

Our approach to engagement on corporate strategy, purpose, and financial resilience

BlackRock®

Investment Stewardship

At BlackRock, investment stewardship serves as a link between our clients and the companies they invest in and is one of the ways we fulfill our fiduciary responsibilities as an asset manager on their behalf. BlackRock Investment Stewardship (BIS) is responsible for stewardship activities in relation to clients' assets invested in index equity strategies. BIS takes a long-term approach in our stewardship efforts, reflecting the investment horizons of the majority of our clients. BIS engages 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.¹ Our sole focus when conducting our stewardship program under our Benchmark Policies is to advance our clients' long-term financial interests.²

Strategy, purpose, and financial resilience as an investment issue

In our experience, a well-defined purpose supports a clear sense of direction in corporate leadership, and helps companies to compete, navigate short-term challenges, and achieve long-term growth. This in turn helps companies to attract and retain a high caliber workforce, build stronger customer loyalty, and maintain investor confidence. These factors are important to building financial and business resilience, attracting long-term capital, and delivering durable profitability.

We engage on long-term corporate strategy, purpose, and financial resilience to understand how boards and management are aligning their business decision-making with the company's purpose and adjusting strategy and/or capital allocation plans as necessary as business dynamics change. We also seek to understand how companies manage risks and opportunities within their operations to deliver long-term financial value for shareholders.

Setting, executing, and overseeing strategy are the responsibility of management and the board. As one of many minority shareholders in public companies, BlackRock does not direct a company's strategy or its implementation, nor how they should manage material business risks. Our role, on behalf of clients as long-term investors, is to better understand how corporate leadership is managing material risks and capitalizing on opportunities to help protect and enhance the company's ability to deliver long-term financial returns.

We find it helpful when companies clearly disclose their purpose and a long-term strategy consistent with it, including milestones against which shareholders can measure performance. We also look for the board to have a clearly defined role in advising on — and overseeing executive leadership's approach to — the company's strategy, purpose, and company's financial resilience.

Our approach to engagement on corporate strategy, purpose, and financial resilience

When engaging on long-term corporate strategy, purpose, and financial resilience, we seek to understand a company's strategic framework, and, in particular, the board's process for oversight of how the strategy incorporates key stakeholders' interests, and how strategy evolves over time in response to changing consumer preferences, technology advancements and broader economic, regulatory, and sectoral factors.

We find it helpful when companies disclose their long-term strategic goals, the milestones against which performance can be assessed, and any obstacles encountered or anticipated. Disclosures can provide context for critical strategic, capital allocation, and operational decisions that a company may have to make to respond to business challenges and/or opportunities.

Moreover, the business environment that companies are navigating continues to evolve, driven by a set of mega forces — large, long-term structural shifts such as artificial intelligence, geopolitical fragmentation, the transition to a low carbon economy, and others.³ We recognize that most companies adapt their short- and medium-term implementation plans to reflect fast-changing operational, economic, regulatory, and societal conditions. In these situations, it is helpful to BIS when corporate leadership explains the changes made and how they better align the company's long-term purpose and strategic framework with delivering durable financial performance.

BIS seeks to understand how companies are building financial resilience through sound governance, operational, and risk management practices, and we look to companies to demonstrate a comprehensive, yet flexible, approach to how they will accomplish that over time. This includes how effectively a company's board oversees balance sheet risks and contingent liabilities, as well as whether and how companies are approaching material business relevant risks and opportunities.

In addition, we consider the integrity of a company's financial accounts critical to investors' ability to assess financial resilience. As noted in our [Global Principles](#), BIS recognizes the critical importance of financial statements to provide a complete and accurate portrayal of a company's financial condition.

We look for boards to engage with executive leadership as strategy and capital plans are developed, implemented and adapted to help inform their oversight of the company's financial statements. The board — through an audit committee, or the equivalent — has a responsibility to oversee the integrity of a company's financial statements, the scope of the audit, and the qualifications and independence of the external auditor. The board is also responsible for overseeing the robustness of a company's Enterprise Risk Management framework.⁴

In our engagement to understand a company's strategy, purpose, and ability to build financial resilience, we may discuss, as appropriate:

- How the board oversees corporate strategy, purpose, and financial resilience, as well as management's implementation of plans and policies to support financial resilience, and the strategic milestones against which shareholders should assess performance.
- How financial resilience is defined within the context of the company's long-term strategy and capital management practices.
- How the company defines "long-term" and why that time frame is most appropriate given the company's sector and business model.
- How the company's strategic framework has evolved and what has driven the evolution (e.g., changing customer needs, resources/input constraints, industry dynamics, and global mega-forces).⁵
- The financial metrics of the company that management considers most relevant for measuring long-term financial value creation.
- Employee and/or other key stakeholder involvement in shaping corporate strategy, purpose, and approach to financial resilience — e.g., the feedback mechanisms for key parties in a company's value chain to provide their perspectives and to hear from management on matters important to them.
- How the short-term dynamics in the business and industry feed into the long-term strategy, and the short-term pressures on the company, what drives those pressures, how management deals with them, and how the board incentivizes management to maintain a long-term focus.
- How the board oversees Enterprise Risk Management practices.
- What the measures are to build and support ongoing financial resilience, including, where relevant, policies related to financial gearing, foreign exchange, contingent liabilities, and other financial risks as well as related hedging policies.
- The responsibilities and composition of the audit committee, with independent directors having financial expertise, and how the audit committee oversees the audit process and resolves audit matters reported by the external auditors.

Endnotes

1. 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.
2. The BIS [Global Principles](#), [regional voting guidelines](#), and [Engagement Priorities](#) (collectively, the BIS Benchmark Policies) set out the core elements of corporate governance that guide our investment stewardship program. The Benchmark Policies 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.
3. BlackRock Investment Institute, "Mega forces: An investment opportunity," accessed in November 2025.
4. Enterprise Risk Management is a process, effected by the entity's board of directors, management, and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within the risk appetite, to provide reasonable assurance regarding the achievement of objectives. Please see: The Committee of Sponsoring Organizations of the Treadway Commission (COSO), "[Enterprise Risk Management](#)," 2023, accessed in December 2025.
5. BlackRock Investment Institute, "Mega forces: An investment opportunity," accessed in November 2025.

Want to know more?

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