

Statement on compliance

Shareholder Rights Directive II – Implementation of Engagement Policy

This statement explains how BlackRock Investment Stewardship (BIS) has implemented our Shareholder Rights Directive II – Engagement Policy during the period 1 January to 31 December 2022. This is intended to update and supersede the prior statement concerning implementation during the period 1 January to 31 December 2021.

Annual and Supplementary Reports

BIS engages with companies to promote sound corporate governance and business practices that the team believes contribute to companies' abilities to deliver the durable, long-term profitability BlackRock's clients depend on to meet their long-term financial goals. Our [Investment Stewardship Annual Report](#) covers the work of the BIS team from 1 January to 31 December 2022. This report is part of our commitment to transparency in our investment stewardship activities. We believe it provides further clarity and insight to our clients, the companies they are invested in, and our other stakeholders about our approach to investment stewardship and the issues that we consider to be critical to long-term financial value creation. BIS also publishes our [Global Voting Spotlight](#), a mid-year report detailing activities undertaken in the 12 months to June 30 every year, with a focus on proxy voting. BIS also continued to [disclose](#), on a quarterly basis, the list of companies we met with and the topics discussed. These disclosures further demonstrate our approach to corporate governance.

Disclosure of votes

On a quarterly basis, BIS publishes our voting record by proposal for each of the shareholder meetings that have taken place globally. In that record, we provide a high-level explanation for certain notable votes. Vote disclosures for the meetings that took place from 1 January to 31 December 2022 can be found [here](#).

The voting record disclosed on that site reflects BIS' vote instruction. Active portfolio managers have full discretion to vote the shares in the funds they manage based on their analysis of the economic impact of a particular ballot item. While ballots are frequently cast in a uniform manner reflecting BIS' position, active portfolio managers may, and sometimes do, vote shares in the funds under their management differently from the BIS recommendation. These votes are not reflected on this site but are disclosed separately to the extent required by law. This includes votes required to be disclosed in BlackRock's annual Form N-PX filings with the U.S. Securities and Exchange Commission.

Under the Shareholder Rights Directive II, BlackRock has the discretion to exclude from the disclosure votes deemed to be "insignificant" on the basis of their subject matter or the size of BlackRock's holding in a company. This includes, for example, votes cast on purely procedural matters or votes cast in companies where BlackRock has a very minor stake compared to our holdings in other investee companies. Details of votes that differ from BIS' recommendation can be found [here](#).

Most significant votes

BIS prioritizes our work around themes that we believe can affect a company's ability to deliver long-term durable financial returns. BIS' year-round engagements with clients to understand their focus areas and expectations, as well as our active participation in market-wide policy debates, help inform these priorities.

The themes we have identified are reflected and updated annually in our [Global Principles](#), [regional voting guidelines](#) and [engagement priorities](#). These public documents underpin our stewardship activities and form the benchmark against which we assess the long-term financial performance of investee companies.

During the period 1 January to 31 December 2022, BIS periodically published “[vote bulletins](#)” and “case studies” on key votes at shareholder meetings to provide insight into certain vote decisions we expect will be of particular interest to clients. The vote bulletins are published on the “[Vote Bulletin library](#)” section of the BIS website. The case studies can be found in our flagship publications, namely the Investment Stewardship Annual Report and the Global Voting Spotlight, as well as thought pieces published on the “[BIS Insights Hub](#)” website. These bulletins and case studies are intended to explain our vote decisions relating to proposals addressing a range of corporate governance issues, including material sustainability-related matters that may be relevant to a company’s business model, that are on the agenda for a shareholder general meeting. Other factors we may consider in deciding to publish a vote bulletin and/or a case study include the profile of the issue in question and the level of interest we expect in the vote decision. The vote bulletins and case studies include relevant company-specific background, sector or local market context, and engagement history when applicable. Vote bulletins and case studies may also include observations on emerging corporate governance issues and market-level stewardship developments.

BIS publishes vote bulletins and case studies after the shareholder meeting to provide transparency for clients and other stakeholders on our approach to the votes that we consider to be most significant and thus require more detailed explanation. As noted above, we publish details of other significant votes (including vote rationales, where applicable) quarterly on the BIS website.

Use of proxy advisers

Proxy research firms are a critical component in the proxy voting system, providing research and recommendations on proxy votes. Proxy research firms also provide voting infrastructure, and some provide consulting services to public companies. For example, to support research, facilitate voting and record keeping of votes, BIS contracts with the proxy service provider Institutional Shareholder Services (ISS) and leverages its online proxy voting platform, ProxyExchange. BIS also uses Glass Lewis’ services to support research and analysis. It is important to note that although proxy research firms provide important data and analysis, BIS does not rely solely on their information, nor do we follow any single proxy research firm’s voting recommendations.

In most markets, we subscribe to two research providers. In addition to subscribing to ISS globally, we subscribe to market-specific research, for instance Institutional Voting Information Service in the UK, Ownership Matters in Australia, Stakeholder Empowerment Services in India, and ZD Proxy in China. Access to this information allows us to take better informed voting decisions as market-specific research providers tend to have a better understanding of regional nuances than the global service providers. BIS uses several other inputs to support our team in assessing a company’s approach to multiple material business risks and opportunities and to arrive to an informed voting decision on behalf of clients. A company’s disclosures, BIS’ record of past engagements and voting, and insights shared across multiple teams at BlackRock are the primary tools to inform our voting decision on behalf of clients. Where BlackRock has been authorized by clients to vote proxies, BIS votes in accordance with the BIS [Global Principles and regional voting guidelines](#).

Want to know more?

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