

The BlackRock logo, consisting of the word "BlackRock" in a white, sans-serif font with a registered trademark symbol.

# Climate and Decarbonization Stewardship Annual Report

January 1 – December 31, 2025

**BlackRock Investment Stewardship**



## Overview and scope of this report

At BlackRock, investment stewardship is core to our role as an asset manager and a fiduciary to our clients. BlackRock offers a range of investment stewardship options to reflect clients' individual investment choices and goals.

BlackRock Investment Stewardship (BIS) is responsible for stewardship activities in relation to clients' assets invested in index equity strategies.<sup>1</sup> As of December 31, 2025, clients held \$7.7 trillion in public equity assets under management (AUM), with approximately 90% invested in index equity strategies.<sup>2</sup> BIS' Benchmark Policies take a financial materiality-based approach and are focused solely on advancing clients' financial interests. Clients representing approximately three quarters of public equity AUM entrust BIS to apply the Benchmark Policies.<sup>3</sup>

BlackRock recognizes that different clients have different investment objectives and preferences. In addition to our Benchmark Policies, BlackRock offers BlackRock Voting Choice and the Climate and Decarbonization Stewardship program. This report provides an overview of engagement and voting activities by the dedicated team for the Climate and Decarbonization Stewardship program – and the applicable proxy voting Guidelines – from January 1 through December 31, 2025, representing \$171 billion of clients' index equity AUM, or approximately 2% of our clients' total public equity AUM.<sup>4</sup>

The Climate and Decarbonization Stewardship Guidelines do not influence voting decisions on behalf of clients made under the BIS Benchmark Policies.

The information in this report is dated as of December 31, 2025, and currency is shown in USD, unless otherwise noted. Information included in this report is subject to change without notice. As a result, subsequent reports and publications distributed may therefore include additional information, updates, and modifications, as appropriate. The information herein must not be relied upon as a forecast, research, or investment advice. BlackRock is not making any recommendation or soliciting any action based upon this information and nothing in this document should be construed as constituting an offer to sell, or a solicitation of any offer to buy, securities in any jurisdiction to any person. References to individual companies are for illustrative purposes only.

The publication of this report aligns with the timeline set by the UK's Financial Reporting Council (FRC) to comply with the 2026 UK Stewardship Code requirements. On March 18, 2026, the full report of BlackRock's stewardship activities – of which this report is an excerpt – was presented to the Nominating and Governance Committee (NGC) of the BlackRock, Inc. Board of Directors, prior to the submission to the FRC. As described in the [NGC Charter](#), the NGC has oversight over BlackRock's stewardship policies and significant publications and, per the New York Stock Exchange's listing requirements, is composed entirely of independent directors.

For more information, visit BlackRock's stewardship webpage [here](#).

1. As of January 1, 2025, BlackRock's stewardship policies are developed and implemented separately by BIS and BlackRock Active Investment Stewardship (BAIS). BAIS partners with BlackRock's active investment teams in relation to their holdings. While the two teams operate independently, their approaches are each grounded in widely recognized norms of corporate governance and shareholder rights and responsibilities. This report does not cover BAIS' activities. 2. 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](#)." 3. Balance of client AUM voted through BlackRock Voting Choice, and the Climate and Decarbonization Stewardship program. 4. AUM includes in-scope index equity funds and separately managed accounts 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 represents \$194 billion of client AUM, or approximately 2% of our clients' total public equity AUM.

# Stewardship for clients with investment objectives relating to the low-carbon transition

## About the 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.<sup>1</sup> 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.<sup>2</sup> 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 AUM, or approximately 2% of our clients' total public equity AUM.<sup>3</sup>

In October 2024, the dedicated team began engaging with companies. In January 2025, it started applying the BIS Guidelines to voting decisions on behalf of in-scope funds and SMAs that have instructed BlackRock to do so.

## How the BIS Guidelines work

The BIS Guidelines differ from the BIS Benchmark Policies in that they consider, in addition to financial objectives, companies' strategies to align with the transition to a low-carbon economy. They also incorporate the more ambitious goal of the Paris Agreement — namely to limit average global temperature rise to 1.5°C above pre-industrial levels.<sup>4</sup>

## The research that informs the team's work

Some of our clients are interested in investing in the transition to a low-carbon economy and understanding its corresponding risks and opportunities. For these clients, BlackRock has developed the BlackRock Investment Institute Transition Scenario (BIITS) powered by Aladdin® technology.<sup>5</sup> The BIS Guidelines draw from the proprietary insights generated by BIITS, Aladdin Climate®, BlackRock's Risk and Quantitative Analysis Group, and the broader BIS team to help inform and guide its engagement and voting activities on behalf of clients invested in the funds and SMAs in scope of the BIS Guidelines.<sup>6</sup> In doing so, the dedicated team applies a sectoral approach that acknowledges the unevenness of the low-carbon transition. The team considers that sectors and markets can decarbonize at varying speeds given the dynamic and uncertain nature of technological feasibility, consumer demand, and government policies, among other factors.<sup>7</sup>

## The BIS Guidelines' approach to stewardship

The BIS 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 BIS 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.

1. Includes a select group of our largest client relationships. Net zero commitments are sourced from respective company websites, as of January 2025. 2. A list of approved funds is on BlackRock's website [here](#). 3. AUM includes in-scope index equity funds and SMAs where proxy voting is administered by BIS as of December 31, 2025. BAIIS separately administers proxy voting activities for its respective in-scope strategies. The total program represents \$1.94 billion of client AUM, or approximately 2% of our clients' total public equity AUM. 4. United Nations Climate Change. "The Paris Agreement." Accessed in April 2026. 5. BIITS is a research-based, analytical forecast of how the low-carbon transition is most likely to play out based on what we know and expect today. 6. Aladdin® Climate is a suite of climate analytics including forward-looking scenario analysis and net zero alignment analytics. Aladdin® is a proprietary investment and risk management platform. 7. BI's latest research shows that while decarbonization continues, its pace is increasingly uneven across sectors and regions, and overall slower than previously expected.

## 2025 by the numbers

\$171 billion of clients' index equity AUM globally are in scope of the BIS Guidelines (approximately 2% of our clients' total public equity AUM).<sup>1</sup>

177

companies engaged globally, primarily operating in the energy, materials, industrials, and financials sectors<sup>2</sup>

6,567

companies held by funds and SMAs that have selected the BIS Guidelines and conducted a shareholder meeting<sup>3</sup>

136

companies globally received a vote against management proposals for climate reasons<sup>4</sup>

47

shareholder proposals supported (out of 345) focused on climate and natural capital, and company impacts on people<sup>5</sup>

## Overview of engagement activities

### Engagement approach under the BIS Guidelines

BIS engages with companies to deepen our understanding of their business models and how they are overseeing material business risks and opportunities over time. This helps us make more informed voting decisions on behalf of our clients.<sup>6</sup>

Under the BIS Guidelines, the 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.

### Engagement in practice

The dedicated team engaged with 177 companies from January 1, 2025, through December 31, 2025. Approximately 65% of the companies engaged operate in the energy, materials, industrials, and financials sectors.<sup>2</sup> These engagements provided insight into how companies are considering transition-related risks and opportunities, and how these may impact their business models and long-term decarbonization plans. For example, some energy companies across regions discussed how they are balancing current consumer demand while pursuing their long-term strategies and publicly stated climate commitments. Other companies that have identified artificial intelligence (AI) capabilities as part of their strategies shared the resource implications of scaling AI infrastructure — particularly the energy and cooling demands required to support continued growth.

1. AUM includes in-scope index equity funds and SMAs where proxy voting is administered by BIS as of December 31, 2025. BAIIS 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. 2. BlackRock. Sourced on March 27, 2026, reflecting data from January 1, 2025, through December 31, 2025. 3. BlackRock, ISS. Sourced on March 27, 2026, reflecting data from January 1, 2025, through December 31, 2025. 4. BlackRock, ISS. Sourced on March 27, 2026, reflecting data from January 1, 2025, through December 31, 2025. Includes shareholder proposals voted at six APAC-based companies that are considered management proposals because they are generally filed with the consent of, or at the request of, management or a controlling shareholder. The number of companies that received a vote against a management proposal may overlap with but is not a subset of the number of the 177 companies engaged. 5. BlackRock, ISS. Sourced on March 27, 2026, reflecting data from January 1, 2025, through December 31, 2025. Reflects vote instructions on climate and natural capital, and company impacts on people shareholder proposals per BIS' proposal taxonomy. Excludes the Japanese market, where numerous shareholder proposals are filed every year due to low filing barriers, and where shareholder proposals are often legally binding for directors in this market. 6. 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.

# Overview of voting activities

## Voting approach under the BIS Guidelines

The dedicated team's voting decisions on behalf of clients are guided by the BIS Guidelines and informed by BlackRock's proprietary insights. The BIS Guidelines focus specifically on matters related to climate risks and the transition to a low-carbon economy at the shareholder meetings of companies that are held by funds and SMAs that have chosen to apply the BIS Guidelines.

When assessing these matters, the BIS Guidelines consider both financial performance and decarbonization objectives consistent with funds' and accounts' investment objectives. For all other matters not related to climate risks and the transition to a low-carbon economy, the dedicated team follows BIS' Benchmark Policies.

## Voting in practice

The BIS Guidelines focus on proposals that relate most closely to our clients' decarbonization investment objectives. These may include management proposals, such as director elections, approval of a climate strategy or progress report, or proposals to authorize mergers and acquisitions.<sup>1</sup>

In many markets, shareholders may submit proposals to be voted on at a company's shareholder meeting. Shareholder proposals represented approximately 1% of total proposals the dedicated team voted under the BIS Guidelines during the reporting period. The dedicated team focused on those addressing climate-related matters.

Shareholder proposals may address climate-related matters when, for example, they include requests for companies to publish a business plan and related disclosures aligned with the ambition to limit average temperature rise to no more than 1.5°C above pre-industrial levels. Such proposals could also request companies to disclose scope 1, 2, and 3 greenhouse gas (GHG) emissions most material to the company's business model.

When evaluating each voting item across management or shareholder proposals, the dedicated team applies a case-by-case approach that reflects the uneven pace of the low-carbon transition across sectors and markets, and acknowledges the distinction between what company management can influence and what lies beyond its control. As a result, voting decisions — on behalf of in-scope funds and SMAs — on similar proposals included on different companies' shareholder meeting agendas may vary depending on company, sector, or market-specific circumstances.

1. Special situations will be considered on their financial merits, but the dedicated team may engage on climate-related factors under these BIS Guidelines where a transaction may significantly alter a company's climate strategy or a shareholder activist has proposed governance, strategic or operational changes that may impact its climate strategy. The team does not promote changes in corporate control, nor does it invoke formal governance mechanisms that rise to the level of shareholder activism.

**APAC****Macquarie Group Ltd (Macquarie)**

**Background:** Macquarie is a global diversified financial services firm headquartered in Australia, operating across asset management, banking, commodities and global markets, and capital markets. The company has committed to aligning its financing activities with the global goal of net zero emissions by 2050.<sup>1</sup>

Macquarie reported 11.4 million tCO<sub>2</sub>e of absolute financed emissions, primarily covering on-balance sheet lending and equity investments. However, in the dedicated team's assessment, these disclosures do not comprehensively cover all business segments, notably asset management and capital markets activities.<sup>2</sup>

The dedicated team engaged with Macquarie in July 2025 to better understand its approach to financing fossil fuel companies and projects.

On the agenda of the July 2025 AGM was an advisory climate shareholder proposal which focused on:

- Disclosure of Macquarie's fossil fuel exposure across asset classes, and
- Disclosure of Macquarie's progress on and approach to assessing fossil fuel companies' and projects' alignment with the global goal of net zero emissions by 2050.<sup>3</sup>

**Outcome:** The dedicated team supported the advisory climate shareholder proposal. In line with the BIS Guidelines, the shareholder proposal's request was not deemed overly prescriptive and addressed gaps in the company's reporting. Specifically, the proposal requested the disclosure of fossil-fuel exposures across core business lines, including lending, equity investments, infrastructure assets under management, fixed income holdings, and capital markets activities. It also addressed how Macquarie evaluates alignment with net zero by 2050. Macquarie has begun reporting financed emissions, but as noted above, coverage remains incomplete for a comprehensive assessment of climate-related financial risk and transition alignment across the company's various business segments. The request of the shareholder proposal was consistent with emerging practice among global financial institutions (e.g., publishing energy supply ratios or fossil fuel exposure metrics and reporting financed emissions across AUM). In the dedicated team's view, these disclosures would help investors understand and assess Macquarie's transition alignment and risks across its business lines.

The proposal received approximately 35% of shareholder support at the 2025 AGM.<sup>4</sup> At the time of the meeting, funds and SMAs that directed BIS to apply the Guidelines to their holdings collectively held less than 1% of the company's total shares available for voting.<sup>5</sup>

1. Macquarie Group Ltd. "2025 Sustainability Plan." 2. Macquarie Group Ltd. "FY2025 Sustainability Report." 3. Macquarie Group Ltd. "Macquarie Group Notice of 2025 Annual General Meeting." 4. Macquarie Group Ltd. "Results of 2025 Annual General Meeting." July 24, 2025. 5. BlackRock, ISS, as of July 24, 2025.

## EMEA

# Shell plc (Shell)

**Background:** Shell is an energy company headquartered in the UK, with operations in more than 70 countries around the world. Shell noted that global demand for liquified natural gas (LNG) is expected to rise by approximately 60% by 2040, driven by economic growth in Asia, emissions reductions in heavy industry and transport, and the impact of artificial intelligence.<sup>1</sup> Shell has stated its ambition to deliver more value with fewer emissions as it works to become a net zero emissions business by 2050.<sup>2</sup>

The dedicated team engaged with members of the company's board and management in November 2024 and April 2025 to better understand Shell's approach to managing climate-related risks and opportunities. The team sought further clarity on the company's strategy and, in particular, Shell's assumptions around LNG, given its increased strategic emphasis on integrated gas and LNG as a driver of long-term growth.<sup>3</sup>

On the agenda at Shell's May 2025 AGM was a shareholder proposal requesting that Shell disclose "whether and how

its demand forecast for liquified natural gas (LNG); LNG production and sales targets; and new capital expenditure in natural gas assets; are consistent with its climate commitments, including its target to reach net zero emissions by 2050."<sup>4</sup>

**Outcome:** The dedicated team supported the shareholder proposal. Engagement discussions and BlackRock's proprietary research insights informed the team's assessment of how the company's business model and LNG assumptions aligned with its climate commitments. The team concluded that enhanced transparency would help investors better understand the relationship between Shell's LNG outlook and its net zero commitments.

This shareholder proposal received approximately 21% of shareholder support.<sup>5</sup> At the time of the meeting, funds and SMAs that directed BIS to apply the Guidelines to their holdings collectively held less than 1% of the company's total shares available for voting.<sup>6</sup>

Websites accessed in April 2026. 1. Shell plc. "Asian economic growth expected to drive 60% rise in LNG demand to 2040." February 25, 2025. 2. Shell plc. "Our strategy." 3. Shell plc. "Shell accelerates strategy to deliver more value with less emissions." March 2025. 4. Shell plc. "Notice of Annual General Meeting." March 25, 2025. 5. Shell plc. "Results of Annual General Meeting." May 20, 2025. 6. BlackRock, ISS, as of May 20, 2025.

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