

# BlackRock

## Shareholder Rights Directive II - Engagement Policy

This statement explains how BlackRock, principally through the work of the BlackRock Investment Stewardship team, meets the requirements in the Shareholder Rights Directive II relating to engagement with public companies and other parties in the investment ecosystem. It references extensively materials published on the BlackRock website explaining our approach to engagement and stewardship. Other materials not explicitly referenced below may also be relevant to the reader and can be found on the [Investment Stewardship](#) section of the BlackRock website.

### Investment Stewardship at BlackRock

As a fiduciary investor, BlackRock undertakes investment stewardship engagements and proxy voting with the goal of protecting and enhancing the long-term value of our clients' assets. In our experience, sustainable financial performance and value creation are enhanced by sound governance practices, including risk management oversight, board accountability, and compliance with regulations.

BlackRock takes a long-term perspective in its investment stewardship work informed by two key characteristics of our business: the majority of our clients are saving for long-term goals, so we presume they are long-term shareholders; and the majority of our equity holdings are in index-tracked portfolios, so our clients are, by definition, long-term shareholders.

BlackRock's approach to corporate governance and stewardship is outlined in our [Global Corporate Governance and Engagement Principles](#). We recognize that corporate governance practices and expectations differ around the world, but we believe there are high-level corporate governance principles that apply universally. Our Principles provide the framework for our more detailed, [market-specific voting guidelines](#), which are reviewed annually and updated as necessary in light of market trends, learnings from engagement, and public policy developments.

### BlackRock Investment Stewardship team

The corporate governance program led by BlackRock's Investment Stewardship team operates across all portfolios investing in public companies, whether clients invest in branded sustainable investing funds or in our core index and active investment strategies. The Investment Stewardship team acts as a central clearinghouse of BlackRock's views across the various portfolios with holdings in individual companies and aims to present a clear and consistent message on BlackRock's approach to corporate governance, including relevant environmental and social considerations.

The team consists of over 40 dedicated professionals responsible for encouraging sound corporate governance practices at the companies in which we invest on behalf of clients. Strategically located in BlackRock's US, UK, Japan, Singapore, Hong Kong and Australia offices, the team leverages regional and local market expertise to facilitate constructive dialogue with portfolio companies and contribute to the global discourse on ESG trends in investment. The [Investment Stewardship team profile](#) sets out the philosophy and approach of the team in promoting sound business practices aligned with long-term value creation, and describes the core components of our stewardship work.

### Analysis and integration

BlackRock's Investment Stewardship team is strategically positioned as an investment function and bridges BlackRock's various portfolio management groups. The team confers regularly with our portfolio managers in identifying and assessing significant environmental, social and governance (ESG) issues impacting companies, and to exchange our insights on material ESG factors and performance matters relevant to investment decisions, including stewardship activities. We leverage relevant qualitative and quantitative company information, as well as sector and industry research from various external service providers, which can be used in our analysis of and conversations with companies.

Our investment stewardship work, including direct engagement with companies, is one mechanism we use to integrate and advance material sustainability insights into the investment process to enhance long-term risk adjusted returns. Through Aladdin, BlackRock's risk and investment management platform, the stewardship team systematically provides its views on its governance

engagements, including material environmental and social factors, to investment teams across the firm. In this way, our stewardship efforts benefit from firm-wide data and insights on sustainability-related issues, and our investment teams benefit from the sustainability insights derived from our stewardship activities – a powerful, positive feedback loop.

## Company engagement

The Investment Stewardship team engages with public companies on behalf of all portfolio strategies at BlackRock. As described in our [team profile](#), there are a variety of reasons why we might do so. Ultimately, when we engage a company we are focused on the long-term governance and business operational matters (including environmental and social considerations) that we believe are consistent with sustained financial performance.

Each year we prioritize our engagement work around themes that we believe will encourage sound governance practices. Some governance issues are perennial, such as board quality and performance, although the areas of focus may change overtime. Other priorities are evolving and are informed by regulatory and other market developments. By publishing our [engagement priorities](#) and [engagement commentaries](#), we aim to provide clients, companies, and industry participants more visibility into the areas on which we will be focusing and how we will engage companies on those topics.

## Voting rights

As a fiduciary investor and acting in the best long-term economic interest of our clients, we see voting at the annual and special shareholder meetings of the companies in which we invest as one of our stewardship responsibilities. Voting is an essential part of our efforts to protect and enhance shareholder value. It is the most broad-based form of engagement we have with companies, and provides a formal channel for feedback to the board and management about investor perceptions of their performance and governance practices.

We generally prefer to engage in the first instance where we have concerns and give the company time to address or resolve the issue. Our voting analysis is therefore informed by our company engagements, research and the situation at a particular company, which we assess through the lens of our internally-developed [voting guidelines](#). Our voting guidelines are the benchmark against which we compare a company's approach to corporate governance and the items on the agenda for the shareholder meeting.

## Working with stakeholders

As described in our [team profile](#), we participate in a number of formal coalitions, shareholder groups or initiatives, on both international and market-specific levels, which aim to further responsible share ownership and facilitate high-level communication between shareholders and companies on corporate governance and social and environmental matters. We will also engage collectively on matters of public policy, when appropriate, to help shape the policy debate and represent our clients' interests. We partner with BlackRock's Global Public Policy Group to establish a BlackRock view on emerging policy issues or existing policies that are under review.

When we believe it is likely to enhance our ability to engage with a company or to achieve the desired outcome, and it is permitted by law and regulation, BlackRock may engage a company in collaboration with other organizations or investors (for example, through joint shareholder-company meetings). In general, BlackRock's approach to engagement has long been one of having our own private dialogue with companies, setting out our views and concerns and discussing ways these could be addressed. We believe it is important to engage in a discreet manner, rather than to publicly criticize or confront management, and to build relationships with companies overtime that will enable us to provide constructive feedback when necessary.

## Conflict management policies and procedures

Our [Principles](#) and our [commentary on conflicts of interest management](#) describe how the stewardship team maintains policies and procedures that seek to prevent undue influence on BlackRock's 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.