

BLACKROCK®

**INVESTMENT STEWARDSHIP
REPORT: 2017 VOTING AND
ENGAGEMENT REPORT**

July 1, 2016 – June 30, 2017

JULY 15, 2017



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This report provides an overview of BlackRock's global approach to Investment Stewardship and highlights our voting and engagement activities for the year to June 30, 2017.

We file a record of our proxy votes with the United States Securities and Exchange Commission each year ended for BlackRock's funds. Our voting record for that period can also be found on the [BlackRock website](#).

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2017 Annual Engagement and Voting Statistics

Introduction

BlackRock Investment Stewardship's 2017 Corporate Engagement and Voting Snapshot

BlackRock, as a fiduciary investor, has a duty to act in our clients' best interests. This includes protecting and enhancing the value of the assets they have entrusted to us. The BlackRock Investment Stewardship team contributes to this through the engagements, including proxy voting, we do with the companies in which we invest on their behalf. We believe that good corporate governance—driven by strong board and executive leadership and by sound governance policies—delivers long-term shareholder value and the returns our clients depend on and expect.

The key to effective engagement is constructive and private communication. Engagement allows us to both share our philosophy on and approach to investment and corporate governance with companies. Through dialogue, we make clear our expectations of companies in relation to their governance practices, including their management of relevant environmental and social factors. Equally, it gives us the opportunity to improve our understanding of investee companies and how their governance and management structures support operational excellence and thus sustainable financial performance.

Annual Engagement Statistics

We engage with companies for four main reasons:

- We are preparing to vote at the company's shareholder meeting and need to clarify the information in company disclosures
- There has been an event at the company that has impacted its performance or may impact long-term company value
- The company is in a sector or market where there is a thematic governance issue material to shareholder value
- Our corporate governance risk analysis has identified the company as lagging its peers on environmental, social or governance matters that may impact economic value

Engagement* for current year: July 1, 2016 to June 30, 2017†

Region	Total	Resource level††			Focus of engagement**		
		Basic	Moderate	Extensive	Environmental	Social	Governance
Americas	439	295	95	49	50	53	408
Asia-Pacific (ex-Japan)	118	21	80	17	18	12	118
Japan	259	94	129	36	19	21	256
EMEA (ex-UK)	223	171	39	13	24	21	223
United Kingdom	235	143	60	32	12	16	233
Total	1,274	724	403	147	123	123	1,238

Engagement* for prior year: July 1, 2015 to June 30, 2016†

Region	Total	Resource level††			Focus of engagement**		
		Basic	Moderate	Extensive	Environmental	Social	Governance
Americas	611	460	94	57	25	50	602
Asia-Pacific (ex-Japan)	207	23	140	44	11	19	185
Japan	235	53	151	31	11	5	234
EMEA (ex-UK)	265	208	49	8	39	37	254
United Kingdom	162	92	65	5	12	10	161
Total	1,480	836	499	145	98	121	1,436

**Most engagement conversations cover multiple topics. Our engagement statistics reflect the primary engagement topic for which the meeting was called.

Source: ISS Proxy Exchange on July 15, 2017

* Our regional quarterly reporting on our engagement program can be found on our website.

† The 12-month period represents the SEC reporting period for U.S. mutual funds, including iShares.

‡ Basic engagement is generally a single conversation on a routine matter; moderate engagement is technically more complex and generally involves more than one meeting; extensive engagement is technically complex, high profile and involves numerous meetings over a longer time frame.

Annual Voting Statistics

Voting at shareholder meetings is the most broad-based form of engagement we have with companies. It enables investors to provide feedback to the board while encouraging board and management teams to consider and address investor concerns. We make our voting decisions on a case-by-case basis in the context of our published voting guidelines for each region. Our starting position is generally to support management, engaging where we have concerns that the board or management might not be acting in the best long-term economic interests of shareholders such as our clients. We aim to give companies time to respond, recognizing that sometimes governance changes can take many months. We will vote against a company's proposals if we believe that the issue under consideration is clearly not in our clients' economic interests, the company does not wish to engage with us or engagement fails to resolve our concerns.

Voting* for current year: July 1, 2016 to June 30, 2017†

Region	Total Number of meetings voted	Total Number of proposals voted	% of meetings voted against one or more management recommendations	% of proposals voted against management recommendation
United States	4,048	33,835	26%	9%
Americas (ex-US)	1,138	8,925	46%	12%
United Kingdom	853	11,455	20%	3%
EMEA (ex-UK)	2,383	33,464	53%	11%
Japan	2,220	22,737	41%	6%
Asia-Pacific (ex-Japan)	6,667	53,045	36%	10%
Total	17,309	163,461	37%	9%

Voting* for prior year: July 1, 2015 to June 30, 2016†

Region	Total Number of meetings voted	Total Number of proposals voted	% of meetings voted against one or more management recommendations	% of proposals voted against management recommendation
United States	4,074	32,634	28%	5%
Americas (ex-US)	2,028	15,410	55%	15%
United Kingdom	855	11,400	14%	1%
EMEA (ex-UK)	2,542	33,190	46%	8%
Japan	2,215	23,973	50%	8%
Asia-Pacific (ex-Japan)	5,227	42,358	32%	9%
Total	16,941	158,965	38%	8%

Source: ISS Proxy Exchange on July 15, 2017

*Our regional quarterly reporting on our engagement program can be found on our website.

†The 12-month period represents the SEC reporting period for U.S. mutual funds, including iShares.

Proposals by Type

Proposals on which shareholders are asked to vote fall into ten categories. The vast majority of proposals are related to the election of directors and board governance matters. This is not surprising given the important role played by directors representing and protecting shareholder interests. The proposals on which BlackRock votes against management vary from market-to-market but tend to be related to takeover protections and capitalization. We also support certain shareholders proposals seeking improvements in corporate governance practices.

Votes against management by proposal type for the current year: July 1, 2016 – June 30, 2017

Region		Global	United States	Americas (ex-US)	United Kingdom	EMEA (ex-UK)	Japan	Asia-Pacific (ex-Japan)
Management Proposals								
Anti-takeover and related proposals	total number of proposals voted	1,291	444	56	461	124	133	73
	% of proposals voted against management	17%	6%	5%	0%	56%	93%	1%
Capitalization	total number of proposals voted	15,707	441	296*	2,385	3,295	32	9,258*
	% of proposals voted against management	13%	5%	8%*	1%	12%	34%	17%*
Election of directors and related proposals	total number of proposals voted	78,543	21,830	4,961	4,500	13,402	18,816	15,034
	% of proposals voted against management	6%	4%	8%	5%	10%	6%	7%
Non-salary compensation	total number of proposals voted	15,428	6,376**	560	1,196	3,138	1,047	3,111**
	% of proposals voted against management	25%	28%**	12%	11%	31%	15%	23%**
Mergers, acquisitions and reorganizations	total number of proposals voted	9,678	344	185	129	726	678	7,616
	% of proposals voted against management	13%	2%	6%	5%	9%	7%	14%
Routine business	total number of proposals voted	37,787	3,735	2,555	2,755	11,467	1,824	15,451
	% of proposals voted against management	5%	2%	21%	0%	6%	0%	4%
Shareholder Proposals								
Compensation	total number of proposals voted	124	36	10	0	44	10	24
	% of proposals voted against management	2%	0%	0%	0%	5%	0%	4%
Corporate Governance	total number of proposals voted	352	57	5	0	40	4	246
	% of proposals voted against management	14%	39%	0%	0%	8%	50%	9%
Election of directors and related proposals	total number of proposals voted	2,820	267	244	16	468	37	1,788
	% of proposals voted against management	2%	17%	1%	6%	1%	0%	0%
Miscellaneous business	total number of proposals voted	1,216	263	19	3	362	156	413
	% of proposals voted against management	3%	3%	0%	33%	0%	3%	6%

*The changes in this category since 2016 are associated with reassigned voting in Bermuda and the Cayman Island from the Americas ex-USA region to Asia ex-Japan as most of these company's operational headquarters are domiciled with the APAC ex-Japan region.

**The increase relative to 2016 is attributable to the higher volume of say-on-pay frequency advisory votes and our general support for triennial say-on-pay frequency.

Proposal Terminology Explained:

Management Proposals

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

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

Election of Directors and Related — a broad category which includes the election of directors, supervisory board matters, declassification of boards, implementation of majority voting, among others.

Non-salary Compensation — covers shareholder approvals of compensation related matters like advisory or binding votes on remuneration, omnibus stock plans, vote frequency, and special compensation situations.

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

Routine Business — covers formal approvals of reports, name changes, and technical bylaws, among many others.

Shareholder Proposals

Compensation — compensation, perquisites, and other executive compensation policies.

Corporate Governance — key corporate governance matters affecting shareholders rights including governance mechanisms and related article/bylaw amendments.

Election of Directors and Related Proposals — elections to the board of directors, and other governance provisions related to the board.

Routine Business / Miscellaneous — resolutions regarding social, ethical and environmental matters that may have an impact on company operations, including shareholder proposals relating to procedural matters.

Votes against management by proposal type for the prior year: July 1, 2015 – June 30, 2016

Region		Global	United States	Americas (ex-US)	United Kingdom	EMEA (ex-UK)	Japan	Asia-Pacific (ex-Japan)
Management Proposals								
Anti-takeover and related proposals	total number of proposals voted	1,183	394	84	464	96	115	30
	% of proposals voted against management	16%	9%	14%	0%	46%	90%	0%
Capitalization	total number of proposals voted	15,647	405	1,847	2,200	3,444	27	7,724
	% of proposals voted against management	15%	7%	52%	1%	13%	22%	12%
Election of directors and related proposals	total number of proposals voted	78,366	22,557	7,880	4,666	12,806	19,520	10,937
	% of proposals voted against management	6%	5%	6%	1%	5%	8%	7%
Non-salary compensation	total number of proposals voted	13,057	4,381	820	1,023	2,879	1,447	2,507
	% of proposals voted against management	17%	8%	27%	7%	27%	15%	22%
Mergers, acquisitions and reorganizations	total number of proposals voted	8,927	269	461	128	1,077	992	6,000
	% of proposals voted against management	15%	2%	11%	2%	7%	10%	18%
Routine business	total number of proposals voted	37,374	3,857	3,956	2,888	11,862	1,704	13,107
	% of proposals voted against management	5%	2%	16%	0%	5%	1%	3%
Shareholder Proposals								
Compensation	total number of proposals voted	126	61	8	0	9	8	40
	% of proposals voted against management	4%	2%	0%	0%	0%	13%	8%
Corporate Governance	total number of proposals voted	468	64	3	0%	20	10	371
	% of proposals voted against management	15%	36%	67%	0%	0%	30%	12%
Election of directors and related proposals	total number of proposals voted	2,367	331	298	5	355	37	1,341
	% of proposals voted against management	4%	24%	2%	40%	1%	3%	0%
Routine / miscellaneous business	total number of proposals voted	1,006	263	36	7	307	113	280
	% of proposals voted against management	7%	2%	0%	0%	1%	10%	6%

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