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11 November 2021

BlackRock

Investment stewardship update

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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

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

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**

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

Engaging where it matters most

3,650

Total unique engagements with

2,326

companies

Engaging across our five engagement priorities

Engagement priority	# of engagements
Board quality and effectiveness	2,150
Incentives aligned with value creation	1,240
Climate and natural capital	2,330
Strategy, purpose, and financial resilience	2,200
Company impacts on people	1,350

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

6,451

Unique companies voted against management¹

297

Shareholder proposals voted for²

6,560

total votes against³ director election

42%

shareholder meetings we voted against management⁴

of companies voted against directors for

Americas

APAC

EMEA

Compensation*

138

3

312

Independence*

213

819

295

Diversity*

816

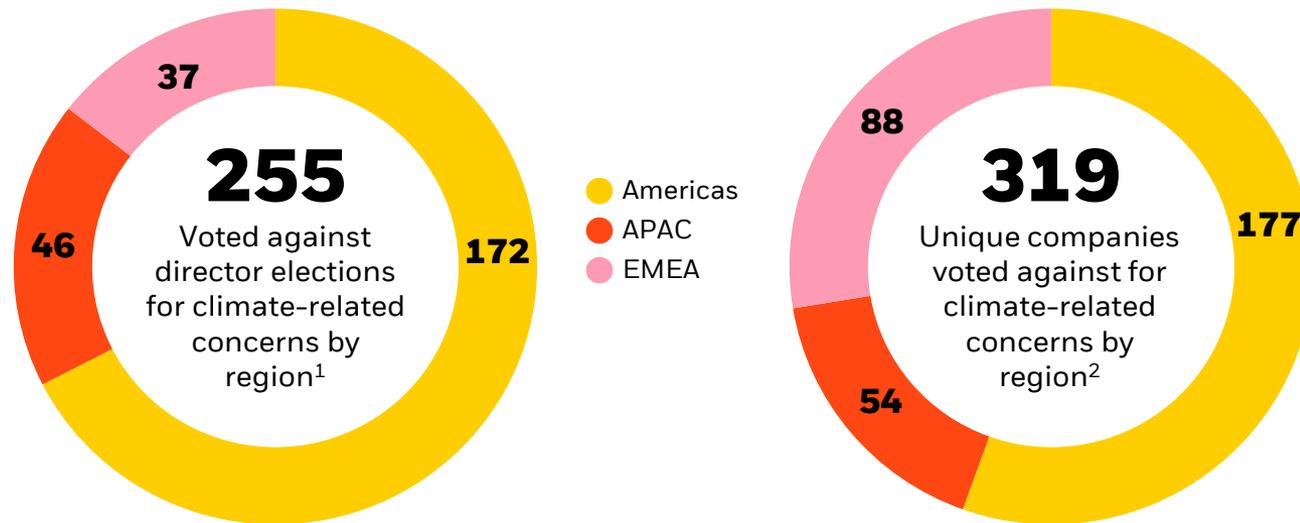
18

141

¹ Votes against unique companies include votes against all director-related proposals and in support of shareholder proposals, abstentions included. ² Abstentions are included, excludes Japan. ³ Abstentions are included. ⁴ Includes abstentions and reflects percentage of shareholder meetings where we voted against management on one or more proposals. * Includes only votes against director elections, including abstentions.

Source: BlackRock, Institutional Shareholder Services (ISS). Data as of July 8, 2021. Sourced on July 8, 2021, reflecting data July 1, 2020 through June 30, 2021.

Voting action for climate-related concerns



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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