Investment stewardship update
Stewardship gives voice to millions of clients

We advocate for sound corporate governance and business practices that drive the sustainable, long-term financial returns that enable our clients to meet their investing goals.

1. **Engagement**
   Advocating for sound governance and sustainability practices with investee companies

2. **Voting**
   On management and shareholder proposals, in our clients’ long-term economic interests

3. **Market norms**
   Contributing to global policy debate to help shape standards for corporate governance and sustainability disclosures

4. **Transparency**
   We are committed to keeping stakeholders informed of our work to advance the long-term economic interests of our clients.
Continuing our commitments: our updated 2021 stewardship expectations

Each year, we review and update our Global Principles and market-level voting guidelines. The rationale for any change is to ensure our policies are aligned with our commitment to pursuing long-term financial returns for our clients as shareholders.

Key Policy Changes in 2021

- **Refining expectations of boards and management**

  **Sustainability:** Expect boards to shape and monitor management’s approach to material sustainability factors in a company’s business model

  **Diversity, Equity, Inclusion:** Strengthened focus on ethnic and gender diversity on large company boards, with an eye toward more voting action against boards not exhibiting diversity in 2022

  **Independence:** Refined expectations on director tenure and diversity, ensuring a mix of experience and fresh perspectives

- **Evolving approach to shareholder proposals**

  **Shareholder proposals:** Where a company’s approach falls short, we will support shareholder proposals that addresses a material business risk, where BIS agrees with the request made and it is reasonable

  Alternatively, or in addition, we may vote against the re-election of one of more directors if, in our assessment, the board has not responded appropriately

  We take into consideration the legal effect of the proposal, as it may be advisory or legally binding depending on the jurisdiction

- **Refining expectations for how companies manage climate risk**

  **Climate risk:** Expect companies to disclose a plan for how their business model will be compatible with a low carbon economy, that is, one where global warming is limited to well below 2 degrees Celsius with net zero global GHG emissions by 2050, in alignment with TCFD and SASB

- **Intensifying engagement on other environmental and social issues**

  **Stakeholders:** More holistic set of expectations regarding how companies monitor and manage their impacts on people, including employees, suppliers, customers, communities, indigenous people, other stakeholders

  **Natural capital:** More holistic commentary on our perspectives and expectations on promoting biodiversity and counteracting deforestation

  **Political Activities:** Enhanced disclosure expectation in relation to political activities to cover significant trade association memberships in the U.S. and to evaluate whether there is alignment with companies’ public statements on material policy issues

  **Diversity, Equity, Inclusion:** Expect companies to explain how they promote a culture of DEI in their workforce

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BlackRock
Engaging where it matters most

<table>
<thead>
<tr>
<th>Engagement priority</th>
<th># of engagements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board quality and effectiveness</td>
<td>2,150</td>
</tr>
<tr>
<td>Incentives aligned with value creation</td>
<td>1,240</td>
</tr>
<tr>
<td>Climate and natural capital</td>
<td>2,330</td>
</tr>
<tr>
<td>Strategy, purpose, and financial resilience</td>
<td>2,200</td>
</tr>
<tr>
<td>Company impacts on people</td>
<td>1,350</td>
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</table>

Source: BlackRock Investment Stewardship from July 1, 2020 to June 30, 2021. Numbers rounded to the nearest ten. Most engagement conversations cover multiple topics. Our statistics reflect the primary topic discussed during the meeting.
### How we voted

<table>
<thead>
<tr>
<th></th>
<th>Americas</th>
<th>APAC</th>
<th>EMEA</th>
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</thead>
<tbody>
<tr>
<td><strong>Unique companies voted</strong></td>
<td>6,451</td>
<td>297</td>
<td>6,560</td>
</tr>
<tr>
<td>against management&lt;sup&gt;1&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Shareholder proposals</strong></td>
<td>297</td>
<td></td>
<td></td>
</tr>
<tr>
<td>voted for&lt;sup&gt;2&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Total votes against</strong></td>
<td>6,560</td>
<td></td>
<td></td>
</tr>
<tr>
<td>director election&lt;sup&gt;3&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Shareholder meetings</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>we voted against management&lt;sup&gt;4&lt;/sup&gt;</td>
<td>42%</td>
<td></td>
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</table>

#### # of companies voted against directors for

<table>
<thead>
<tr>
<th></th>
<th>Americas</th>
<th>APAC</th>
<th>EMEA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Compensation</strong>&lt;sup&gt;*&lt;/sup&gt;</td>
<td>138</td>
<td>3</td>
<td>312</td>
</tr>
<tr>
<td><strong>Independence</strong>&lt;sup&gt;*&lt;/sup&gt;</td>
<td>213</td>
<td>819</td>
<td>295</td>
</tr>
<tr>
<td><strong>Diversity</strong>&lt;sup&gt;*&lt;/sup&gt;</td>
<td>816</td>
<td>18</td>
<td>141</td>
</tr>
</tbody>
</table>

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<sup>1</sup> Votes against unique companies include votes against all director-related proposals and in support of shareholder proposals, abstentions included.

<sup>2</sup> Abstentions are included, excludes Japan.

<sup>3</sup> Abstentions are included.

<sup>4</sup> Includes abstentions and reflects percentage of shareholder meetings where we voted against management on one or more proposals.<br><sup>*</sup> Includes only votes against director elections, including abstentions.

Voting action for climate-related concerns

**255**
Voted against director elections for climate-related concerns by region\(^1\)

**319**
Unique companies voted against for climate-related concerns by region\(^2\)

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1 Abstentions are included. 2 Votes against unique companies on climate include: 1) votes against or abstain on director elections and director-related proposals, and 2) votes in support or abstain on climate-related shareholder proposals.
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