

How BlackRock Investment Stewardship manages conflicts of interest

BlackRock manages assets on behalf of a broad range of clients from pension plans, endowments, foundations, charities, official institutions, insurers and other financial institutions, as well as individuals around the world. As an important part of our fiduciary duty to our clients, we provide the investment and technology solutions they need when planning for their most important goals.

BlackRock Investment Stewardship (“BIS”) supports BlackRock’s fiduciary responsibilities through engaging with companies to encourage corporate governance and business practices that we believe are aligned with long-term value creation. BIS is a specialist investment function, independent from BlackRock sales, vendor management or business partnership management. We publish our governance principles, market-specific voting guidelines, activity reports and position papers on the [investment stewardship website](#). For those clients who have given us authority, we vote in accordance with the relevant market voting guidelines, taking into consideration a company’s specific circumstances. Vote decisions are taken to achieve an outcome that, in the professional judgment of the BIS analyst, is most consistent with a company’s ability to deliver sustainable long-term financial performance.

BlackRock maintains policies and procedures meant to prevent undue influence on the Investment Stewardship team’s engagement and proxy voting activity.¹

Sources of perceived or potential conflicts of interest include:

- BlackRock clients who may be issuers of securities or proponents of shareholder resolutions
- BlackRock business partners or third parties who may be issuers of securities or proponents of shareholder resolutions
- BlackRock employees who may sit on the boards of public companies held in funds and other fiduciary account(s) (“Fund” or “Funds”) managed by BlackRock
- Significant BlackRock, Inc. shareholders who may be issuers of securities held in Funds managed by BlackRock
- Securities of BlackRock, Inc. or BlackRock investment funds held in Funds managed by BlackRock
- BlackRock, Inc. board members who serve as senior executives of public companies held in Funds managed by BlackRock

BlackRock takes a two-pronged approach to managing perceived or potential conflicts of interest:

1. Structural separation – In the normal course of our investment stewardship activities, including client reporting, we may engage with clients, business partners and/or third parties, and employees with external facing roles. Reporting lines separate members of the BIS team from employees with sales, vendor management or business partnership roles. We are diligent about ensuring engagements with parties in the list above are managed in the same way as those with any other company or fellow shareholder. Clients or business partners are not given special treatment or differentiated access to BIS.

The BIS team prioritizes companies for engagement based on several factors including a forthcoming vote decision, our prior history of engagement with the company, our

¹ How BlackRock Investment Stewardship manages perceived or potential conflicts of interests is also explained in BlackRock Investment Stewardship’s [Global Corporate Governance Guidelines and Engagement Principles](#). These principles describe our philosophy and approach to investment stewardship. It is reviewed, and updated as necessary, on an annual basis in light of market trends, learnings from engagement, and public policy developments. These high-level principles are the framework for our more detailed, market-specific proxy voting guidelines.

[engagement priorities](#), and our assessment of a company's financial and governance performance. We may also engage with a company if there have been developments that may impact long-term shareholder value or when a company seeks an engagement with us. We prioritize engagements based on our level of concern and the likelihood that engagement might lead to positive change.

Consistent with this structural separation, only BIS or active portfolio managers engage with, and provide feedback to, companies on corporate governance and voting matters.

BIS does not disclose voting intentions and / or voting decisions to individuals not involved in BlackRock's proxy voting process in advance of a meeting or date of written consent.

2. [Appointing independent fiduciaries](#) – BIS has appointed a primary and a secondary independent fiduciary² to vote in certain circumstances as a safeguard to avoid potential conflicts of interest, to satisfy regulatory or compliance requirements, or as may be otherwise required by applicable law. In these cases, the independent fiduciary provides BlackRock's voting agent with vote instructions, which have been determined based on BIS' public voting guidelines. The voting agent implements the votes in accordance with the independent fiduciary's instructions. BlackRock's Legal and Compliance team monitors the process to ensure that votes are cast as instructed by the independent fiduciary.

In selecting an independent fiduciary, we assess several characteristics, including but not limited to: independence, an ability to analyze proxy issues and vote in the best economic interest of our clients, reputation for reliability and integrity, and operational capacity to accurately deliver the assigned votes in a timely manner.

BIS reviews annually, after peak shareholder meeting season, the votes cast by the independent fiduciaries to ensure that they reflect BlackRock's published voting guidelines. We report the findings of the review to the Investment Stewardship Oversight Committee, which is responsible for confirming the reappointment of the independent fiduciaries. We also meet with the independent fiduciaries once a year to discuss any votes that seemed inconsistent with BlackRock's guidelines and to explain any changes to voting guidelines planned for the following year.

BlackRock is confident that these measures enable us to appropriately manage perceived and potential conflicts of interest related to proxy voting while ensuring that we exercise, on our clients' behalf, the voting rights that help protect and enhance the value of their assets.

Contact BlackRock Investment Stewardship at contactstewardship@blackrock.com

² The secondary independent fiduciary only votes if the primary one is for some reason conflicted or otherwise unable to vote at a particular meeting. We believe it is important to have a reserve such that we can be sure to vote our clients' shares at a meeting, even if we encounter an unexpected development.