



# INVESTMENT STEWARDSHIP REPORT: 2018 VOTING AND ENGAGEMENT REPORT

**July 1, 2017– June 30, 2018**

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# Contents

2018 Annual Engagement and Voting Statistics .....	2
Annual Engagement Statistics .....	3
Annual Voting Statistics .....	4
Proposals by Type .....	5

This report provides summary statistics of BlackRock Investment Stewardship's engagements with companies and voting at shareholder meetings. It distills statistics provided for each region in our quarterly engagement and voting reports.

The Investment Stewardship Annual Report, available on the [BlackRock website](#), reviews BlackRock's approach to corporate governance and stewardship in support of long-term value creation for our clients. Our Annual Report reporting period is July 1, 2017 to June 30, 2018, representing the United States Securities and Exchange Commission's (SEC) 12-month reporting period for U.S. mutual funds, including iShares.

We file a record of our proxy votes with the SEC 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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# 2018 Annual Engagement and Voting Statistics

## Introduction

### BlackRock Investment Stewardship's 2018 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 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 five 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 long-term value
- A company requests a meeting to discuss substantive governance matters

### Engagement\* for current year: July 1, 2017 to June 30, 2018†

Region	Total	Resource level††			Focus of engagement*		
		Basic	Moderate	Extensive	Environmental	Social	Governance
Americas	845	701	89	55	129	157	728
United Kingdom	282	234	42	6	24	31	270
EMEA (ex-UK)	314	263	49	2	64	57	297
Japan	345	52	202	91	48	78	325
Asia-Pacific (ex-Japan)	263	140	109	14	36	79	237
Total	2,049	1,390	491	168	301	402	1,857

### 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
United Kingdom	235	143	60	32	12	16	233
EMEA (ex-UK)	223	171	39	13	24	21	223
Japan	259	94	129	36	19	21	256
Asia-Pacific (ex-Japan)	118	21	80	17	18	12	118
Total	1,274	724	403	147	123	123	1,238

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

Source: BlackRock on July 15, 2018

† 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 company and, where relevant, encourage the board and management team 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, 2017 to June 30, 2018†

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	3,904	31,265	29%	5%
Americas (ex-US)	1,108	9,993	50%	10%
United Kingdom	861	11,718	30%	5%
EMEA (ex-UK)	2,593	35,420	55%	12%
Japan	2,142	21,202	37%	5%
Asia-Pacific (ex-Japan)	6,543	49,344	35%	10%
Total	17,151	158,942	38%	8%

## 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%

Source: ISS Proxy Exchange on July 15, 2018

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

# Proposals by Type

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

## Votes against management by proposal type for the current year: July 1, 2017 – June 30, 2018

Region		Global	United States	Americas (ex-US)	United Kingdom	EMEA (ex-UK)	Japan	Asia-Pacific (ex-Japan)
<b>Management Proposals</b>								
<b>Anti-takeover and related proposals</b>	total number of proposals voted	1,207	502	53	453	89	54	56
	% of proposals voted against management	12%	8%	11%	0%	49%	93%	2%
<b>Capitalization</b>	total number of proposals voted	15,389	480	251	2,508	3,542	24	8,584
	% of proposals voted against management	11%	7%	12%	1%	12%	17%	14%
<b>Election of directors and related proposals</b>	total number of proposals voted	78,674	21,348	5,981	4,603	14,254	17,895	14,593
	% of proposals voted against management	6%	4%	5%	9%	11%	5%	5%
<b>Non-salary compensation</b>	total number of proposals voted	13,292	4,388*	586	1,131	3,599	909	2,679
	% of proposals voted against management	19%	11%*	13%	10%	33%	12%	19%
<b>Mergers, acquisitions and reorganizations</b>	total number of proposals voted	8,304	306	178	109	723	561	6,427
	% of proposals voted against management	13%	2%	12%	5%	10%	6%	15%
<b>Routine business</b>	total number of proposals voted	37,616	3,615	2,677	2,879	12,072	1,591	14,782
	% of proposals voted against management	5%	2%	20%	0%	7%	0%	3%
<b>Shareholder Proposals</b>								
<b>Compensation</b>	total number of proposals voted	87	37	14	0	10	8	18
	% of proposals voted against management	5%	3%	0%	0%	0%	0%	17%
<b>Corporate Governance</b>	total number of proposals voted	223	41	7	0	6	6	163
	% of proposals voted against management	16%	49%	57%	0%	17%	50%	3%
<b>Election of directors and related proposals</b>	total number of proposals voted	2,720	281	179	17	578	50	1,615
	% of proposals voted against management	3%	11%	0%	0%	1%	4%	2%
<b>Miscellaneous business</b>	total number of proposals voted	868	241	51	8	115	104	349
	% of proposals voted against management	5%	7%	0%	0%	1%	6%	5%

\*The decrease from the previous reporting period is attributed to the lower volume of say-on-pay frequency advisory votes.

## 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 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, 2016 – June 30, 2017

Region		Global	United States	Americas (ex-US)	United Kingdom	EMEA (ex-UK)	Japan	Asia-Pacific (ex-Japan)
<b>Management Proposals</b>								
<b>Anti-takeover and related proposals</b>	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%
<b>Capitalization</b>	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%*
<b>Election of directors and related proposals</b>	total number of proposals voted	78,543	21,830	4,961	4,500	13,402	11,816	15,034
	% of proposals voted against management	6%	4%	8%	5%	10%	6%	7%
<b>Non-salary compensation</b>	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%**
<b>Mergers, acquisitions and reorganizations</b>	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%
<b>Routine business</b>	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%
<b>Shareholder Proposals</b>								
<b>Compensation</b>	total number of proposals voted	124	36	10	0	44	10	24
	% of proposals voted against management	2%	0%	0%	0%	5%	0%	4%
<b>Corporate Governance</b>	total number of proposals voted	352	57	5	0%	40	4	246
	% of proposals voted against management	14%	39%	0%	0%	8%	50%	9%
<b>Election of directors and related proposals</b>	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%
<b>Miscellaneous business</b>	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 during the reporting period are associated with reassigned voting in Bermuda and the Cayman Island from the Americas ex-USA region to the Asia ex-Japan region as most of the company's operational headquarters are domiciled with the Asia-Pacific ex-Japan region.

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

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