

Shareholder Rights

Directive II – Engagement Policy

BlackRock Investment Stewardship

Introduction

At BlackRock, investment stewardship is core to our role as an asset manager and a fiduciary to our clients. BlackRock's stewardship policies are developed and implemented separately by BlackRock Investment Stewardship (BIS) and BlackRock Active Investment Stewardship (BAIS). While the two teams operate independently, their general approach is grounded in widely recognized norms of corporate governance and shareholder rights and responsibilities.

BIS is a dedicated function within BlackRock, which is responsible for stewardship activities in relation to clients' assets invested in index equity strategies. Approximately 90% of BlackRock clients' public equity assets under management are held in index equity strategies, as of December 31, 2025.¹ BAIS partners with BlackRock's active investment teams in relation to their holdings.

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.

This statement, applicable from January 1, 2026, explains how BIS meets the requirements in the Shareholder Rights Directive II relating to the team's stewardship activities under the BIS Benchmark Policies, which BIS is entrusted to apply to a large majority of our clients' assets, take a financial materiality-based approach, and are focused solely on advancing clients' long-term financial interests.² Specifically, this statement describes BIS' engagement with management teams and/or board members at the public companies in which BlackRock invests on behalf of clients. We also explain our engagement approach under the BIS Climate and Decarbonization Stewardship program.³ Other materials not explicitly referenced below may also be relevant to the reader and can be found on the [BIS](#) website.

BlackRock Investment Stewardship (BIS)

BIS' stewardship program is conducted from the perspective of a long-term investor. Through stewardship, we assess how companies are creating long-term financial value to serve our clients, many of whom are saving for long-term goals, such as retirement.

BIS' program has four key pillars:

1. Engaging with the boards and management of companies
2. Voting at shareholder meetings
3. Contributing to industry dialogue on stewardship
4. Reporting on our activities to inform clients

The BIS team

The BIS team is one of the largest in the industry. With 60+ professionals across nine locations focused full time on stewardship, our team members bring a breadth of skillsets and life experiences to their work.⁴ As stewards of our clients' assets, our dedicated BIS team seeks to better 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 on which our clients depend to reach their investing goals.

The BIS Benchmark Policies

The BIS Benchmark Policies – which are comprised of the [BIS Global Principles](#), [regional voting guidelines](#), and [Engagement Priorities](#) – apply to clients' assets invested through index equity strategies, take a financial materiality-based approach, and are focused solely on advancing clients' long-term financial interests.

- 1. Global Principles:** Reflect our views on the globally applicable elements of corporate governance that contribute to a company's ability to create long-term financial value for shareholders.
- 2. Regional voting guidelines:** Explain how the BIS Global Principles inform our voting decisions in relation to common ballot items for shareholder meetings in each market.
- 3. Engagement Priorities:** Cover the five themes on which we most frequently engage companies, where they are relevant and a source of material business risk or opportunity.

BIS reviews our Benchmark Policies every year and updates them, as necessary, to reflect changes in market standards and regulations, feedback from clients and companies, and insights gained over the year through third-party and our own research.

The BIS stewardship program

1. Engaging with the boards and management of companies

BIS defines an engagement as a meeting with the boards and management of companies in which clients are invested to deepen our understanding of a company's business model, including how they are overseeing material business risks and opportunities over time, and to help inform our voting on behalf of clients.⁵ BIS counts only direct interaction as an engagement. BIS does not count letters as engagement.

BIS' year-round engagement, combined with our long-term approach, allows us to have an ongoing, constructive dialogue with companies, sometimes over multiple years. In our engagements, we seek to further understand the strategies companies have in place to manage material risks and opportunities, and how they may evolve over time. We may ask questions relevant to their business, and exchange perspectives on matters that may impact our clients' investments. This, in turn, informs our voting decisions for clients who have authorized us to vote on their behalf.

The majority of our engagements are initiated by companies to discuss topics including their long-term strategy, risk and opportunity set, and management's plan to deliver financial returns through business cycles. BIS engages individual companies independently rather than alongside other asset managers or asset owners. In addition, BlackRock adheres to regulatory constraints on collaborative engagement in any jurisdiction that establishes them. BIS may participate in collaborative engagements with other shareholders only where permissible under local regulations and where, in our assessment, our clients' long-term financial interests could be more productively advanced through joint dialogue. In such cases, BIS would determine our engagement objectives independently, including with whom and how best to partner.

BIS identifies and prioritizes companies for engagement based on several factors, including but not limited to, identified or potential material financial risks, aggregate client exposure, corporate developments, changes in regulation, or other market developments that could impact a company's operations. We determine engagement would be helpful to further understand a company's situation after assessing its disclosures.

BIS measures the effectiveness of our engagements based on whether they helped lead to more informed voting decisions and/or deepened our understanding of a company's business model and how they are overseeing material business risks and opportunities, over time. In our engagements, BIS does not prescribe actions for companies or direct business strategy. Decisions regarding strategy are the responsibility of company management, with input from the board.

BIS' Engagement Priorities are: **strategy, purpose and financial resilience; board quality and effectiveness; incentives aligned with financial value creation; climate and natural capital; and company impacts on people.** A more detailed description of our approach to each of our Engagement Priorities can be found [here](#).

Other teams across BlackRock may engage with companies to help inform their work on a broad spectrum of risk and value drivers in their investible universe. While BIS' activities are not designed to drive outcomes, BIS' Engagement Priorities may, at times, align with themes of certain funds.

2. Voting at shareholder meetings

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.

BIS' Benchmark Policies, and the vote decisions made consistent with those policies, reflect our reasonable and independent judgment of what is in the long-term financial interests of clients. Our vote decisions are often informed by several factors, including in-depth analysis of company disclosures, comparisons against industry peers, third-party research, and, where appropriate, engagement with companies.

Generally, BIS supports the vote recommendations of the board of directors and management at companies which have sound corporate governance and deliver strong financial returns over time. When we determine it is in our clients' financial interests to convey concern to companies through voting, we may do so in two forms: we might not support the election of directors or other management proposals, or we might not support management's voting recommendation on a shareholder proposal.

BIS does not act collectively with other shareholders or organizations in voting shares or follow any proxy research firm's voting recommendations. In addition, BIS does not disclose our vote intentions in advance of shareholder meetings as we do not see it as our role to influence other investors' proxy voting decisions. Our role is to convey to a company our view on how its board and management are fulfilling their responsibilities to our clients as minority shareholders.

The vast majority of the stewardship team's voting decisions are straightforward applications of the BIS Benchmark Policies and are determined by the relevant voting analyst, in consultation with team members or the BIS regional head, as necessary. Our Benchmark Policies are not prescriptive as we take into consideration the context in which companies are operating their businesses.

BIS analysts may, in the exercise of their professional judgment, conclude that the Benchmark Policies do not cover the specific matter upon which a proxy vote is required or that an exception is warranted. In such cases, the analyst makes a vote decision they consider most consistent with the long-term financial interests of clients.

3. Contributing to industry dialogue on stewardship

BIS team members 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 BlackRock's approach to investment stewardship.⁶

BIS may engage with participants in the investment stewardship ecosystem along with other teams such as BlackRock's Government Affairs and Public Policy (GAPP) team. BIS may also respond to policy consultations to serve as a resource and provide our perspectives with a focus on promoting well-functioning capital markets.

Responses to policy consultations are available on the BIS website. The GAPP team also regularly publishes ViewPoints, which examine public policy issues and assess their implications for investors, and periodically submits letters and consultation responses to policymakers. The ViewPoints series and letters and consultations are available on the [GAPP website](#).

4. Reporting on our stewardship activities

We inform clients about our stewardship activities on their behalf through a range of publications on our website. BIS also provides those clients who have requested additional stewardship reporting with client-specific engagement and voting reports. Clients may request specific reporting covering the engagement and voting activity associated with their portfolios on a monthly, quarterly, or annual cadence. We are committed to providing our clients with the reporting on our stewardship program that meets their informational needs.

The BIS Climate and Decarbonization Stewardship program

Some of our clients are pursuing decarbonization as an investment objective, including many of our largest European clients, who have made net zero commitments.⁷ To support our clients' unique and varied investment objectives, in July 2024, BlackRock launched the Climate and Decarbonization Stewardship program, and the applicable BIS proxy voting guidelines ([BIS Guidelines](#)).

The BIS Guidelines only apply to those funds that BlackRock offers to clients that have climate and decarbonization objectives and where the funds' respective governing body has explicitly approved the application of the BIS Guidelines.⁸ A dedicated team administers the BIS Guidelines on behalf of in-scope funds globally. Separately managed account (SMA) clients have a range of options, including instructing BlackRock to apply the BIS Guidelines to their SMA holdings. Total funds and SMAs that have chosen to apply the BIS Guidelines represent \$171 billion of clients' index equity assets under management (AUM), or approximately 2% of our clients' total public equity AUM.⁹

For clients who have not directed BlackRock to explicitly prioritize climate risks and decarbonization as an investment objective, we continue to undertake our stewardship responsibilities in line with our Benchmark Policies, with a sole focus on advancing those clients' long-term financial interests.

BIS' approach to engagement and voting under the BIS Climate and Decarbonization Stewardship program

The Guidelines' approach to company engagements and proxy voting considers both financial performance and decarbonization objectives, consistent with participating funds' and accounts' investment objectives. In practice, the dedicated team's assessment under the Guidelines reflects:

- A sectoral approach to analysis that acknowledges the unevenness of the low-carbon transition across sectors and markets.
- A long-term, pragmatic approach that favors a transition that minimizes disruption to the particular company and its key stakeholders.
- A focus on useful, contextualized disclosures that help inform investors' views, while recognizing data limitations.
- The consistency with the participating clients' position as minority investors – a company's board and executive leadership determine its strategy and its implementation.

Under the BIS Guidelines, the dedicated team primarily engages companies in sectors that play an important role in the transition to a low-carbon economy. This includes companies which produce goods and services that contribute to real world decarbonization or have a carbon intensive business model and may face outsized impacts from the low-carbon transition.

Empowering investors through 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.¹⁰ 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.

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 ~\$885 billion in index equity AUM exercising this option.¹¹ More information about BlackRock Voting Choice is available [here](#).

Conflict management policies and procedures

BIS maintains policies and procedures that are designed to prevent undue influence on its 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 employee. BIS' conflicts of interest policy is available [here](#).

Endnotes

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. The prior version of this statement, which was applicable from January 1, 2025, to January 1, 2026, can be found [here](#).
3. The program 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. This statement explains our approach for in-scope index equity funds and SMAs where proxy voting is administered by BIS.
4. As of January 1, 2026.
5. 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.
6. These efforts are separate from our bilateral engagements with public companies and from engagements with clients and are carried out with the objective of sharing our perspective as a long-term minority investor. However, clients and companies may often participate in marketplace engagements given the nature of the topics. Examples of marketplace engagements include speaking at industry events and conferences, or participating in academic seminars, among others. The work that we do is intended to advance the economic interests of BlackRock's clients as long-term investors.
7. Includes a select group of our largest client relationships. Net zero commitments are sourced from respective company websites, as of January 2025.
8. A list of approved funds is on BlackRock's website [here](#).
9. AUM includes in-scope index equity funds and SMAs where proxy voting is administered by BIS as of December 31, 2025. BAIS separately administers proxy voting activities for its respective in-scope strategies. The total program applying the Guidelines represents \$194 billion of client AUM, or approximately 2% of our clients' total public equity AUM.
10. 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.
11. Source: 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.

Want to know more?

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