to help inform their analysis of the broad spectrum of material risks and opportunities faced by companies in their investible universe.

The following engagement case studies discuss engagement undertaken by the BlackRock Global Fixed Income Sustainable Research and Engagement team, aligned with the investment objectives of certain of their funds. These examples reflect how different teams at BlackRock incorporate sustainability focused issuer engagement strategies within the mandates they manage for clients.

Engaging across markets on bond issuance programs

BlackRock gives clients choice in how they invest. This includes offering sustainable fixed income products, such as those that invest in bonds that meet certain green, social, and sustainability (GSS) criteria. Direct engagement is a core component of certain fixed income investment teams' evaluation of the financial risks and opportunities that are material to the issuances in the investible universe for BlackRock's clients.

Engagement is a key feature of BlackRock's investment in the fast-developing GSS bond market, in part for the opportunity that it brings to help develop the market through better structured issuances aligned with investors' objectives. In 2025, the Global Fixed Income team held 73 issuer engagements related to GSS bond programs, with 81% of these focused on green bond issuances or issuers' green financing frameworks.¹

Case study

APAC

POSCO Holdings Green Bond²

POSCO Holdings is headquartered in South Korea with global operations. It was established in March 2022 to oversee POSCO Group's affiliated operating companies across seven core business areas. The largest operating company is the steelmaker POSCO, but in addition, POSCO Group also focuses on new growth businesses such as rechargeable battery materials and hydrogen.³

The BlackRock Global Fixed Income Sustainable Research and Engagement team met with the company ahead of its planned green bond issuance in May 2025. The team discussed the issuer's newly established sustainable finance framework focusing on relevant projects for the planned transaction. The bond proceeds are expected to be deployed to clean transport and green enabling projects within the clean transport sector.⁴ The issuer limits the lookback period to three years prior to the bond issuance.³ While both battery materials and components for electronic vehicles, as well as green enabling use of proceeds, are eligible, the raw material sourcing (i.e., sourcing of lithium and nickel) is still in early stages of deployment and allocations would potentially remain small. The issuer is considering several key projects, including funding capex incurred for lithium processing plants and brine lithium plants. However, the issuer is still weighing the "enabling technology" allocations. The larger

share of proceeds is expected to go towards battery materials and key EV components manufacturing.

During the meeting, BlackRock's team inquired about the specification of end use for the enabling projects and whether there is assurance of 100% "green" end uses (i.e. non fossil use). The issuer noted that the outputs of key mineral derivatives from the key mineral/raw material plants are directly going to EV-related component manufacturing facilities, which we consider an important disclosure.

BlackRock's team also asked about secondary sourcing of critical minerals for the relevant businesses under the group. The issuer noted that recycling of lithium and nickel will remain a small portion, currently accounting for about 3% and 6% of the supply of lithium and nickel, respectively. Battery recycling is included in the circular economy section of the use of proceeds in the sustainable finance framework, although no immediate proceeds will be allocated in this category.³

In the team's assessment, the bond may potentially yield improvements over baseline environmental, climate, biodiversity, and/or adaptation measurements and includes some signs of alignment with long-term decarbonization.

All websites accessed September 2025. 1. Source: BlackRock, as of January 2026. 2. This case study is shown for illustrative purposes and was selected to demonstrate BlackRock's capabilities with respect to engaging with markets on GSS bonds, and in this case, an engagement covering the issuance process of POSCO Holding's Green Bond and its relation to the company's newly established sustainable finance framework. Reference to the names of the issuers mentioned is for illustrative purposes and should not be construed as investment advice or an investment recommendation. 3. POSCO Holdings. "POSCO Holdings Sustainable Financing Framework." March 2025. 4. POSCO Holdings. "ESG Financing."

EMEA**Kingdom of Denmark Inaugural European Green Bond Standard (EuGB) Green Bond¹**

BlackRock's Global Fixed Income Sustainable Research and Engagement team also met with the Kingdom of Denmark's Debt Management Office (DMO) to discuss the sovereign's inaugural EuGB issuance when the bond issuance was in mandate form in September 2025. Denmark raised 7 billion kroner through the first sovereign green bond aligned with the EuGB standards. The EuGB follows both ICMA Green Bond Principles and will have 100% EU Taxonomy alignment on use of proceeds to meet the EuGB label requirements.²

The discussion touched on key initiatives within eligible budgetary expenditures within the EuGB framework which include initiatives focused on afforestation, a new addition since the government's 2021 green bond framework.³ Part of this includes subsidies for farmers to not produce on agricultural land and instead reforest the land.³ It also includes restoration of wetlands by rewetting carbon-rich soils and halting agricultural use.³ Eligible expenditures also include renewable energy subsidies for solar photovoltaic generation with tax exemptions for self-consumption, subsidies for wind power including for small turbines, onshore and offshore projects, and financing for Energinet (stated-owned Transmission System Operator) to enhance electricity transmission infrastructure. Clean transport expenditures are also in scope, including rail electrification and funding for the Fehmarnbelt Fixed Link between Denmark and Germany.²

On the specific allocation breakouts for the inaugural EuGB, the DMO noted that preferential allocations are given for afforestation projects, projects involving the restoration of wetlands, and renewable energy projects. Remaining proceeds will be allocated to clean transportation, inclusive of capital and operating expenditures.³ BlackRock's Global Fixed Income team expressed a preference for capital expenditures over operating expenditures when it comes to clean transport allocations to expedite the electrification of the country's railway system. The DMO noted that the country has set a target for railway network electrification, with aim of having an 80/20 split of electrified/battery operated line tracks by 2030. This is a step forward since our last engagement with the issuer in 2023 when only 51% of the railway system had been electrified.⁴

The DMO estimates that over 90% of eligible expenditures will fall in sustainable land use and renewable energy categories.³ Overall, based on the framework, expected allocations and discussions with the DMO it was determined that the bond is most likely to contribute a long-term path towards a low-carbon economy or may potentially yield positive environmental, nature-based, or adaptation outcomes.

All websites accessed September 2025. 1. This case study is shown for illustrative purposes and was selected to demonstrate BlackRock's capabilities with respect to engaging with markets on GSS bonds, and in this case, an engagement covering the issuance process of the Kingdom of Denmark's Debt Monetary Office's inaugural EU green bond. Reference to the names of the issuers mentioned is for illustrative purposes and should not be construed as investment advice or an investment recommendation. 2. Denmark EuGB Investor Presentation, as of September 2025. 3. Danish Debt Management Office. "Kingdom of Denmark European Green Bond Factsheet Booklet," September 2025. 4. Danmarks Nationalbank. "Denmark Green Bonds."



Appendix

Appendix II – Voting statistics for BAIS Benchmark Policies

		Americas	EMEA	APAC	Global Total
Management proposals					
Director elections	Support management	22,259	11,236	14,970	48,465
	Not support management	1,896	1,048	1,488	4,432
Board-related	Support management	572	1,664	1,748	3,984
	Not support management	78	232	533	843
Compensation	Support management	4,335	4,032	2,942	11,309
	Not support management	291	1,005	639	1,935
Capital structure	Support management	765	4,917	5,000	10,682
	Not support management	77	277	640	994
Strategic transactions	Support management	332	724	1,797	2,853
	Not support management	27	76	523	626
Takeover defense	Support management	266	358	64	688
	Not support management	11	18	15	44
Auditor	Support management	3,497	2,207	1,626	7,330
	Not support management	15	95	39	149
Mutual funds	Support management	15	5	0	20
	Not support management	0	0	0	0
Company impacts on people, Climate and natural capital	Support management	13	399	21	433
	Not support management	0	14	9	23
Other	Support management	981	4,570	5,232	10,783
	Not support management	447	546	1,299	2,292

Source: BlackRock, ISS. Sourced on April 22 2026. Reflecting data from January 1, 2025, to December 31, 2025. Reflects BlackRock's proposal taxonomy. "Support" means BAIS voted in alignment with management's voting recommendations. "Not support" means BAIS voted differently from management's voting recommendations.

		Americas	EMEA	APAC	Global Total
Shareholder proposals					
Governance	Support management	212	46	270	528
	Not support management	51	64	48	163
Company impacts on people, Climate and natural capital	Support management	313	22	74	409
	Not support management	3	0	0	3
Board-related	Support management	0	23	29	52
	Not support management	46	57	1	104
Director elections	Support management	30	72	521	623
	Not support management	41	59	49	149
Other	Support management	10	69	135	214
	Not support management	0	26	15	41

Source: BlackRock, ISS. Sourced on April 22, 2026. Reflecting data from January 1, 2025, to December 31, 2025. Reflects BlackRock's proposal taxonomy. "Support" means BAIS voted in alignment with management's voting recommendations. "Not support" means BAIS voted differently from management's voting recommendations.

Appendix III – Proposal terminology explained

Proxy voting data reflects BlackRock’s management and shareholder proposal categories in alignment with BlackRock’s proposal taxonomy. BlackRock’s proposal taxonomy is a comprehensive representation of BlackRock’s proxy voting activity on behalf of clients, built in response to their informational and reporting needs.

Management proposals

Auditor – proposals related to the appointment and compensation of external auditors serving corporations.

Board-related – a category of management-originated, board-related proposals (excluding director elections), pertaining to advisory board matters, alternate and deputy directors, board policies, board committees, board composition, among others.

Capital Structure – generally involves authorizations for debt or equity issuances, dividends and buybacks, stock splits, and conversions of securities.

Climate and natural capital – 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.”

Company impacts on people – includes management-originated proposals relating to a range of social issues such as corporate social responsibility and approving corporate donations, among others.

Compensation – proposals concerning executive compensation policies and reports (including Say on Pay, Say on Pay Frequency, and approving individual grants), director compensation, equity compensation plans, and golden parachutes.

Director election – a category of management-originated proposals which includes the election, discharge, and dismissal of directors.

Mutual Funds – proposals related to investment management agreements and the structure of mutual funds.

Other – covers an assortment of common management-originated proposals, including formal approvals of reports, name changes, and technical bylaws, among many others.

Strategic transactions – involves significant transactions requiring shareholder approval like divestment, mergers and acquisition, and investment.

Takeover defense – proposals concerning shareholder rights, the adoption of “poison pills,” and thresholds for approval, among others.

Shareholder proposals

Board-related – a category of shareholder-originated, board-related proposals (excluding director elections), pertaining to advisory board matters, alternate and deputy directors, board policies, board committees, board composition, among others.

Climate and natural capital – a category of shareholder-originated proposals which includes the election, discharge, and dismissal of directors.

Company impacts on people – includes shareholder-originated proposals relating to a range of social issues such as reports on human capital management and human rights, among others.

Director-election – a category of shareholder-originated proposals which includes the election, discharge, and dismissal of directors.

Governance – generally involves key corporate governance matters affecting shareholder rights including governance mechanisms and related article/bylaw amendments, as well as proposals on compensation. Includes shareholder proposals customary in certain markets that are generally endorsed or unopposed by management.

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