

BlackRock.

Investment Stewardship Annual Report

January 1 – December 31, 2024

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Overview and scope of this report

This report covers BlackRock Investment Stewardship's (BIS) activities from January 1 through December 31, 2024.

BIS is responsible for stewardship activities in relation to clients' assets invested in index equity strategies. As such, the report is structured to provide a comprehensive overview of our stewardship approach on behalf of index equity strategies to our clients, the companies they are invested in, and other stakeholders. Other teams across BlackRock may engage with companies to help inform their work on a broad spectrum of risk and value drivers in their investible universe.

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 general approach is grounded in widely recognized norms of corporate governance and shareholder rights and responsibilities.

The information in this report is dated as of December 31, 2024, unless otherwise noted. Currency is shown in USD. Proxy voting data reflects BIS' management and shareholder proposal categories in alignment with BIS' proposal taxonomy. To learn more about BIS' proposal taxonomy please refer to the Appendix section.

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 UK Stewardship Code requirements. On March 26, 2025, prior to the submission to the FRC, this report was presented to the Nominating and Governance Committee (NGC) of the BlackRock, Inc. Board of Directors by Joud Abdel Majeid, Global Head of BlackRock Investment Stewardship and member of the BlackRock Global Executive Committee. As described in the [NGC Charter](#), the NGC has oversight over the BIS function and, per the New York Stock Exchange's listing requirements, is comprised entirely of independent directors. In the Appendix section, we map out the report to the UK Stewardship Code's principles.

For more information, contact the BIS team at contactstewardship@blackrock.com

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Larry Fink

Chairman and Chief Executive Officer

Image courtesy of Jerry Goldberg and BlackRock.
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From our Chairman and CEO

BlackRock was founded on the belief that growing global capital markets is essential to advancing long-term financial wellbeing for more people. Strong and efficient markets create a virtuous cycle—driving economic growth while giving investors more opportunities to meet their unique goals.

Capital markets globally are expanding and evolving to meet the immense capital demands of the coming decades, unlocking new investment opportunities. At the same time, our clients increasingly seek whole portfolio solutions. BlackRock constantly innovates to make investing easier and more affordable, offering a range of choices across our global platform.

More than half the assets BlackRock manages are for retirement, meaning many of our clients invest with decades-long horizons. Publicly listed companies sit at the heart of capital markets, and investment stewardship is key to how we fulfill our fiduciary duty to our clients. This is a responsibility we take seriously.

We lead the asset management industry in giving clients proxy voting choice, enabling eligible investors to participate in the stewardship of their capital. Today, about half of BlackRock's total index equity assets under management are eligible to participate. Still, the majority choose to delegate voting authority to our stewardship team as their fiduciary.

In the near-term, companies and investors face uncertain markets. BlackRock's stewardship team works to understand how companies build financial resilience amid structural shifts—artificial intelligence, geopolitical fragmentation, and the low-carbon transition—that will shape economic outlooks and financial returns. While volatility is likely to remain a feature of markets in the year ahead, we are optimistic about the opportunities for our clients.

Our team is equipped to assess how companies are navigating material risks and seizing opportunities to drive long-term financial returns for our clients. Our global scale supports a consistent approach while recognizing the unique dynamics of different markets and sectors. Importantly, our stewardship team has always made informed voting decisions on behalf of our clients, independent of the recommendations of proxy advisers, such as ISS and Glass Lewis.

I am proud of the work that our stewardship team has done over the past year to advance our clients' financial interests and am pleased to present our 2024 BlackRock Investment Stewardship Annual Report.



Joud Abdel Majeid

Global Head of BlackRock Investment Stewardship

Foreword

An environment of transformation

In 2024, investors navigated a backdrop of inflation, higher interest rates, uneven economic growth, high public debt, and a record number of elections around the world. At the same time, a set of powerful forces—including artificial intelligence, geopolitical fragmentation, an energy transition, and aging populations—are reshaping economies, and spurring major innovation and capital investments into advanced technology and infrastructure, creating unique investment opportunities.

Sizable capital will be needed as this transformation unfolds, and investors are keen to understand how companies are positioning themselves to benefit from these opportunities. We are also in a period of accelerating corporate change—from new products (both AI itself and AI-inspired) to changes in company leadership and corporate strategy, and investors are trying to identify the beneficiaries of this transformation.

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 to our clients. Our sole focus when conducting our stewardship program under our Benchmark Policies is to advance our clients' long-term financial interests.

Engaging with companies to inform our proxy voting decisions

Last year, we met with the companies we invest in on behalf of our clients to understand how they manage risks and opportunities that impact long-term financial returns. We value the opportunity to listen to company leadership, which enhances our understanding of their business models, ensuring that our proxy voting decisions are based on a comprehensive view of company practices and priorities.

The majority of BIS' efforts are focused on corporate governance as, in our experience, sound governance is critical to the success of a company, long-term financial value creation, and the protection of investors' interests. In 2024, company leaders discussed with us their governance practices, including board quality, company strategy, financial resilience, and executive compensation.

They also shared how they are managing potential risks and opportunities associated with climate, natural capital, and the impacts of their operations on their workforce, where these issues are financially material to their business model.

As one of many minority shareholders in public companies, BIS does not direct a company's strategy or its implementation. Our role, on behalf of our 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.

Proxy voting on our clients' behalf

Voting at a company's shareholder meeting is a basic right of share ownership and a core principle of corporate governance. As a fiduciary, BlackRock is legally required to make proxy voting determinations on behalf of clients who have delegated voting authority to us in a manner that is consistent with their investment objectives.

In the vast majority of cases, we find that investors and management are aligned on how companies are delivering financial value to their shareholders. Our voting reflects this alignment and acknowledges the continued improvements in companies' disclosures regarding their approach to material risks and opportunities that may impact financial returns. In 2024, BIS voted at 18,300+ shareholder meetings on 167,000+ proposals in 60+ voting markets, supporting management in ~88% of these proposals.¹

In 2024, investors—including BlackRock—supported more shareholder proposals addressing corporate governance issues than in previous years. Generally, these proposals focused on introducing provisions to further strengthen the rights of minority shareholders, such as BlackRock's clients.

In contrast, many of the same themes we observed last year around non-governance shareholder proposals persisted in 2024. In the U.S., shareholder proposals focused on environmental and social issues again made up the majority of voted shareholder proposals. Like last year, investors found many of these proposals to be overly prescriptive, lacking economic merit, or asking companies to address material risks they are already managing. As a result, these proposals continued to receive low support from shareholders, including BlackRock.

Empowering more investors with innovative stewardship choice

BlackRock's Benchmark Policies, which we are entrusted to apply to a large majority of our clients' assets, take a financial materiality-based approach and are focused solely on advancing clients' financial interests.

1. BlackRock. ISS. Sourced on March 18, 2025, reflecting data from January 1, 2024, through December 31, 2024.

Some of our clients want a more direct role in the stewardship of their capital. In 2022, BlackRock launched our Voting Choice program, empowering eligible investors to participate in the proxy voting process, where legally and operationally viable. Today, clients representing \$679 billion in assets under management (AUM) are part of the program.¹

In 2024, we took additional steps to expand our stewardship options to provide our clients more choice. We launched a pilot to make BlackRock Voting Choice available in our largest ETF, giving millions of eligible shareholder accounts the option to choose from a range of different voting policies for their proportionate shareholding. In 2025, we are continuing this innovative program.

We expanded the BlackRock Voting Choice platform by adding Egan-Jones as a third voting policy provider, further building out the menu of third-party policies to a total of 16 available to institutional clients and eight available to retail shareholders in our largest ETF.

And, finally, we launched a climate and decarbonization stewardship option that we developed in consultation with interested clients, for select funds that have explicit climate-related investment objectives. As of December 31, 2024, 106 funds with \$187 billion in AUM are part of this program.²

BlackRock is committed to offering a range of choices to support clients who wish to express different preferences, including in the stewardship of their capital. We believe that corporate governance can benefit from increased shareholder participation in the proxy voting system. As ever, we remain focused on fulfilling our fiduciary duty as an asset manager to our clients and helping them achieve their investment goals.

Expanding our stewardship capabilities to support our active platform

BlackRock is committed to delivering industry-leading stewardship capabilities across our platform.

In October 2024, BlackRock announced that we were building a dedicated stewardship team for our active business, BlackRock Active Investment Stewardship (BAIS). BAIS works in partnership with BlackRock's investment teams, excluding index equity, providing expertise on investment stewardship, and assisting in recommending, operationalizing, and reporting on voting decisions.

Consistent with BlackRock's role as a fiduciary, our stewardship teams, and all of our stewardship efforts across the firm, are focused on making decisions consistent with our clients' stated objectives.

I am proud of the work that our team has done in 2024 on behalf of our clients and look forward to our continued dialogue with companies in 2025.

1. As of December 31, 2024. 2. BlackRock. Number of funds and AUM as of December 31, 2024.



Executive summary

About BlackRock

BlackRock's purpose is to help more and more people experience financial well-being.

As of December 31, 2024, clients entrusted BlackRock with \$11.6 trillion of assets under management (AUM).¹ More than half of the money BlackRock manages is related to retirement.² By product type, 55% of clients' assets were in equity.³ Approximately 90% of clients' public equity AUM are held in index equity strategies.⁴

BlackRock's success is driven by our people and a strong corporate culture. With approximately 21,100 employees in more than 30 countries, BlackRock provides a broad range of investment management and technology services to clients worldwide.⁵ Our clients include public and private pension plans, insurers, official institutions, endowments, universities, charities, family offices, wealth managers, and, ultimately, the individual investors that they serve, many of whom are saving for retirement.

Our investment approach is informed by three principles: client choice, performance, and research. The continued trust our clients place in us to manage their assets is at the center of everything we do. The section titled **"Our investment approach"** on page 27 exemplifies our focus on delivering the best risk-adjusted returns for clients in line with their investment objectives.

About BlackRock Investment Stewardship

At BlackRock, investment stewardship is core to our role as an asset manager and a fiduciary to our clients.

BlackRock Investment Stewardship (BIS) is a dedicated function within BlackRock, which is responsible for stewardship activities in relation to clients' assets invested in index equity strategies.⁶ Other teams across BlackRock may engage with companies to help inform their work on a broad spectrum of risk and value drivers in their investible universe.

Index equity strategies track the performance of specific groupings of public companies. Typically, as long as a public company remains an index constituent, an index equity fund investor will remain invested in that company. Therefore, most clients invested in index equity strategies are long-term investors. For this reason, our stewardship program is conducted from a long-term investor perspective and takes a financial materiality-based approach, focused solely on advancing clients' long-term financial interests.

The BIS team, one of the largest in the industry, consists of 60+ professionals that operate across nine offices in the Americas, APAC, and EMEA.⁷ As stewards of our clients' assets, our dedicated stewardship team seeks to better understand how corporate leadership is managing material risks and capitalizing on opportunities to help protect and enhance companies' ability to deliver the long-term financial returns on which our clients depend to reach their investing goals.

We do not direct a company's strategy or its implementation. Setting, executing, and overseeing strategy are solely the responsibilities of a company's management team and its board.

Stewardship by asset managers is focused on advancing the long-term financial interests of their clients as investors in companies. We do not view stewardship as the mechanism to directly seek outcomes related to economies and societies as a whole, which is the role of governments and policymakers. We may participate in industry-level discussions to further the dialogue on matters that could impact our clients' portfolios or to provide an increased understanding of our approach to stewardship.

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Our stewardship program is conducted from a long-term investor perspective and takes a financial materiality-based approach, focused solely on advancing clients' long-term financial interests.”

1. BlackRock Inc.'s "Form 10-K" for the fiscal year ended December 31, 2024. 2. BlackRock estimates based on AUM as of December 31, 2021, and Cerulli data as of 2020. ETF assets include only qualified assets based on Cerulli data, and assumes 9.5% of institutionally held ETFs are related to pensions or retirement. Institutional estimates includes assets defined as "related to retirement" and are based on products and clients with a specific retirement mandate (e.g., LifePath, pensions). Estimates for LatAm based on assets managed for LatAm Pension Fund clients, excluding cash. To learn more, please refer to "Larry Fink's 2025 Annual Chairman's Letter to Investors" available [here](#). 3. As of December 31, 2024. See "BlackRock Q4 2024 Earnings – Earnings Release Supplement" at page 1 to learn more. January 15, 2025. 4. Estimate based on figures reported in BlackRock Inc.'s financial results for the full 2024 calendar year, which indicated that approximately 49% of total equity AUM was held in iShares ETFs, and a further 39% of total equity AUM was invested in index strategies on behalf of institutional clients. Source: BlackRock, Inc. "BlackRock Reports Full Year 2024 Diluted EPS of \$42.01, or \$43.61 as adjusted Fourth Quarter 2024 Diluted EPS of \$10.63, or \$11.93 as adjusted," January 15, 2025. 5. As of December 31, 2024. 6. 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 general approach is grounded in widely recognized norms of corporate governance and shareholder rights and responsibilities. 7. As of March 31, 2025.

The policies that guided our stewardship program in 2024

The BIS Benchmark Policies, which include our [Global Principles](#), [regional voting guidelines](#), and [Engagement Priorities](#), set out the core elements of corporate governance that guide BlackRock's investment stewardship efforts globally and within each market. We take a globally consistent approach, while recognizing the unique markets and sectors in which companies operate.

These Benchmark Policies are reviewed annually to reflect changes in market standards, regulations, and feedback from clients and companies. We did not make any material changes to our stewardship policies for 2024. Our five engagement priorities also remained consistent: **strategy, purpose and financial resilience; board quality and effectiveness; incentives aligned with financial value creation; climate and natural**

capital; and company impacts on people. The few changes we made included language refinements to clarify meaning and to incorporate any changes specific to local markets.

The BIS Benchmark Policies are available on the BIS [website](#). A detailed description of how BIS updates and approves its policies every year is available on page 31 in this report.

The four pillars of our stewardship program

Our report explains the four pillars of our stewardship program in depth: **engaging with companies, proxy voting on behalf of clients, contributing to industry dialogue on stewardship, and reporting on our stewardship activities.**

01. Engaging with companies

BIS defines an engagement as a meeting with a company's board and/or management that helps inform BIS' voting on behalf of clients. Specifically, engagements provide companies with the opportunity to share their perspectives on topics that, in BIS' experience, impact the long-term financial returns BlackRock's clients depend on to meet their financial goals. In these conversations, BIS listens to and learns directly from company directors and executives and may ask questions relevant to their business. BIS counts only direct interaction as an engagement. BIS does not count letters as engagement.

BIS engages individual companies independently, rather than alongside other asset managers or asset owners. In addition, BlackRock adheres to regulatory constraints on collaborative engagement in any jurisdiction that establishes them.

In 2024, BIS did not participate in collaborative engagement activities in any market.

BIS measures the effectiveness of our engagements based on whether they helped lead to more informed voting decisions and/or deepened our understanding of a company's business model and how they are overseeing material business risks and opportunities, over time. In these conversations, we do not direct companies on how they should manage their business. That responsibility lies with management, with input from the board.

In 2024, BIS held more than 3,300 engagements with 2,300+ unique companies in nearly 50 markets, representing ~75% of the value of our clients' equity AUM.¹

We describe our engagement activities across our five engagement priorities with concrete examples in the section titled **"2024 case studies."**

1. BlackRock. Sourced on January 9, 2025, reflecting data from January 1, 2024, through December 31, 2024. Equity assets engaged reflects BlackRock exposure as of December 31, 2024.

02. Proxy voting on behalf of clients

As shareholders of public companies, our clients have the right to vote on matters proposed by a company's management or its shareholders. Most of our clients authorize BlackRock to exercise this right on their behalf. For those clients, and as a fiduciary, BlackRock is legally required to make proxy voting determinations in a manner that is consistent with their investment objectives. BIS does this by casting votes in favor of proposals that, in our assessment, will advance our clients' long-term financial interests.

BIS' Benchmark Policies, and the vote decisions made consistent with those policies, reflect our reasonable and independent judgment of what is in the long-term financial interests of clients. BIS does not act collectively with other shareholders or organizations in voting shares nor follows any proxy research firm's voting recommendations. In addition, BIS does not disclose our vote intentions in advance of shareholder meetings as we do not see it as our role to influence other investors' proxy voting decisions.

In 2024, BIS voted at 18,300+ shareholder meetings on more than 167,000 management and shareholder proposals in 60+ voting markets.¹ Most of the proposals that we voted on addressed routine matters, such as director elections, board-related items, and executive compensation.

As reflected in our voting each year, BIS is generally supportive of management at companies which have sound corporate governance and deliver strong financial returns over time. When we determine it is in our clients' financial interests to convey concern to companies through voting, we may do so in two forms: we might not support the election of directors or other management proposals, or we might not support management's voting recommendation on a shareholder proposal. Consistent with recent years, BIS supported management recommendations on ~88% of the proposals we voted in 2024.¹

Of the total proposals voted in 2024, more than 75,000 were on director elections. BIS supported ~90% of director elections, reflecting our assessment that boards and management teams generally acted in alignment with shareholders' interests. The four key reasons we did not support management recommendations on ~10% of director elections were governance-related and have been consistent over the years: director independence, board composition, executive compensation that is not aligned with shareholder interests, and director overcommitment.¹

Like every year, shareholder proposals continued to represent fewer than 1% of total proposals BIS voted in 2024. BIS supported approximately 11% of shareholder proposals we voted on globally (94 out of a total 857).²

The greatest portion of proposals BIS supported addressed corporate governance matters that sought to enhance minority shareholders' rights, for example, by introducing simple majority voting.

The number of proposals focused on climate and natural capital issues (environmental) or company impacts on people (social) outnumbered governance proposals, largely driven by activity in the U.S. market.³ In our assessment, the majority of these were over-reaching, lacked economic merit, or sought outcomes that were unlikely to promote long-term shareholder value. A significant percentage were focused on business risks that companies already had processes in place to address, making them redundant.

In addition, within this same set of proposals, we saw a greater number seeking to roll back company efforts to address material sustainability-related risks. We determined that these proposals were also overly prescriptive or lacked economic merit. In our analysis, we considered each company's policies, practices, and disclosures, as well as the balance between the costs and benefits of addressing the business risk, the merits of the proponent's request, and long-term financial value creation for shareholders, such as BlackRock's clients. BIS did not support any of these proposals.

1. BlackRock. ISS. Sourced on March 18, 2025, reflecting data from January 1, 2024, through December 31, 2024. 2. BlackRock. ISS. Sourced on March 18, 2025, reflecting data from January 1, 2024, through December 31, 2024. Includes only governance, climate and natural capital, and company impacts on people shareholder proposals per BIS' proposal taxonomy. Support includes votes "for" and "abstentions." 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. To learn more about BIS' proposal taxonomy and a full detail of total proposals voted, please refer to the Appendix section. 3. Proposals related to matters beyond core governance issues are typically categorized in the market as environmental or social proposals. BIS considers these to be sustainability-related issues and generally categorizes them in accordance with our engagement priorities, i.e., "climate and natural capital" and "company impacts on people" (a company's employees, its broader value chain, or the communities in which it operates). To learn more about BIS' proposal taxonomy, please refer to the Appendix section.

As a result of these factors, like last year, proposals on climate and natural capital and company impacts on people continued to garner low investor support. BIS supported ~4% of such proposals (21 out of 500).¹

The section titled **“2024 case studies”** includes multiple examples of our voting activities and the rationale behind certain voting decisions on behalf of clients in the reporting period on both management and shareholder proposals. Our report also describes BIS’ vote escalation process, in which BIS analysts raise high-profile and non-routine voting matters for further discussion with senior BIS leaders. Escalation does not involve filing shareholder proposals, proposing candidates for director elections, nor engaging in public campaigns.

03. Contributing to industry dialogue on stewardship

In order to better serve our clients, BlackRock participates in multiple organizations and trade groups related to corporate governance and stewardship across different regions. Participation in these groups helps us provide insights to clients interested in ways to mitigate risk and capture opportunities.

BIS conducts our stewardship activities independently from other investors, but team members may participate in industry-level discussions to further the dialogue on matters that could impact our clients’ portfolios or to provide increased clarity on BlackRock’s approach to investment stewardship. BIS may also respond to policy consultations to serve as a resource and provide our perspectives with a focus on promoting well-functioning capital markets.

Examples of industry-level engagements we held in 2024 are described in detail in the section titled **“Industry affiliations and memberships to promote well-functioning capital markets.”**

04. Reporting on our stewardship activities

BIS is committed to meeting clients’ informational needs with clear and balanced reporting.

We inform clients about our stewardship activities through various publications on our website and provide client-specific voting and engagement reports upon request.

The BIS content library—which is described in detail on pages 37 in this report—includes our Benchmark Policies, commentaries, position papers, flagship reports, and quarterly reports.

In 2024, BIS published eight thematic commentaries and detailed reports on stewardship activities, including the **“Financial resilience in a new economic regime”** paper, which discusses how companies are navigating a new operating environment that is shaped by mega forces.

In 2024, BIS also continued to enhance client engagement through targeted roundtables and meetings, addressing emerging governance and material sustainability-related issues, as well as local market developments, among other topics.

Feedback from clients and portfolio companies indicated that BIS’ reporting is fair, balanced, and useful. BIS plans to further improve our reporting capabilities in 2025 to continue to meet our clients’ informational needs.

In 2024, BIS’ stewardship approach received global recognition, including renewed signatory status to the UK Stewardship Code for the fourth consecutive year, and inclusion in the Taiwan Stock Exchange’s 2024 list of companies with better institutional investor stewardship disclosure.²

BIS’ activities are consistent with multiple stewardship codes and we regularly update our statements of adherence to ensure transparency and clarity in fulfilling our responsibilities. A detailed description can be found in the section **“Recognition of our stewardship approach”** on page 39.

1. BlackRock. ISS. Sourced on March 18, 2025, reflecting data from January 1, 2024, through December 31, 2024. Includes only climate and natural capital, and company impacts on people shareholder proposals per BIS’ proposal taxonomy. Support includes votes “for” and “abstentions.” 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. To learn more about BIS’ proposal taxonomy and a full detail of total proposals voted, please refer to the Appendix section. 2. Taiwan Stock Exchange. [“List of companies with better institutional investor stewardship disclosure 2024 \(in type and alphabetical order\).”](#) December 31, 2024.

BIS’ governance structure and how we monitored proxy research firms and other service providers

Our report explains the governance structures in place to ensure oversight and accountability of stewardship-related activities on behalf of clients and in alignment with our firm’s business model and size (see section titled **“The governance structure, risk oversight, and accountability process of the stewardship function at BlackRock”**). In addition, this report outlines how we monitor service providers to ensure services are delivered to meet the requirements of our stewardship program, including proxy research firms that provide research and support voting, record keeping, and reporting processes. While we may use the data and analysis produced by proxy research firms, BIS does not follow any proxy research firm’s voting recommendations. For example, when Institutional Shareholder Services’ (ISS)

benchmark policy recommended a vote against management on shareholder proposals, BIS voted to support management on ~81% of these proposals in 2024.¹ Our report also explains how we maintain policies and procedures that prevent undue influence on proxy voting activities, using independent third-party voting service providers when necessary. This robust governance structure ensures that BIS operates in line with its fiduciary duty and effectively manages potential conflicts of interest. We include an example of how we applied our conflicts of interest policy in 2024 on page 45.

Offering more choice to meet our clients’ investment goals

In 2024, we expanded our stewardship options to provide clients with more choice to meet their investment goals.

We made BlackRock Voting Choice available for retail shareholders in our largest ETF for the first time and we introduced a new stewardship option for clients focused on decarbonization investment objectives. We are committed to providing clients with a range of investment product choices to support their individual investment goals and preferences. The section titled **“Offering clients more choice”** contains more detail about these two stewardship offerings. For clients who have not chosen to or are not eligible to participate in BlackRock Voting Choice, or those who have not directed BlackRock to explicitly prioritize climate risks and decarbonization as an investment objective, we continue to undertake our stewardship responsibilities in line with our Benchmark Policies, with a sole focus on advancing those clients’ long-term financial interests.

1. BlackRock, ISS, reflecting data from January 1, 2024, through December 31, 2024. Data sourced on March 18, 2025. Includes only governance, climate and natural capital, and company impacts on people shareholder proposals where both management and ISS disclosed a voting recommendation. 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. To learn more about BIS’ proposal taxonomy and a full detail of total proposals voted, please refer to the Appendix section.



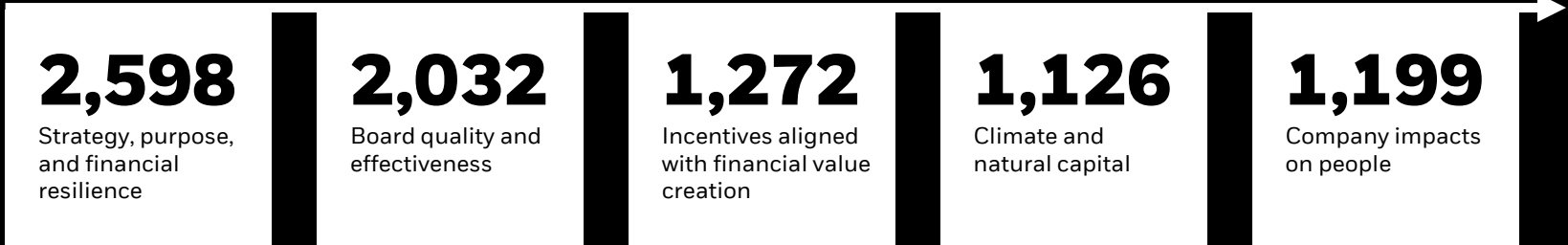
2024 by the numbers

Engaging with companies to build our understanding of material risks and opportunities and inform our voting decisions

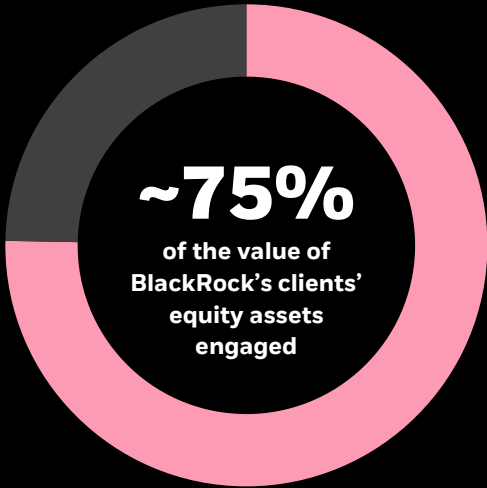
Region	Engagements	Companies engaged	Companies engaged multiple times	Markets engaged
Americas	1,591	1,173	289	7
APAC	1,010	718	213	13
EMEA	783	503	162	27
Total	3,384	2,394	664	47

Source: BlackRock. Sourced on January 9, 2025, reflecting data from January 1, 2024, through December 31, 2024.

Engagements across our five priorities



Source: BlackRock. Sourced on January 9, 2025, reflecting data from January 1, 2024, through December 31, 2024. Most engagement conversations cover multiple topics and therefore the engagements across our five priorities sub-totals may not add up to the total 3,384 engagements held in 2024. Our engagement statistics reflect the primary topics discussed during the meeting.



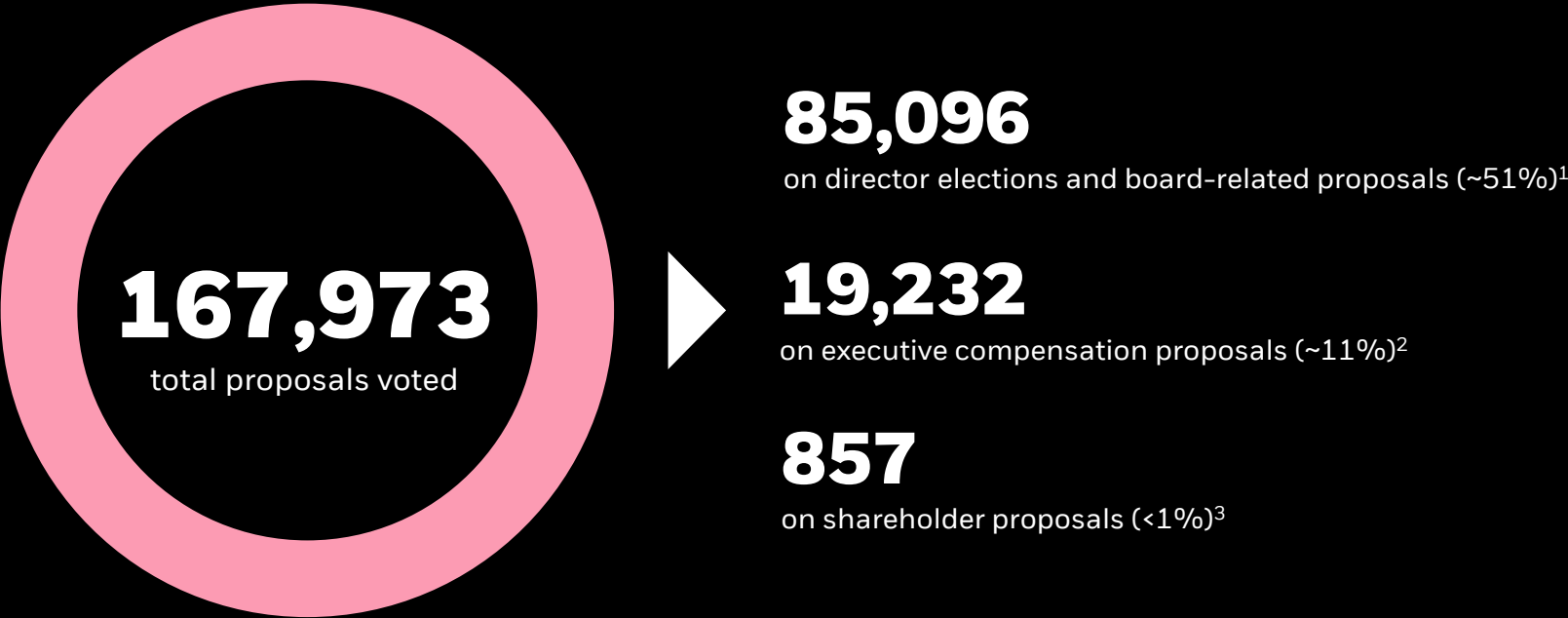
Source: BlackRock. Reflects BlackRock exposure as of December 31, 2024.

Voting on behalf of clients' long-term financial interests

Region	Proposals voted	Meetings voted	Companies voted	Markets voted
Americas	45,052	5,227	4,736	8
APAC	73,965	9,735	6,447	17
EMEA	48,956	3,413	2,755	41
Total	167,973	18,375	13,938	66

Source: BlackRock. ISS. Sourced on March 18, 2025, reflecting data from January 1, 2024, through December 31, 2024.

Proposals voted at a glance



1. Includes management and shareholder director elections and board-related proposals. Board-related items include advisory votes, the election of alternate and deputy members to the board, and internal matters, among others. For a full description of items included in each proposal category, please refer to the Appendix section. 2. Includes management executive compensation proposals. 3. Includes only governance, 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.

Source: BlackRock, ISS. Sourced on March 18, 2025, reflecting data from January 1, 2024, through December 31, 2024. Numbers in parenthesis reflect the percentage each category represents out of total proposals voted. Reflects BIS' proposal taxonomy. To learn more about BIS' proposal taxonomy and a full detail of total proposals voted, please refer to the Appendix section.

Voting on management proposals

~88%

of proposals voted consistent with management’s vote recommendation¹

~90%

of director elections supported

7,000

of companies where BIS did not support one or more of management’s vote recommendation¹

Source: BlackRock, ISS. Sourced on March 18, 2025, reflecting data from January 1, 2024, through December 31, 2024.

Number of companies where BIS did not support director elections for governance concerns¹

	Americas	APAC	EMEA	Total
Board independence	624	1,301	327	2,252
Board composition	570	75	226	871
Overcommitment ²	221	123	286	630
Executive compensation	163	17	468	648

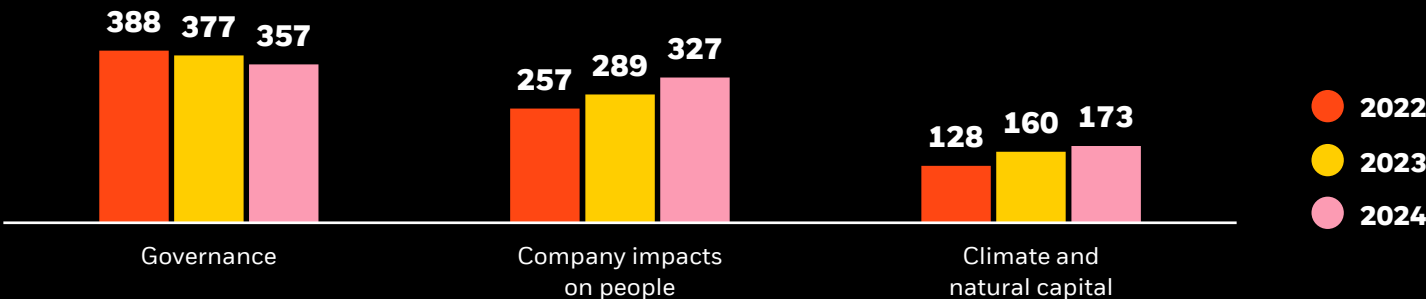
Source: BlackRock, ISS. Sourced on March 18, 2025, reflecting data from January 1, 2024, through December 31, 2024.

1. Votes to not support management recommendation include votes withheld and abstentions. 2. Includes voting action on regular overcommitment policy and overcommitment policy for executives per the BIS [Global Principles](#).

Voting on shareholder proposals

Global shareholder proposals in 2024

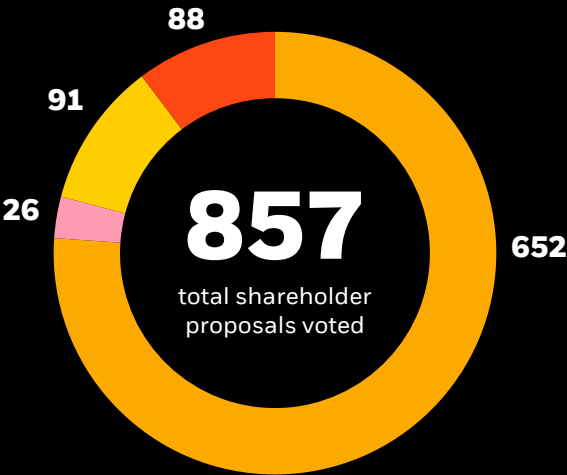
Measured in number of shareholder proposals BIS voted on globally



Source: BlackRock, ISS. Sourced on March 18, 2025, reflecting data by calendar year, i.e., running from January 1 through December 31 each year. Includes only governance, 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.

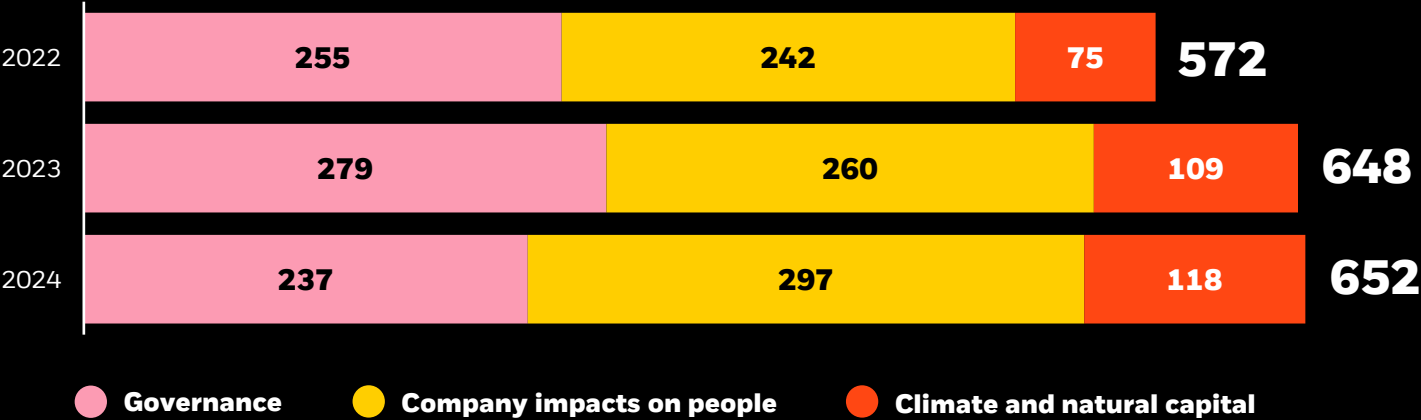
Geographic distribution of shareholder proposals BIS voted on in 2024

- U.S.
- APAC
- EMEA
- Americas ex-U.S.



Source: BlackRock, ISS. Sourced on March 18, 2025, reflecting data from January 1, 2024, through December 31, 2024. Includes only governance, 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.

Year-on-year increase in U.S. shareholder proposals

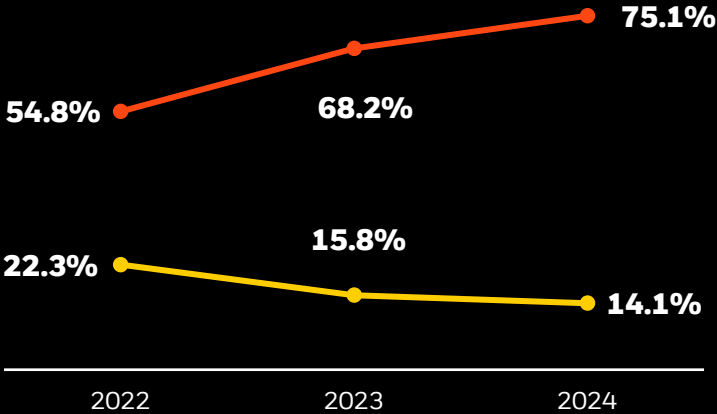


Source: BlackRock, ISS. Sourced on March 18, 2025, reflecting data by calendar year, i.e., running from January 1 through December 31 each year. Includes only governance, climate and natural capital, and company impacts on people shareholder proposals per BIS' proposal taxonomy.

Decreasing shareholder support for proposals in the U.S.

Measured in median market support for U.S. environmental and social-related proposals that went to a final vote and % of proposals receiving at least 75% market opposition.

- % of proposals receiving strong opposition
- Median market support



Source: BlackRock, ISS-ESG Voting Analytics Database. Measured in median shareholder support for U.S. climate and natural capital and company impacts on people-related shareholder proposals that went to a final vote. Includes ISS data only for companies that have disclosed shareholder meeting results. Sourced on March 18, 2025, reflecting data by calendar year, i.e., running from January 1 through December 31 each year. BIS defines strong opposition to a proposal as having received at least 75% opposition from shareholders. A proposal has received majority support if more than 50% of shares voted were "for."

BIS' vote decisions on shareholder proposals in 2024

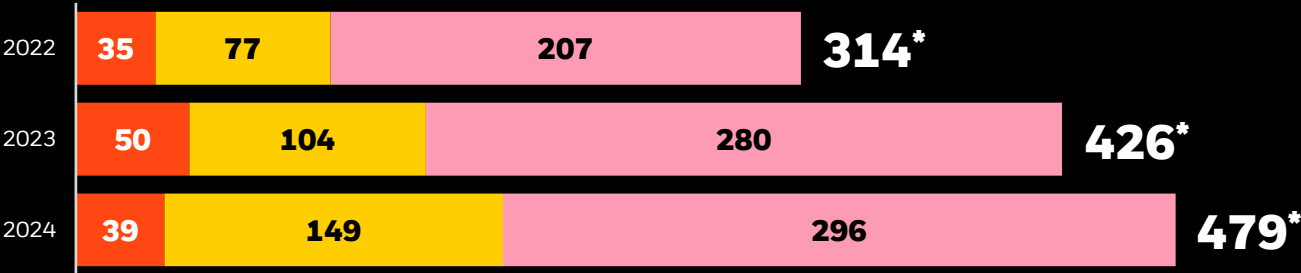
	For	Against	Total
Governance	73	284	357
Company impacts on people	15	312	327
Climate and natural capital	6	167	173
Total	94	763	857

Source: BlackRock, ISS. Sourced on March 18, 2025, reflecting data from January 1, 2024, through December 31, 2024. Reflects vote instructions on governance, climate and natural capital, and company impacts on people shareholder proposals per BIS' proposal taxonomy. Votes "for" include abstentions. 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.

Reasons BIS did not support climate and natural capital and company impacts on people shareholder proposals globally

Measured in number of shareholder proposals BIS voted on globally

● Lacking economic merit ● Too prescriptive ● Company has process in place to address business risk



Source: BlackRock, ISS. Includes only climate and natural capital, and company impacts on people shareholder proposals per BIS' proposal taxonomy. Sourced on March 18, 2025, reflecting data by calendar year, i.e., running from January 1 through December 31 each year. 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 * Total climate and natural capital and company impacts on people shareholder proposals BIS voted against. Each row totals may not add up due to some proposals being not supported for more than one reason.



About BlackRock

Our purpose

BlackRock's purpose is to help more and more people experience financial well-being.

As a fiduciary asset manager, our mission is to help more people invest better, advance their long-term financial well-being, and retire with dignity.

As of December 31, 2024, clients entrusted BlackRock with \$11.6 trillion of assets under management (AUM).¹ More than half of the money BlackRock manages is related to retirement.² That is why helping people finance retirement is a major focus of ours.

The continued trust our clients place in us to manage their assets is at the center of everything we do. We are focused on delivering the best risk-adjusted returns for clients in line with their investment objectives.

Our people

As an asset manager, BlackRock's long-term success depends on our people.

With approximately 21,100 employees in more than 30 countries who serve clients in over 100 countries, BlackRock provides a broad range of investment management and technology services to clients worldwide.³

BlackRock's culture is underpinned by five core principles that unify our workforce and guide how we interact with employees, clients, the communities in which we operate and other stakeholders:

- 1. We are a fiduciary to our clients.**
- 2. We are One BlackRock.**
- 3. We are passionate about performance.**
- 4. We take emotional ownership.**
- 5. We are committed to a better future.**

BlackRock believes that maintaining a strong corporate culture is an important component of our human capital management practices and critical to the firm's long-term success.

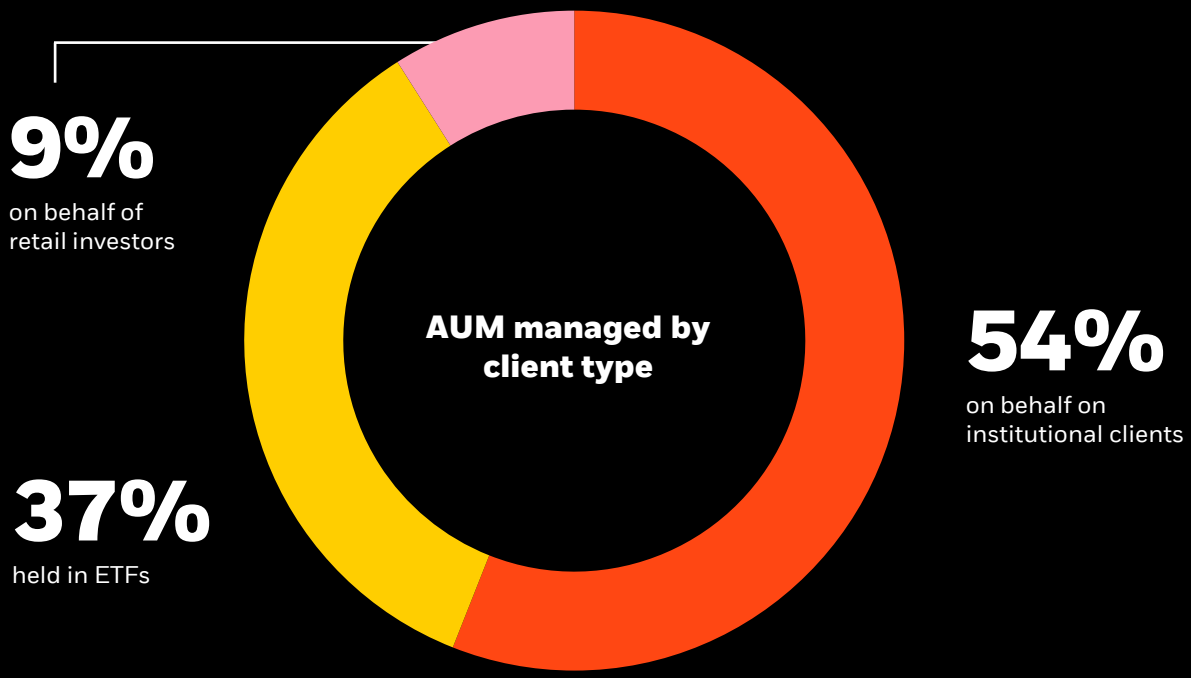
1. BlackRock Inc.'s "Form 10-K" for the fiscal year ended December 31, 2024. 2. BlackRock estimates based on AUM as of December 31, 2021, and Cerulli data as of 2020. ETF assets include only qualified assets based on Cerulli data, and assumes 9.5% of institutionally held ETFs are related to pensions or retirement. Institutional estimates includes assets defined as "related to retirement" and are based on products and clients with a specific retirement mandate (e.g., LifePath, pensions). Estimates for LatAm based on assets managed for LatAm Pension Fund clients, excluding cash. To learn more, please refer to "Larry Fink's 2025 Annual Chairman's Letter to Investors" available [here](#). 3. As of December 31, 2024.



Our clients

The assets we manage belong to our clients.

Our clients include public and private pension plans, insurers, official institutions, endowments, universities, charities, family offices, wealth managers, and, ultimately, the individual investors that they serve, many of whom are saving for retirement.

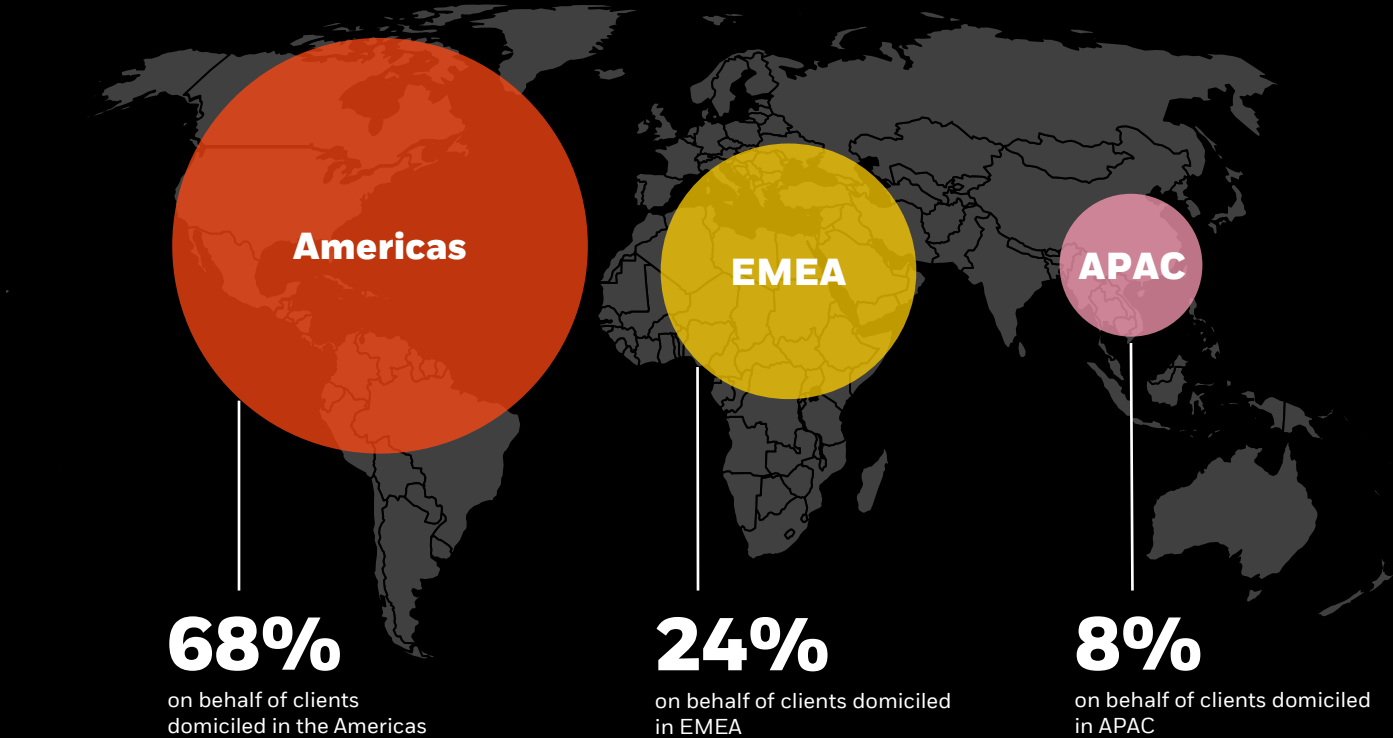


Source: "BlackRock Q4 2024 Earnings – Earnings Release Supplement," January 15, 2025.

We serve clients in over 100 countries.¹

BlackRock's footprints in the Americas, Asia-Pacific (APAC), and Europe, Middle East, and Africa (EMEA) regions reflect strong relationships with intermediaries and an established ability to deliver global investment expertise in funds and other products tailored to local regulations and requirements.²

AUM managed by region

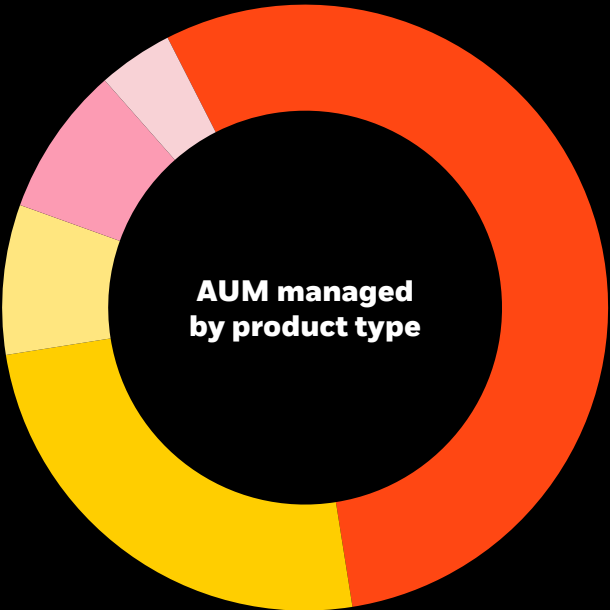
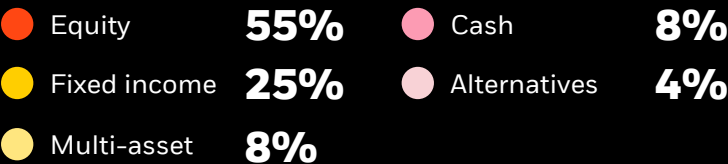


Source: "BlackRock Q4 2024 Earnings – Earnings Release Supplement," January 15, 2025.

1. As of December 31, 2024. 2. BlackRock Inc.'s "Form 10-K" for the fiscal year ended December 31, 2024.

Everything we do is for our clients.

We listen to them, learn from them, and put their needs first. We focus on strong investment performance, seeking the best risk-adjusted returns for client portfolios, within the mandates given by clients, to help them meet their investment objectives.



Source: "BlackRock Q4 2024 Earnings – Earnings Release Supplement," January 15, 2025.

We think long-term on behalf of clients

A majority of BlackRock's equity AUM are held in index equity strategies.¹ Typically, as long as a public company remains an index constituent, an index equity fund investor will remain invested in that company.

Therefore, most of our clients invested in index equity strategies are long-term investors in those companies.

90% Approximately 90% of BlackRock clients' public equity AUM are held in index equity strategies.²

1. As of December 31, 2024, clients entrusted BlackRock with \$11.6 trillion of AUM. By product type, 55% of the assets BlackRock managed for clients were in equity. See: BlackRock, Inc. "BlackRock Q4 2024 Earnings – Earnings Release Supplement," January 15, 2025. 2. Estimate based on figures reported in BlackRock Inc.'s financial results for the full 2024 calendar year, which indicated that approximately 49% of total equity AUM was held in iShares ETFs, and a further 39% of total equity AUM was invested in index equity strategies on behalf of institutional clients. See: BlackRock, Inc. "BlackRock Reports Full Year 2024 Diluted EPS of \$42.01, or \$43.61 as adjusted Fourth Quarter 2024 Diluted EPS of \$10.63, or \$11.93 as adjusted", January 15, 2025.

Spotlight

Indexation, and its role in democratizing access to diversified investment portfolios¹

Indexation: The development of financial indexes, like the S&P 500 or Euro Stoxx 50, has been a critical structural innovation that has provided an organizing framework to define markets, and easily measure their performance. Indexes have become indispensable parts of investment process, used for myriad purposes, including tracking the performance of markets or sectors; benchmarking the performance of companies, countries and even investment managers; as key inputs to stock price discovery in global markets; and as building blocks for portfolios.

Index investing: Index investing – through funds that seek to track the performance of a published financial index – has

been transformational in providing low-cost access to diversified investments for all investors, from institutions to individuals. Technology has extended the range of investments that can be indexed, providing choices beyond the traditional indexes based on company size, to more dynamic indexes, such as those tracking specific investment styles. The adoption of index investing has been boosted by a focus on fees by both regulators and investors. While the value for money that a fund offers consumers depends on more than price, lower fees generally allow investors to keep more of their returns.

1. BlackRock. "The Virtuous Cycle: The Global Potential of Capital Markets." Page 16.

Our investment approach

As a fiduciary, BlackRock invests on our clients' behalf to help them meet their investment objectives. Our focus is on understanding and managing investment risk, anticipating our clients' needs, and supporting them in achieving their long-term investment goals.

Client choice.

We start by understanding clients' investment objectives and offering a choice of products and strategies.

Performance.

We seek the best risk-adjusted returns within the mandates clients give us.

Research.

We underpin our work with research, data, and analytics.

Investment solutions to provide clients with choice in line with their specific investment goals and objectives

The same principles that inform BlackRock's investment approach apply to sustainable investing and investing in the low-carbon transition. BlackRock's sustainable and transition investing platform is driven by our clients' needs, along with our continued investment conviction that the energy transition is a mega force shaping economies and markets. Many of our largest clients around the world, including 100% of our largest client relationships in Europe, have made net zero commitments for their organizations.¹ Among the broad portfolio of products and strategies that our clients may choose from, BlackRock offers a range of sustainable and transition investment strategies spanning the whole portfolio. As of December 31, 2024, clients elected to invest \$1 trillion of their assets in sustainable and transition strategies.²

BlackRock recognizes that different clients have different investment objectives and preferences. We invest in companies for one simple reason: our clients have asked us to. It's our clients' money, not ours. We offer products and strategies to fit a broad set of investor objectives. If our clients want to invest in hydrocarbons, we provide them with the investment solutions to do so – the same way we offer climate transition strategies for our clients. That's part of being an asset manager. We follow our clients' mandates.

Read more about BlackRock's approach to sustainability and the low-carbon transition.

Learn More >

1. Includes a select group of our largest client relationships; net zero commitments are sourced from the GFANZ website and respective company websites, as of January 2025. 2. This includes some transition-focused strategies that also meet BlackRock's Sustainable Investing Platform criteria. The BlackRock Sustainable Investing Platform includes: 1) "Screened" strategies that constrain investments by avoiding specific issuers or business activities with certain environmental, social and/or governance characteristics, 2) "Uplift" strategies with a commitment to investments with improved environmental, social and/or governance characteristics versus a stated universe or benchmark, 3) "Thematic" strategies with targeted investments in issuers whose business models may not only benefit from but also may drive long-term sustainability outcomes and 4) "Impact" strategies with a commitment to generate positive, measurable and additional sustainability outcomes.

How different investment teams at BlackRock seek the best risk-adjusted returns within the mandates clients give us

Investment teams across BlackRock may engage with issuers to help inform their work on a broad spectrum of material risk and value drivers in their investible universe.

Engaging across markets on bond issuance programs

BlackRock aims to give clients choice in how they invest, which includes providing sustainable fixed income products, including those in the green, social, and sustainability (GSS) bond market space.¹ The GSS bond market has experienced significant growth in the last decade. At the end of Q3 2024, the GSS bond market volume represented approximately \$5.4 trillion, with green bonds comprising 62% of this total.²

As of December 29, 2024, BlackRock invested \$62 billion on behalf of clients in green bonds across a range of portfolios and as a component of broader fixed income mandates.³ These bonds support a variety of green

projects, including renewable energy, energy efficiency, clean transport, among other relevant project categories outlined by the International Capital Markets Association Green Bond Principles.⁴

The assessment of environmental and social risks and opportunities is becoming an increasingly important part of the Fundamental Fixed Income's team ability to evaluate sovereign bonds in the context of its portfolios with explicit sustainability investment objectives. Direct engagement is a core component of the Fundamental Fixed Income team's investment process as it provides it with the opportunity to improve its understanding of the business risks and opportunities that are material to the issuers in which BlackRock's clients invest. In 2024 the Fundamental Fixed Income team held 132 issuer dialogues on GSS bond programs, with 75% of these focused on green bonds.

One example of these engagements is the Fundamental Fixed Income team's ongoing dialogue with the treasury team at the Commonwealth of Australia since the start of the sovereign's plan to establish a green bond program in April 2023.⁵

The sovereign published its green bond framework in December 2023, which outlines eligible green projects

across mitigation, adaptation and other environmental outcomes categories.⁶ The Fundamental Fixed Income team assessed the framework and noted that at least 50% of total proceeds from green bonds would be allocated to current and future financial year expenditures.⁷ In the team's assessment, this provides a balance between ensuring there is sufficient known eligible expenditure to sustain the green bond program, as well as forward looking expenditures, which support new initiatives.⁷ The team engaged again with the Australian treasury in May 2024 to further understand the potential allocations ahead of the sovereign's issuance of the inaugural green bond.

The sovereign issued its inaugural green bond in June 2024, due in 2034 (A\$7 billion or ~USD \$4.4 billion).^{8,9} In October 2024, the Fundamental Fixed Income team had another dedicated session with the Australian treasury on the bond's upcoming allocation and impact reporting.¹⁰ The engagement also touched on the eligibility of two new projects that could be material for future Australian green bonds proposed by the issuer. Detailed and transparent reporting on the results of the funded projects is encouraged to help track whether green bond issuances are delivering on their stated goals.

1. Bonds are fixed income securities issued in capital markets to raise financing for different projects and activities. Thematic bonds – which include GSS bonds – are designated to finance projects and activities that are expected to have a positive environmental or social impact, or a combination of both. Many governments are turning to such bonds to raise funding for critical investment needs. Source: The World Bank. "Sovereign green, social and sustainability bonds – Unlocking the potential for emerging markets and developing economies." October 2022. 2. Climate Bonds Initiative. "Sustainable Debt Market – Summary Q3 2024." November 27, 2024. 3. BlackRock. These portfolios may include active and index portfolio approaches. 4. The Green, Social, Sustainability, and Sustainability-Linked Bond Principles are "a collection of voluntary frameworks with the stated mission and vision of promoting the role that global debt capital markets can play in financing progress towards environmental and social sustainability." To learn more, please refer to the International Capital Market Association's "Green Bond Principles." 5. This case study is shown for illustrative purposes and was selected to demonstrate BlackRock's capabilities with respect to engaging with markets on GSS bonds, and in this case, an engagement covering the issuance process of the Commonwealth of Australia's inaugural green bond. Reference to the names of the issuers mentioned is for illustrative purposes and should not be construed as investment advice or an investment recommendation. 6. Issuers should explain the alignment of their Green Bond or Green Bond programme with the four core components of the Global Bond Principles (i.e. Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds and Reporting) in a Green Bond Framework or in their legal documentation. Such Green Bond Framework and/or legal documentation should be available in a readily accessible format to investors. To learn more, please refer to the International Capital Market Association's "Green Bond Principles." 7. Australian Government. "Green Bond Framework." December 2023. 8. Australian Office of Financial Management Green Bond Program, as of December 2024. 9. Austraclear ISIN: AU3TB0000200. 10. Per the Green Bond Principles, "issuers should make, and keep, readily available up to date information on the use of proceeds to be renewed annually until full allocation, and on a timely basis in case of material developments. The annual report should include a list of the projects to which Green Bond proceeds have been allocated, as well as a brief description of the projects, the amounts allocated, and their expected impact." To learn more, please refer to the International Capital Market Association's "Green Bond Principles."



About BlackRock Investment Stewardship

At BlackRock, investment stewardship is core to our role as an asset manager and a fiduciary to our clients

Our stewardship program is conducted from the perspective of a long-term investor

BlackRock Investment Stewardship (BIS) is a dedicated function within BlackRock, which is responsible for stewardship activities in relation to clients' assets invested in index equity strategies.¹ Approximately 90% of BlackRock clients' public equity assets under management are held in index equity strategies.² Our long-term approach to stewardship reflects the investment horizon of the majority of our clients.

We take a financial materiality-based approach, focused solely on advancing clients' long-term financial interests

We've been entrusted by clients to manage more assets than any other asset manager, which means that BlackRock is often listed as one of the larger minority shareholders in publicly traded companies.^{3,4} This means our clients are the ultimate owners of those shares.

As one of many minority shareholders, BlackRock does not direct a company's strategy or its implementation. Setting, executing, and overseeing strategy are the responsibilities of a company's management team and its board. Our role 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 in order to better inform our voting. We aim to take a globally consistent approach, while recognizing the unique markets and sectors in which companies operate.

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 on company in relation to their holdings. While the two teams operate independently, their general approach is grounded in widely recognized norms of corporate governance and shareholder rights and responsibilities. 2. Estimate based on figures reported in BlackRock Inc.'s financial results for the full 2024 calendar year, which indicated that approximately 49% of total equity AUM was held in iShares ETFs, and a further 39% of total equity AUM was invested in index equity strategies on behalf of institutional clients. Source: BlackRock, Inc. "BlackRock Reports Full Year 2024 Diluted EPS of \$42.01, or \$43.61 as adjusted Fourth Quarter 2024 Diluted EPS of \$10.63, or \$11.93 as adjusted", January 15, 2025. 3. BlackRock. Based on \$11.6 trillion in AUM as of December 31, 2024. 4. Minority shareholders are usually those who hold less than 50% of the shares in a company that have voting rights attached, meaning that they cannot block ordinary resolutions or special resolutions or any other resolution that must be passed by a higher majority.

The role of stewardship

Stewardship by asset managers is focused on advancing the long-term financial interests of their clients as investors in companies. We do not view stewardship as the mechanism to directly seek outcomes related to economies and societies as a whole, which is the role of governments and policymakers.

BIS focuses on practices that deliver durable, risk-adjusted financial returns over time, consistent with clients' investment mandates. Through analysis of corporate disclosures and engagement, we seek to understand what material risks and opportunities individual companies face, both idiosyncratic

and systematic, and how they are evolving their business models accordingly. We disclose the Benchmark Policies that govern our stewardship activities, which also describe the circumstances in which we may vote against management's recommendations at shareholder meetings. The section in this report titled "2024 case studies" includes multiple examples of how we have accomplished this.

We may participate in industry-level discussions to further the dialogue on matters that could impact our clients' portfolios or

to provide an increased understanding of our approach to stewardship.

We welcome opportunities to engage with the investment stewardship ecosystem, including clients, corporate directors, senior members of management teams, policymakers, and other industry stakeholders.

A description of our efforts in this regard can be found on page 35.

The BIS Benchmark Policies

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 efforts globally and within each market. We take a globally consistent approach, while recognizing the unique markets and sectors in which companies operate:

1.

Global Principles

Reflect our views on the globally-applicable fundamental elements of corporate governance that contribute to a company's ability to create long-term financial value.

2.

Regional voting guidelines

Provide context on local market rules and norms within the framework of our overarching Global Principles and help provide clients, companies, and others guidance on BIS' position on common voting matters in each market.

3.

Engagement Priorities

Cover the five themes on which we most frequently engage companies, where they are relevant and a source of material business risk or opportunity.

BIS' yearly policy review process

BIS reviews our Benchmark Policies every year and updates them, as necessary, to reflect changes in market standards and regulations, feedback from clients and companies, and insights gained over the year through third-party and our own research.

We did not make any material changes to our stewardship policies for 2024, and our five engagement priorities also remained consistent. The few changes we made included language refinements to clarify meaning and to incorporate any changes specific to local markets.

For example, we noted the convergence of the Task Force on Climate-related Financial Disclosures (TCFD) framework and the standards and metrics developed by the Sustainability Accounting Standards Board (SASB) standards under the International Sustainability Standards Board (ISSB). For certain European countries, we also adjusted the limit for shareholding that could impair director independence in line with local listing rule requirements, among other market-level updates.

Our Benchmark Policies –available on the BIS website – support effective stewardship processes and transparency and align with our commitment to focus on issues that drive long-term financial returns for our clients as shareholders. **A step-by-step guide to how BIS updates and approves its policies every year is available in the Appendix section.**

[Learn More >](#)

The four pillars of our stewardship program

01. Engaging with companies

BIS is responsible for stewardship activities, including engagement where relevant, in relation to clients' assets invested in index equity strategies.

BIS defines an engagement as a meeting with a company's board and/or management that helps inform BIS' voting on behalf of clients.¹ Specifically, engagements provide companies with the opportunity to share their perspectives on topics that, in BIS' experience, impact the long-term financial returns BlackRock's clients depend on to meet their financial goals. In these conversations, BIS listens to, and learns directly from, company directors and executives and may ask questions relevant to their business. BIS counts only direct interaction as an engagement. BIS does not count letters as engagement.

Either a company or BIS can request an engagement. In fact, the majority of our engagements are initiated by companies to discuss topics including their long-term strategy, risk and opportunity set, and management's plan to deliver financial returns through business cycles.

BIS engages individual companies independently, rather than alongside other asset managers or asset owners. In addition, BlackRock adheres to regulatory constraints on collaborative engagement in any jurisdiction that establishes them.

BIS may participate in collaborative engagements with other shareholders only where permissible under local regulations and where, in our assessment, our clients' long-term financial interests could be more productively advanced through joint dialogue. In such cases, BIS would determine our engagement objectives independently, including with whom and how best to partner. In 2024, BIS did not participate in collaborative engagement activities in any market.

1. On February 11, 2025, the U.S. Securities and Exchange Commission (SEC) staff issued updated guidance for shareholders' "passivity" status in regards to engaging with their portfolio companies on corporate governance and stewardship topics. BlackRock believes engaging with companies, on behalf of clients, leads to more informed voting decisions. We are complying with the requirements and do not use engagement as a way to control publicly traded companies.

Engagement in practice

BIS identifies and prioritizes companies for engagement based on several factors, including but not limited to, identified or potential material financial risks, aggregate client exposure, corporate developments, changes in regulation, or geopolitical or environmental-related developments that could impact a company's operations. We determine engagement would be helpful to further understand a company's situation after assessing its disclosures.

BIS does not view engagements as a mechanism to effect change, but to inform our voting decisions. As one of many minority shareholders in public companies, BIS does not direct companies on how they should manage their business nor do we set targets or deadlines. That responsibility lies with management, with input from the board. BIS measures the effectiveness of our engagements based on whether they helped lead to more informed voting decisions and/or deepened our understanding of a company's business model and how they are overseeing material business risks and opportunities, over time.

BIS' engagement priorities are: strategy, purpose and financial resilience; board quality and effectiveness; incentives aligned with financial value creation; climate and natural capital; and company impacts on people. A description of each engagement priority, supported by case studies, can be found in the section titled **"2024 case studies."**

Learn more about our engagement priorities for our Benchmark Policies.

Learn more >

02. Proxy voting on behalf of clients

As shareholders of public companies, our clients have the right to vote on matters proposed by a company's management or its shareholders. Most of our clients authorize BlackRock to exercise this right on their behalf. For those clients, and as a fiduciary, BlackRock is legally required to make proxy voting determinations in a manner that is consistent with their investment objectives. BIS does this by casting votes in favor of proposals that, in our assessment, will enhance long-term shareholder value.

BIS' Benchmark Policies, and the vote decisions made consistent with those policies, reflect our reasonable and independent judgment of what is in the long-term financial interests of clients. Our vote decisions are informed by our in-depth analysis of company disclosures, comparisons against industry peers, engagement with boards and management teams, and third-party research.

BIS does not act collectively with other shareholders or organizations in voting shares nor follows any proxy research firm's voting recommendations. More information about how we leverage and monitor proxy research firms can be found in the section titled "**Our approach to proxy research firms and other service providers**" on page 43.

In addition, BIS does not disclose our vote intentions in advance of shareholder meetings as we do not see it as our role to influence other investors' proxy voting decisions.¹ Our role is to convey to a company our view on how its board and management are fulfilling their responsibilities to our clients as minority shareholders.

Offering clients more choice to meet their investment goals: In addition to our stewardship Benchmark Policies, BlackRock offers two additional stewardship options to provide clients with more choice to meet their investment goals. In 2024, we worked to further expand our

BlackRock Voting Choice offering to provide more voting options for eligible clients, where legally and operationally viable.

We also launched the Climate and Decarbonization Stewardship Program for certain funds that have explicit climate and decarbonization investment objectives. A full description of both programs can be found in the section titled "**Offering clients more choice.**"

Exercise of voting rights and responsibilities on behalf of clients

The vast majority of the stewardship team's voting decisions are straightforward applications of the BIS Benchmark Policies and are determined by the relevant voting analyst, in consultation with team members or the regional BIS head, as necessary. That said, our Benchmark Policies are not prescriptive as we take into consideration the context in which companies are operating their businesses.

BIS analysts may, in the exercise of their professional judgment, conclude that the Benchmark Policies do not cover the specific matter upon which a proxy vote is required or that an exception is warranted. In such cases, the analyst makes a vote decision they consider most consistent with the long-term financial interests of clients.

Generally, we support the vote recommendations of the board of directors and management. When we determine it is in our clients' financial interests to convey concern to companies through voting, we may do so in two forms: we might not support the election of directors or other management proposals, or we might not support management's voting recommendation on a shareholder proposal.

1. While certain asset owners and managers may publicly pre-disclose some of their votes, we have not seen this practice widely adopted by asset managers globally, nor have we heard from clients that they want or expect it. We have observed that the few asset managers that choose to pre-disclose their voting intentions do so for a limited number of shareholder meetings every year. In our view, this limited adoption suggests that pre disclosure of voting is not generally considered best practice in stewardship. Further, it is important to note that shareholders in the U.S. and U.S.-listed issuers are subject to the U.S. SEC rules that deem certain vote pre-disclosures to be formal proxy solicitations, exposing those pre-disclosing votes to potential liability.

Vote escalations

BIS has a vote escalation process that allows analysts and regional heads to raise high-profile and certain non-routine voting matters for further review by BIS' regional heads and/or oversight committees, as appropriate. Examples of high-profile votes include shareholder activist situations, mergers, executive compensation proposals, and certain shareholder proposals, among others. Escalation does not involve filing shareholder proposals, proposing candidates for director elections, nor engaging in public campaigns. We include a vote escalation example on the right.

In certain markets, proxy voting involves logistical issues which can affect BlackRock's ability to vote, as well as the desirability of voting. In these cases, BlackRock votes on a "best efforts" basis. In addition, BIS may determine that it is generally in the long-term financial interests of BlackRock's clients not to vote proxies (or not to vote our full allocation) if the costs (including but not limited to opportunity costs associated with share-blocking constraints) associated with exercising a vote are expected to outweigh the benefit the affected clients would derive by voting on the proposal.¹

In 2024, BIS voted at 98.4% of the shareholder meetings at which our clients were entitled to vote, globally.²

Our voting record on behalf of clients is available on the BIS website through our Global Vote Disclosure tool.

Learn more >

Case study

Escalating a shareholder activist situation

Background: Norfolk Southern Corporation (NSC) is a large U.S.-based railroad operator. At NSC's May 2024 annual general meeting (AGM), a dissident shareholder nominated a controlling slate of seven directors to the company's 13-member board. The shareholder sought changes to NSC's executive leadership and operational strategy, following financial underperformance relative to industry peers, as well as increased regulatory and public scrutiny after the derailment of an NSC-operated train in East Palestine, Ohio in February 2023.³

As outlined in the [BIS proxy voting guidelines for U.S. securities](#), contested elections and other special situations are assessed on a case-by-case basis.⁴ We evaluate a number of factors, which may include: the qualifications and past performance of the dissident and management candidates; the validity of the concerns identified by the dissident; the viability of both the dissident's and management's plans; the ownership stake and holding period of the dissident; the likelihood that the dissident's strategy will produce the desired change; and whether the dissident represents the best option for enhancing long-term shareholder value. Prior to the May 2024 AGM, BIS engaged with NSC's executive management team and five independent directors, as well as with the dissident investor's proposed management and director nominees to further inform our voting decision.

1. Or due to regulatory restrictions on voting. 2. BlackRock, ISS. Sourced on March 18, 2025, reflecting data from January 1, 2024 through December 31, 2024. The meetings where BIS did not vote are due to market impediments including, but not limited to, share-blocking, sanctions, regulatory restrictions, economic reasons, and other logistical challenges that limit BIS' ability to vote such proxies. Please refer to the BIS Global Principles for a list of considerations which can affect BlackRock's exercise of voting rights. 3. National Transportation and Safety Board. "[Norfolk Southern Railway Derailment and Hazardous Materials Release](#)." 4. Special situations are broadly defined as events that are non-routine and differ from the normal course of business for a company's shareholder meeting, involving a solicitation other than by management with respect to the exercise of voting rights in a manner inconsistent with management's recommendation. These may include instances where shareholders nominate director candidates, oppose the view of management and/or the board on mergers, acquisitions, or other transactions, etc.

Outcome: BIS escalated this high-profile vote to the Head of the Americas and then to the Vote Decisions Oversight Council (VDOC) through BIS' internal vote escalation process. The council was provided an overview of public materials on company performance, the dissident's argument, and insights of BIS' engagement that helped inform a voting recommendation.

BIS determined that it was in clients' long-term financial interests to support the election of one of the directors nominated by the

dissident shareholder as an alternative to a management-nominated director. In our view, the company's board could benefit from this director's expertise, which includes decades of service on the boards of publicly listed railroad companies. Three dissident director nominees, including the nominee BIS supported, were elected to the board in place of three NSC director nominees at the May 2024 AGM. The dissident director BIS supported received ~69% support from shareholders.¹

03. Contributing to industry dialogue on stewardship

BIS team members may participate in industry-level discussions to further the dialogue on matters that could impact our clients' portfolios or to provide an increased understanding of BlackRock's approach to investment stewardship.²

BIS prioritizes opportunities to engage with the investment stewardship ecosystem including clients, corporate directors, senior members of management teams, policymakers, and other industry stakeholders.

BIS may engage with players in the investment stewardship ecosystem along with other teams such as BlackRock's Government Affairs and Public Policy (GAPP) team. BIS may also respond to policy consultations to serve as a resource and provide our perspectives with a focus on promoting well-functioning capital markets. In 2024, BIS

responded or provided input to four policy consultations, all in the APAC region on matters such as sustainability reporting and listing rules, among others. Responses to policy consultations are available on the [BIS website](#).

The GAPP team also regularly publishes ViewPoints, which examine public policy issues and assess their implications for investors, and periodically submits letters and consultation responses to policymakers.

The ViewPoints series and letter and consultations are available on the [GAPP website](#).

Read BIS' responses to policy consultations.

[Click here >](#)

1. Norfolk Southern Corporation. "Form 8-K" May 9, 2025. 2. These efforts are separate from our bilateral engagements with public companies and from engagements with clients and are carried out with the objective of sharing our perspective as a long-term minority investor. However, clients and companies may often participate in marketplace engagements given the nature of the topics. Examples of marketplace engagements include speaking at industry events and conferences, or participating in academic seminars, among others. The work that we do is intended to advance the economic interests of BlackRock's clients' as long-term investors.

Industry affiliations and memberships to promote well-functioning capital markets

In order to better serve our clients, BlackRock participates in multiple organizations and trade groups related to corporate governance and stewardship across different regions. We actively participate in dialogue on issues that may impact our clients' portfolios. Participation in these groups, helps us provide insights to clients interested in ways to mitigate risk and capture opportunities.

BIS conducts our stewardship activities independently from other investors. We have made it clear publicly that we do not coordinate our votes or investment decisions with any external group or organization. We do not make commitments that constrain our ability to invest our clients' money on their behalf consistent with their objectives.

Similarly, we do not make any commitments or pledges that would interfere with our independent determination on how to engage with issuers and vote proxies in the long-term financial interests of our clients. The firm joins and leaves many working groups and initiatives based on their relevance to our business needs and their effectiveness in supporting our clients' interests.

For example, BlackRock is a member of the Asian Corporate Governance Association (ACGA), a group of investment managers, pension funds, listed companies, and other financial organizations with an interest in encouraging corporate governance best practices in APAC. As a member of the ACGA, BIS occasionally participates in industry-level conferences and market working groups to discuss the state of corporate governance and market developments in the region, as well as to share BIS' perspectives on these issues.

In EMEA, BIS is a member of the Eumedion Corporate Governance Forum (Eumedion) since 2021. Eumedion "represents the interests

of institutional investors in the field of corporate governance and sustainability."¹ Institutional investors that hold shares in Dutch listed companies can become a member of Eumedion. The Deputy Head of the BIS EMEA team is also part of Eumedion's general board.² The forum allows us to share our perspective on emerging governance developments with other members, especially those relevant to the Dutch market.

At the global level, BIS is also a member of the International Corporate Governance Network (ICGN), an organization established in 1995 comprised of asset managers, asset owners, and advisers in more than 40 countries. ICGN's goal is to advance high standards of corporate governance and investor stewardship worldwide.³ ICGN members can participate in the network's activities such as international conferences, governance and stewardship training, or policy work, among others. In 2024, ICGN responded to several public consultations or addressed letters to regulators in the absence of consultations, sharing its members' perspectives – including BlackRock's – on a variety of topics. For example, in August 2024, the ICGN offered its perspective to the Italian Ministry of Economy on the recently adopted "Capital Markets Law" (or "Legge Capitali"). In October 2024, the ICGN presented the European Commission with a series of recommendations on shareholder rights from the perspective of institutional investors as the new College of Commissioners defined its priorities and work program for the coming years. While we may not endorse all of ICGN's positions, we consider the network a valuable forum to share our perspectives. We assess each instance individually to determine where our input could help advance our clients' long-term financial interests.

1. Eumedion Corporate Governance Forum. "[About Eumedion](#)." 2. Eumedion Corporate Governance Forum. "[Board](#)." 3. ICGN. "[About ICGN](#)."

04. Reporting on our stewardship activities


We inform clients about our stewardship activities on their behalf through a range of publications on our website. In addition, BIS provides those clients who have requested additional stewardship reporting with client-specific voting and engagement reports. Clients may request specific reporting covering the voting and engagement

activity associated with their portfolios on a monthly, quarterly, or annual cadence. We are committed to providing our clients with the reporting on our stewardship program that meets their informational needs. All BIS publications undergo a rigorous internal review process ensuring our stewardship reporting is clear and balanced.

Stewardship policies


Include our Benchmark Policies: Global Principles, regional voting guidelines for 10 markets, and our Engagement Priorities.

In 2024 we also published the “Climate and Decarbonization Stewardship Guidelines.”



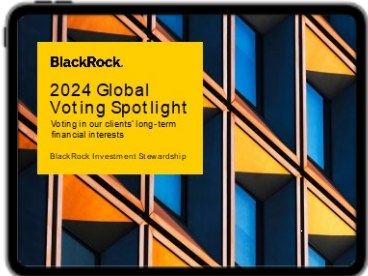
Commentaries and position papers

Cover thematic publications that help explain our approach stewardship and themes that can affect companies’ long-term financial performance. In 2024, we published eight thematic commentaries, including a paper titled “Financial resilience in a new economic regime,” which discusses how companies are navigating a new operating environment that is shaped by mega forces.




Flagship reports

Provide a detailed overview of BIS stewardship activities in alignment with clients’ preferred reporting timeframes. Flagship reports include this “Annual Report,” covering our stewardship activities on a calendar year basis, and the “Global Voting Spotlight,” which provides a detailed account of our voting on behalf of clients in alignment with the U.S. SEC’s proxy year reporting period.



Quarterly reports

BIS provides quarterly updates on global engagement and voting activities, including vote instructions on behalf of clients for all proposals voted at individual meetings through our Global Vote Disclosure tool. BIS may also publish 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. In 2024, BIS published 150+ case studies and vote bulletins.¹



1. Includes case studies featured in our 2023 Annual Report and the 2024 Global Voting Spotlight, as well as vote bulletins published in 2024.

Communicating with and seeking client feedback on our stewardship approach

In 2024, we enabled more targeted engagement with clients to further our understanding of their evolving needs and the issues that are top of mind for long-term asset owners at the local level. For example, we hosted highly interactive client roundtables in France, the Netherlands, and the UK in partnership with the BlackRock Investment Institute and members of BlackRock's Sustainable and Transition team to exchange perspectives on emerging themes across the markets we cover – including sustainability-related developments – and discuss trends from the 2024 proxy voting season. Additionally, BIS executives hosted in-person meetings with clients and key stakeholders in several markets, including Canada, Hong Kong, Italy, Japan, Singapore, Spain, Sweden, Taiwan, and the U.S.

As part of a roadshow organized with the BlackRock Mexico leadership team, BIS met with clients in person, including representatives of the country's main retirement fund administrators (known locally as "AFORES") to share our general approach to stewardship and an overview of how we voted on behalf of clients in 2024. Funds managed

by the AFORES on behalf of millions of Mexican workers collectively represent more than 20% of Mexico's GDP.¹ BIS also met board members and C-suite officers from over 60 companies in Mexico, as well as local regulators to discuss corporate governance and stewardship, in general.

In other regions, we continued to meet with clients to better support their requests on specific case studies to help them comply with their own reporting obligations locally. During these meetings, we discussed whether our reporting is meeting their informational needs and providing the necessary quality, breadth, frequency, and accessibility to meet the disclosure expectations of their beneficiaries and regulators. In their feedback, clients acknowledged our ongoing efforts to enhance our reporting in 2024. Having heard client feedback, BIS plans to further improve our reporting capabilities in 2025 to continue to meet our clients' informational needs. We have also heard from portfolio companies that our reporting is fair, balanced, and useful in deepening their understanding of BlackRock's approach to stewardship.

1. El Economista. "Resources administered by Afores exceed 20% of Mexico's GDP." December 3, 2024.

Recognition of our stewardship approach

In 2024, we were pleased to see our approach to stewardship recognized by various organizations globally. Our signatory status to market-level codes and frameworks received renewed status.

For example, in July 2024, BlackRock was recognized as a signatory of the UK Stewardship Code for the fourth year in a row, based on the Financial Reporting Council's (FRC) evaluation of our 2023 annual report.¹ The UK Stewardship Code is recognized as a global standard for reporting investment stewardship practices. Additionally, our 2023 annual report and stewardship-related disclosure were reviewed and rated by the Taiwan Stock Exchange. Based on our reporting, BlackRock was recognized as one of five foreign companies with better institutional investor stewardship disclosure in 2024.²



BIS statements of adherence

BIS' activities are consistent with multiple stewardship codes and other market-level stewardship-related requirements. We regularly update our statements of adherence to ensure transparency and clarity in fulfilling our stewardship responsibilities on behalf of clients. We also explain our reasons for taking a different approach where relevant.

For example, we publish our approach to the recommendations of the European Union Shareholder Rights Directive II Engagement Policy, the European Union Shareholder Rights Directive II Implementation of Engagement Policy, the Principles for Responsible Institutional Investors in Japan, the Stewardship Principles for Institutional Investors in Taiwan, and the UK Stewardship Code.

1. Financial Reporting Council. "FRC announces successful UK Stewardship Code signatories ahead of consultation closure." February 11, 2025. 2. Taiwan Stock Exchange. "List of companies with better institutional investor stewardship disclosure 2024 (in type and alphabetical order)." December 31, 2024.

The BIS team

BlackRock (and its predecessor companies) has had a stewardship team for well over two decades. The function has developed and innovated over time to respond to clients’ stewardship expectations and reporting needs:

We are one of the largest stewardship teams in the industry. With 60+ professionals focused full time on stewardship, our team members bring a breadth of skillsets and life experiences to their work.¹ With a combination of professional expertise in various fields, including legal, financial, communications, consulting, technology, policy, and governance roles, collectively, our team members represent nearly 90 academic disciplines and professional qualifications and speak 20 languages.

We have continuously evolved to meet clients’ needs. In 2009, we were a team of 16. Since then, we have expanded the team and brought in experts with a growing range of relevant skills. We have also developed data analysis and reporting capabilities and innovated to meet clients’ changing expectations through offerings such as BlackRock Voting Choice and the recently launched Climate and Decarbonization Stewardship program.² In 2024, we also continued to adapt our organizational structure to the evolving market environment and to bring more scale across our international platform, which now integrates the APAC and EMEA regions into a single BIS international team.

Our global reach and local presence allow us to develop a deep understanding of local markets dynamics, regulation and norms. We have presence in Americas, APAC, and EMEA operating across nine offices and, enabling engagement with companies that make up ~75% of BlackRock’s clients’ equity AUM.³ Our local approach allows us to execute our stewardship program most effectively across different jurisdictions.

We continue to develop our team and reward high-performance talent. BIS benefits from internal training sessions and a close partnership with BlackRock’s Legal

and Compliance (L&C) team to ensure compliance with the regulatory requirements around stewardship. Learning opportunities are available to our team year-round through BlackRock Academies, internal learning sessions with leadership, as well as external educational seminars and conferences. Additionally, BlackRock has developed a pay-for-performance compensation structure that incentivizes current employees and continues to attract top-tier talent. BlackRock also promotes internal mobility and encourages employees to take ownership of their careers.⁴ In 2024, BIS promoted 11 members across Managing Director, Director, Vice President, and Associate positions.⁵



1. As of March 31, 2025. 2. See page 49 for additional information on BlackRock Voting Choice and the Climate and Decarbonization Stewardship Program. 3. BlackRock. Reflects BlackRock exposure as of December 31, 2024. 4. BlackRock. “At BlackRock, you can change career paths without leaving the company.” January 21, 2022. 5. Two members promoted to Managing Director, three to Director, two to Vice President, and four to Associate. Effective January 1, 2025.

The governance structure, risk oversight, and accountability process of the stewardship function at BlackRock

The Global Executive Committee (GEC) is BlackRock's leadership team and sets the strategic vision and priorities of the firm and drives accountability at all levels.¹ Joud Abdel Majeid, Global Head of BlackRock Investment Stewardship, reports to the CEO of BlackRock and is a member of the GEC. Joud has primary oversight of BIS and is responsible for leading the stewardship team and all BIS activities globally.

Furthermore, the BlackRock Board of Directors receives an annual update on BIS's investment stewardship program. The Nominating and Governance Committee (NGC) of BlackRock's Board of Directors also receives updates on material changes following the publication of the BIS Benchmark Policies, which are reviewed annually.

Risk oversight and accountability at BIS

Formal risk oversight of investment stewardship is provided by the BIS Global Oversight Committee and three regional Stewardship Advisory Committees. We are confident that this governance structure supports oversight and accountability of stewardship-related activities on behalf of clients and in alignment with our firm's business model and size.

BIS Global Oversight Committee

A risk-focused committee, comprised of the Global Head of Investment Stewardship and senior BlackRock executives with legal, risk, and other experience relevant to team oversight. The committee does not determine voting decisions, which are the responsibility of BIS. The committee – which meets at least twice a year – is chaired by the Global Head of BIS, although the majority of its members are independent from the investment stewardship function.

BIS Stewardship Advisory Councils

BIS maintains advisory councils for the Americas, EMEA, and APAC, composed of some of the firm's senior professionals and governance and stewardship experts. Their role includes providing valuable insights and perspectives on complex, sensitive, or high-profile proxy voting matters. They may also be asked to review proposed changes to BIS' Benchmark Policies if new policies are considered.

The BIS Executive Committee

The Executive Committee promotes individual accountability while simultaneously providing day-to-day guidance, oversight, and support to the global BIS team on routine stewardship matters, as well as career development and performance. The Executive Committee is comprised of the Global Head of BIS, the Head of the Americas, the Head of BIS International, and the Global Chief Operations Officer and Head of Platform. The Executive Committee generally meets on a weekly basis to discuss routine stewardship matters, as well as BIS team members' performance and talent development plans, including career progression and succession planning. As part of these meetings, they may also convene the Voting Decision Oversight Council, a venue where voting items may be formally escalated to the attention of the Executive Committee. They also hold routine Global Town Halls to discuss strategic objectives, performance milestones, and future initiatives.

1. BlackRock. "The Global Executive Committee."

Spotlight

Assessment of stewardship activities in practice

The BIS Global Oversight Committee receives and reviews periodic reports regarding the votes cast by BIS, as well as updates on material process issues, procedural changes, and other risk oversight considerations. The BIS Global Oversight Committee reviews these reports in an oversight capacity as informed by the BIS regional voting guidelines. The BIS Global Oversight Committee also reviews and confirms, on an annual basis, the appointment of an independent third-party voting service provider to address actual or perceived conflicts of interest in relation to BIS' voting activities on behalf of our clients. Our conflicts of interest policy is explained in further detail on page 45. The purpose of our internal governance structure is to provide internal assurance in relation to our stewardship voting processes and ensure that BIS is operating in line with our fiduciary duty.

In addition, BIS is audited periodically by BlackRock Internal Audit, a global function covering BlackRock businesses and activities. The mandate of Internal Audit is to objectively assess the adequacy and effectiveness of

BlackRock's internal control environment in order to improve risk management, control, and governance processes. Internal Audit employs a risk-based audit methodology that optimizes the allocation of resources to the areas of highest risk. An annual risk-based audit plan is developed from a risk assessment process that evaluates BlackRock businesses and activities and includes key risk considerations.

For external assurance, BIS contracts with third-party specialists to undertake specific vote reviews. These service providers review a sample of proxy votes cast by BIS and, when applicable, the voting recommendations made by the independent third-party voting service provider to ensure votes cast accurately reflect BlackRock's voting guidelines. More information about how we ensure services are delivered to meet our stewardship needs on behalf of clients is included in the section titled **"Our approach to proxy research firms and other service providers."**

Our approach to proxy research firms and other service providers

For clients that have delegated voting authority to BlackRock, BIS casts all votes according to BIS' voting guidelines – independently of any proxy research firm's voting policy.

We use proxy research firms' technology, data, analysis, and reporting offerings to support our vote execution and operational processes. A broad range of proxy research firms provide these services, including Institutional Shareholder Services (ISS), Glass Lewis, Egan-Jones, Institutional Voting Information Service, Ownership Matters, Stakeholder Empowerment Services, and ZD Proxy. Eligible investors who wish to participate in our Voting Choice offering can also choose from a range of third-party policies provided by certain of these proxy research firms, based on their investment goals.

BIS has dedicated operational specialists on the team who are fully focused on ensuring votes cast on behalf of clients are

successfully instructed. The controls we have in place ensure that we identify upcoming meetings, cast votes ahead of the voting deadline for each meeting, reconcile holdings with ballots received, and identify any uninstructed ballots.

BIS does not follow any proxy research firm's voting recommendations. For example, when ISS' benchmark policy recommended a vote against management on shareholder proposals, BIS voted to support management on ~81% of these proposals in 2024.¹

1. BlackRock, ISS, reflecting data from January 1, 2024, through December 31, 2024. Data sourced on March 18, 2025. Includes only governance, climate and natural capital, and company impacts on people shareholder proposals where both management and ISS disclosed a voting recommendation. 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. To learn more about BIS' proposal taxonomy and a full detail of total proposals voted, please refer to the Appendix section.

The proxy voting process

Given the large universe BIS covers, our team employs an external proxy service vendor to streamline the voting process by making voting recommendations according to the applicable BIS regional voting guidelines when the items on the meeting agenda are routine and there is nothing contentious regarding the specific matter. Agenda items that are not routine or have potentially contentious fact patterns are referred back to the relevant BIS analyst to vote. Vendor recommendations based on BIS' regional voting guidelines can be overridden at any time prior to the vote deadline and

are regularly reviewed by BIS. Both BIS and the proxy services vendor actively monitor securities filings, research reports, company announcements, and direct communications from companies to ensure awareness of supplemental disclosures and proxy materials that may require a modification of votes. The proxy service vendor's performance is reviewed on a periodic basis. The detailed process for casting votes on behalf of clients, from onboarding portfolios to providing voting reports to clients, is available in the Appendix section.

How we monitor the quality of proxy research firms and other service providers

BIS oversees proxy research firms and other service providers in alignment with BlackRock's global policies, which require that suppliers undergo thorough financial, operational, risk, and contract diligence processes on a consistent basis.

We closely monitor the proxy research firms and service providers we contract with to ensure that they are meeting our service level expectations and have effective policies and procedures in place to manage potential conflicts of interest. This oversight includes regular meetings with client service teams, systematic monitoring of vendor operations, as well as annual due diligence meetings:

- Each week, we meet with the external proxy service vendor's client service team to review service levels, account set-ups, vote execution, on-going projects, ad hoc events, and other developments that might affect our ability to vote thoughtfully and accurately on behalf of clients. In the weekly meetings, BIS also escalates any previously reported issues on research, data, or reporting.

- Each year, we have an in-person due diligence meeting with an extended group, including members of the proxy service vendor's senior leadership team. We cover a range of issues, such as research quality, vote execution, operational processes and controls, conflicts management, business continuity, product improvements, corporate developments (e.g., ownership, key personnel, and resources) and the regulatory landscape.

For the year 2024, BIS determined that our service providers — including contracted research firms and proxy voting service providers — met our service level expectations.

How BIS manages conflicts of interest

BIS is an independent function within BlackRock. While BIS engages with a broad range of internal groups, the team's responsibilities are separate from sales and distribution activity to mitigate conflicts of interest and to preserve voting integrity and clients' trust.

BIS maintains policies and procedures that are designed to prevent undue influence on its proxy voting activity. Such influence might stem from any relationship between the investee company (or any shareholder proponent or dissident

shareholder) and BlackRock, BlackRock's affiliates, a Fund or a Fund's affiliates, or BlackRock employees.

BlackRock's L&C team maintains a list of companies where potential or perceived conflicts of interest could arise. BIS then uses an independent third-party voting service provider to make proxy voting recommendations for shareholder meetings held by BlackRock, Inc. and companies affiliated with BlackRock, Inc. These recommendations are made in accordance with the relevant regional voting guidelines, as to how to vote such proxies.

To learn more about our conflicts of interest policy, including detail on the criteria to determine if and when BIS uses an independent third-party voting service provider, please refer to our commentary "**How BlackRock Investment Stewardship manages conflicts of interest.**"

[Learn More >](#)

Case study

How BIS applied its conflicts of interest policy in 2024

Conflicts of interest are managed in accordance with BIS' policies and procedures. BlackRock maintains robust structures and processes to monitor for and manage potential conflicts of interest and to ensure that proxy voting is insulated from impact.

The Chairman and CEO of Verizon Communications Inc. (Verizon) – a telecommunications company – is also an independent non-executive director on BlackRock, Inc.'s

board, serving on the audit and risk committees.¹ For Verizon's May 2024 AGM, consistent with BIS' policy, BIS outsourced the voting recommendation(s) to the independent third-party voting service provider. Voting decisions, including those made at the recommendation of the independent third-party voting service provider, are available on BIS' Global Vote Disclosure [tool](#).

1. BlackRock, Inc. "[Board of Directors](#)."

How BIS monitored its independent third-party voting service provider to ensure services were delivered to meet our needs

In selecting an independent third-party voting service provider, we assess several characteristics, including but not limited to: independence, an ability to analyze proxy issues and make proxy voting recommendations in the economic interest of our clients in accordance with regional voting guidelines, reputation for reliability and integrity, and operational capacity to accurately deliver the assigned vote recommendations in a timely manner. We may engage more than one independent third-party voting service provider, in part to mitigate potential or perceived conflicts of interest at a single voting service provider.

BIS reviews annually, after peak shareholder meeting season, the vote recommendations made by the independent third-party voting service provider to ensure they are consistent with our published regional voting guidelines. We report the findings of the review to the BIS Global Oversight Committee. We also meet with the independent third-party voting service provider once a year to discuss any vote recommendations that seemed inconsistent with BIS’ regional voting guidelines and to explain any changes to these guidelines planned for the following year.

We are confident that these measures enable us to appropriately manage perceived and potential conflicts of interest related to proxy voting while ensuring that we exercise, on our clients’ behalf, the voting rights that help protect and enhance the long-term financial value of their assets.

In 2024, BIS retained Glass Lewis as the independent third-party voting service provider, and their services were retained again in 2025. Their performance will be evaluated at the end of 2025 as part of BIS’s annual reviews and BlackRock’s vendor due diligence process.

BlackRock’s approach to securities lending and its relationship with proxy voting

When a security is lent, the voting rights and entitlements associated with it transfer to the borrower. Entitlements (dividends, coupons, etc.), while on loan are paid back to the lender of the security as stipulated in industry standard legal agreements.

When authorized, BlackRock acts as a securities lending agent on behalf of its clients. Lending securities enables BlackRock to increase the returns in clients’ portfolios, and BlackRock’s lending agreements allow it to

recall securities out on loan at any time. BlackRock does not retain voting rights for securities out on loan.

BIS monitors upcoming votes and evaluates whether to request a recall of any securities on-loan within BlackRock’s securities lending program. This decision is based on various factors which include, but are not limited to, potential securities lending revenue and the potential long-term financial benefit to clients of voting those securities (based on the information available at the time of the recall consideration).¹

1. Recalling securities on loan can be impacted by the timing of record dates. In the U.S., for example, the record date of a shareholder meeting typically falls before the proxy statements are released. Accordingly, it is not practicable to evaluate a proxy statement, determine that a vote has a material impact on a fund and recall any shares on loan in advance of the record date for the annual meeting. As a result, managers must weigh independent business judgement as a fiduciary, the benefit to a fund’s shareholders of recalling loaned shares in advance of an estimated record date without knowing whether there will be a vote on matters which have a material impact on the fund (thereby forgoing potential securities lending revenue for the fund’s shareholders) or leaving shares on loan to potentially earn revenue for the fund (thereby forgoing the opportunity to vote).

BIS works separately with colleagues in the Securities Lending and Risk and Quantitative Analysis teams to evaluate the costs and benefits to clients of recalling shares on loan. In most cases, BlackRock anticipates that the potential long-term financial value to clients of voting shares would be less than the potential revenue the loan may provide clients.

It is important to note that the majority of lendable assets in the market at any given time are not out on loan.

Generally, BlackRock tends to see borrowing demand of around 7% of lendable assets across portfolios we manage, meaning ~93% of securities are available to be voted on.¹ Given our analysis that retaining lending revenue is normally more aligned with clients' financial interests, we have recalled securities on loan in order to vote shares in only a limited number of cases. Periodically, BlackRock reviews our process for determining whether to recall securities on loan in order to vote and may modify it as necessary.

1. As of December 31, 2024.



Offering clients more choice

In addition to our stewardship Benchmark Policies, BlackRock offers two additional stewardship options to provide clients with more choice to meet their investment goals: BlackRock Voting Choice and the Climate and Decarbonization Stewardship Program

Empowering investors through BlackRock Voting Choice

Today, investors can choose from thousands of low-cost, high-quality investment funds across asset classes and markets. We believe greater choice should extend to proxy voting and BlackRock is committed to a future where every investor can participate in the proxy voting process if they so choose.

Launched in January 2022, BlackRock Voting Choice – sometimes known as pass-through voting – provides eligible clients with more opportunities to participate in the proxy voting process, where legally and operationally viable. Since then, BlackRock has continued to expand Voting Choice by extending the pool of eligible client assets that can participate and expanding the range of voting policies from which clients can choose.

Public and corporate pension funds serving more than 60 million people globally are eligible to invest in BlackRock products that offer Voting Choice.¹

As of December 31, 2024, \$3.1 trillion of BlackRock's \$6.3 trillion total index equity AUM are eligible to participate in BlackRock Voting Choice, where legally and operationally viable, with clients representing \$679 billion in index equity client assets exercising this option. The majority of eligible clients continue to entrust the BIS team with this important responsibility, consistent with BlackRock's fiduciary duties as an asset manager.

Learn more about BlackRock Voting Choice.

Learn More >

Voting choice for eligible U.S. retail shareholders

In February 2024, we launched a pilot program to make BlackRock Voting Choice available for retail shareholders in our largest ETF for the first time. The pilot program expanded BlackRock Voting Choice beyond institutional investors to eligible retail shareholders in the U.S., encompassing more than three million shareholder accounts representing about \$275 billion of the fund's total \$585 billion in assets. BlackRock is continuing the program in 2025. We have also included Egan-Jones's Wealth-Focused Policy as a third-party voting policy provider, expanding the available proxy voting policy options to eligible shareholders in the U.S. from seven to eight.

Voting choice for eligible global institutional clients

In July 2024, we added Egan-Jones as the third voting policy provider on our BlackRock Voting Choice platform for institutional clients. We also announced that we would support interested institutional clients with separately managed accounts (SMA) in implementing custom voting guidelines reflecting their investment goals and preferences. With the addition of two Egan-Jones voting guidelines, BlackRock Voting Choice gives eligible institutional clients more choice, with 16 distinct voting guidelines from three voting policy providers, in addition to BIS' Benchmark Policies.²

2. The three proxy advisors are Egan-Jones, Glass Lewis, and ISS.

1. BlackRock. "The transformative power of voting choice." 2022.

Stewardship for climate and decarbonization-focused funds

Many clients around the world have decarbonization as an investment objective, and 100% of our largest European clients have made net zero commitments.¹

In response to client demand, in February 2024, we announced the design of a new stewardship program for clients with explicit decarbonization investment objectives. We engaged with interested clients globally to gather feedback and, in July 2024, we published the new Climate and Decarbonization Stewardship Guidelines that apply to the program, as well as the ~80 in-scope funds to which the guidelines initially applied.

The climate and decarbonization stewardship program applies only to funds that have explicit climate and decarbonization investment objectives and that have been approved for inclusion in the program by the respective governing body. SMA clients may also instruct BlackRock to apply the program to their holdings.

In October 2024, we began engaging with companies on behalf of BlackRock's clients who have explicit decarbonization investment objectives. We held approximately 80 engagements in Q4 2024 to listen to companies' perspectives on material business risks and opportunities they are facing to help make more informed voting decisions on behalf of in-scope funds in advance of the 2025 proxy season.

For clients who have not directed BlackRock to explicitly prioritize climate risks and decarbonization as an investment objective, we continue to undertake our stewardship responsibilities in line with our Benchmark Policies, with a sole focus on advancing those clients' long-term financial interests.

Learn more about the climate and decarbonization stewardship guidelines.

Learn More >

Funds in-scope

The program includes 100+ in-scope funds in the Americas, APAC, and EMEA with specific climate and decarbonization objectives, representing \$187 billion of client AUM.^{2,3}

How the program works

The guidelines are applied in conjunction with stewardship's Benchmark Policies. In addition to financial objectives, the guidelines consider companies' strategies to align with a transition to a low-carbon economy that would limit average global temperature rise to 1.5°C above pre-industrial levels.

2. BlackRock. Number of funds and AUM as of December 31, 2024.

3. Starting in 2025, BIS and BAIS separately administer the program for their respective in-scope strategies.

1. Includes a select group of our largest client relationships. Net zero commitments are sourced from the Glasgow Financial Alliance for Net Zero website and respective company websites, as of January 2025.



2024 case studies



How to read the case studies:

BIS' engagement and voting activities during the reporting period are described through the lens of our five Engagement Priorities in the section below, which includes 30+ company case studies that illustrate our case-by-case approach to stewardship.

Each case study is composed of two sections: **Background** and **Outcome**. The background section includes general information about the company and a description of the proposal up for vote. If we engaged with a company, we also provide a brief description of our interaction.

In the outcome section, we note our voting decision on the proposal and provide a rationale for the vote. For BIS, an outcome refers to the effectiveness of our engagements.

This is based on whether they helped lead to more informed voting decisions and/or deepened our understanding of a company's business model. In the outcome section, we also clarify whether an engagement or company disclosures provided us with additional insights that informed our views. We include the relevant voting results of specific ballot items at a shareholder meeting.

In our engagements, we do not direct companies on how they should manage their business. That responsibility lies with management, with input from their board. In addition, we do not view stewardship as the mechanism to directly seek outcomes related to economies and societies as a whole, which is the role of governments and policymakers.



Strategy, purpose, and financial resilience

BIS engages with companies 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 evolve. We also seek to understand how companies manage risks and opportunities within their operations to deliver long-term financial value for shareholders.

In 2024, BIS held 2,598 engagements with 1,948 companies on strategy, purpose and financial resilience.¹

For more information, please see our commentary **“Our approach to engagement on corporate strategy, purpose and financial resilience.”**

Learn More >

1. BlackRock. Sourced on January 9, 2025, reflecting data from January 1, 2024 through December 31, 2024.

Spotlight

Market-based economic risks: Financial resilience amid waves of market transformation

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.² Investors are seeking to understand how these forces will shape both future economic performance and the returns at companies they invest in.

BIS discusses these issues in our viewpoint published in early 2024, [“Financial resilience in a new economic regime.”](#) Throughout the year, we welcomed the opportunity to hear from companies about how they were adapting to strengthen their financial resilience in the new economic regime. We observed that many companies were adjusting their strategies to navigate the complex environment and seize emerging opportunities.

Meanwhile, others focused on streamlining their operations and strengthening capital discipline.

In our engagements, we listened to companies' perspectives on these issues, including how they were positioning themselves to benefit from this transformation, and strengthen their resilience to support their business across a wider range of macro environments.

In the following case study, we highlight an example where BIS engaged to further understand how a company positioned itself to enable growth and remain financially resilient amid a complex macroeconomic environment. The company received a shareholder proposal that, in BIS' view, would have imposed a financial cost that outweighed the informational benefits for investors in light of the company's financial condition.

2. BlackRock Investment Institute. “Mega forces: An investment opportunity.” 2023.

Noodles & Company

Background: Noodles & Company is a U.S.-based restaurant chain.

The agenda of Noodles & Company's May 2024 AGM included a shareholder proposal requesting that the company "disclose its current [greenhouse gas] GHG emissions, establish and publish targets for measurably reducing them, and regularly report progress meeting those targets."¹

As outlined in our [Global Principles](#), we assess shareholder proposals on a case-by-case basis, taking into consideration the context within which a company operates and its implications for long-term financial value creation. We may engage with a company, and if appropriate, the proponent, to further understand their positions and inform our voting decision.

In advance of the shareholder meeting, BIS engaged with Noodles & Company to gain insights into the board's oversight of, and management's approach to, material climate-related risks and opportunities, and how these align with the financial interests of our clients as long-term, minority investors. In addition, BIS sought to understand how to weigh the importance of enhanced disclosure of climate-related data versus the need to allow management to maintain focus on improving the company's financial footing.

At the time of the AGM, Noodles & Company was in a challenging financial position. Its stock price was down

more than 80% over the last three years, total revenues had fallen 1.2% in 2023 compared to 2022, average unit volumes decreased 2.3% in 2023 compared to 2022, and it reported a net loss of \$9.9 million in FY2023.² The company ended its fiscal year with \$80.2 million in long-term debt (up from \$46.1 million at the end of the previous fiscal year) and, as of the May 2024 AGM, had a market capitalization of approximately \$97 million.³ In addition, the company had recently undergone a leadership change with a new CEO named in March 2024.⁴

Outcome: BIS did not support the shareholder proposal. While Noodles & Company did not report the items requested in the shareholder proposal, which are components of the TCFD and ISSB reporting standards that have been broadly adopted by companies in the restaurant industry, it was not in the long-term financial interests of our clients to support the proposal.

Our assessment and insights gained from our engagement, indicated that the financial cost to the company to provide the requested information outweighed the informational benefit to investors in light of its financial condition. Given the company's situation, it was in our clients' long-term financial interests for the board and management to focus on executing the strategic turnaround plan and bolstering the company's capacity for sustained earnings growth. The shareholder proposal received approximately 28% shareholder support.⁵

1. Noodles & Company. "Notice of Annual Meeting of Stockholders". March 2024. 2. Source: S&P Capital IQ. May 2024. 3. 2023 10-K. S&P Capital IQ. May 2024.

4. Noodles & Company. "Noodles & Company Announces Appointment of Drew Madsen as CEO". March 7, 2024. 5. Noodles & Company. "Form 8-K." May 15, 2024.

Engaging and voting on proposals to amend companies' governance structures

An effective and well-functioning board with appropriate governance structures to oversee a company's management and strategic initiatives is critical to the long-term financial success of a company and the protection of shareholders' financial interests. The following examples illustrate how we engaged with two companies on their governance structures in relation to management or shareholder proposed changes to its bylaws and articles of association (AOA), respectively. Through these engagements and comprehensive company disclosures, we gained sufficient context to understand how companies are establishing governance structures aligned with shareholders' long-term financial interests.

Case studies

Acer Incorporated (Acer)

Background: Acer is a Taiwan-based information and communications technology company.¹

A management proposal was on the agenda of Acer's May 2024 AGM to amend the company's bylaws to revise the procedures for acquiring or disposing of assets, as well as the procedures governing the lending of capital to others.²

Ahead of their AGM, Acer published additional disclosures detailing how the proposed amendment would support business expansions across regions. They outlined differentiated investment limits for wholly-owned versus non-wholly owned subsidiaries and provided further rationale for amending the lending limits. Additionally, Acer detailed the specific potential subsidiaries using the funds and the intended uses of the funds.³

In response to the additional disclosure, BIS sought further clarification with management. Acer's responses helped BIS gain a deeper understanding around how it considers its lending practices in light of its business strategies, as well as the company's approach to managing potential risks when investing in and lending to non-wholly owned subsidiaries.

Outcome: In our assessment, we found that Acer provided sufficient disclosure on this proposal, which is not common for similar proposals in this market. In particular, the company disclosed the business rationale for amending the procedures and provided detail of mitigating measures. These included stating that they had no intention to invest beyond a certain percentage of Acer's net equity and adding lending limits regarding certain parties. We found these disclosures useful to inform our voting decision. As a result, BIS supported management's proposal to amend the company's bylaws which was approved at the May 2024 AGM with ~59% shareholder support.⁴

1. Acer Incorporated. "2023 Annual Report." 2024. 2. Acer Incorporated. "Agenda of 2024 General Shareholders' Meeting." 2024. 3. Acer Incorporated. "A Letter to Shareholders" and "Supplementary information for Item III to be recognized and discussed at the Y2024 General Shareholders Meeting." 2024. 4. Acer Incorporated. "The Votes Received to Commencement of AGM." 2024.

Nestlé S.A. (Nestlé)

Background: Nestlé is a multinational food and beverage company headquartered in Switzerland.

The agenda of Nestlé's April 2024 AGM included a shareholder proposal that sought amendments to the company's AOA. The proposal requested that Nestlé commit to producing an annual sustainability report, including specific key performance indicators on its product mix, with timebound targets to increase the proportion of sales derived from healthier products.¹

At the company's request, in March 2024, BIS engaged with members of Nestlé's management team to understand their views on the proposal. In our engagement, BIS learned that the Swiss company was the first major food and beverage company to disclose the nutritional value of its entire product portfolio using government-endorsed nutrient profiling systems.²

During the engagement, Nestlé also communicated its commitment to improving the nutritional value of its products through methods like reformulation – reducing sugar across their entire portfolio, reducing trans-fat levels in products, and improving the Health Star Rating of products.^{3,4}

Nestlé also highlighted its longstanding commitments to “boost sales of its more nutritious foods” and advance efforts to “help people enjoy a balanced diet.”⁵ The company aims to grow its nutritious portfolio by \$23–\$29 billion by 2030, a 50% increase over 2022 sales, subject to consumer demand for such products.^{6,7}

Outcome: BIS did not support the shareholder proposal as we determined that amending the company's AOA was an unnecessarily prescriptive course of action. Moreover, the request for Nestlé to increase its focus on healthier products is a strategic matter that should be determined by management.

BIS also did not have concerns regarding the company's current level of disclosure associated with the nutritional value of its products and nutrition strategy, given Nestlé's track record of transparency in reporting on the environmental and societal impacts of its business activities. The proposal did not pass, receiving ~11% shareholder support.⁸

1. Nestlé S.A. “[Invitation to the Annual General Meeting 2024 of Nestlé S.A.](#)” March 19, 2024. 2. According to the World Health Organization (WHO), nutrient profiling is “the science of classifying or ranking foods according to their nutritional composition for reasons related to preventing disease and promoting health.” There are several Nutrient Profiling Models endorsed by governments globally, which rate products on a range of factors such as energy, saturated fat, salt and sugar content, as well as fiber and protein. Governments can use these models to set public health policies and apply marketing restrictions. Source: [WHO](#). Please also see: Nestlé S.A. “[Transparency on our portfolio](#).” 2024. 3. Nestlé S.A. “[What is Nestlé's position on ShareAction's proposal at the 2024 AGM?](#)” 2024. 4. The Health Star Rating (HSR) is “a well-known nutrient profiling system used on front-of-pack nutrition labels in some countries and applied by the Access to Nutrition Initiative (ATNI). HSR rates products on the total energy, saturated fat, sodium and sugar content, which can lower the score, as well as the amount of fiber, protein, fruit, vegetables, nuts and legumes (such as lentils), which can increase the score.” See: Nestlé S.A. “[Transparency on our portfolio](#).” 2024. 5. Nestlé S.A. “[Nestlé sets target to boost sales of its more nutritious foods and steps up support for balanced diets](#).” September 28, 2023. 6. The amount is equivalent to CHF 20–25 billion, or EUR 21–26 billion. 7. Nestlé S.A. “[Nestlé sets target to boost sales of its more nutritious foods and steps up support for balanced diets](#).” September 28, 2023. 8. Nestlé S.A. “[Voting results of the Annual General Meeting 2024](#).” 2024.

Assessing contested director elections through the lens of long-term financial value creation

Shareholder activist situations, particularly contested director elections, are one of the mechanisms through which corporate strategy and financial resilience become key voting considerations. In 2024, activists globally gained 119 board seats, slightly above the four-year average of 115 – 24% of board seats were won through proxy fights while 76% were won through settlements.¹ While each shareholder activist campaign is unique, reshaping company strategy was a primary motivator for dissident shareholders launching proxy contests in 2024.

BIS evaluates each activist situation individually and votes in support of the outcome we consider to be most aligned with our clients’ long-term financial interests. When assessing director elections in contested situations, we may engage with both the company and the dissident shareholder to understand their positions and inform our voting decision.

In these situations, some of the factors we consider include: the qualifications and past performance of the candidates proposed by management and the dissident shareholder; the concerns identified by the dissident to

justify board changes; the viability of both the dissident’s and management’s plans to address any valid concerns; the ownership stake and holding period of the dissident; the likelihood that the dissident’s strategy will contribute to better business and financial performance; and whether the dissident’s nominees would enhance the board’s ability to effectively oversee and advise management to deliver long-term shareholder value.

When the board and management articulate an ability to adequately address any legitimate concerns raised by the dissident shareholder; have the requisite expertise to effectively address them; and publicly indicate the steps they will take to do so, we are inclined to support management, as in our experience, this results in a less disruptive transformation.

Case study

The Walt Disney Company (Disney)

Background: Disney is a diversified global entertainment company based in the U.S. with operations in three business segments: Disney Entertainment, ESPN, and Disney Experiences.²

Disney’s performance in recent years attracted three shareholder activist campaigns, each proposing strategic changes for the company. Two shareholders believed that their proposed changes would best be enabled by adding dissident director nominees to Disney’s board at its April 2024 AGM, and each proposed alternative candidates to the company’s nominees. In January 2024, the third shareholder entered into an information-sharing agreement with Disney and pledged its support for the company’s nominees.

Following outreach from the company, BIS held several engagements with Disney’s board and leadership ahead of their April 2024 AGM. At the activists’ request, BIS also engaged with both dissident investors to understand how their proposed

strategy and board changes would add long-term economic value at Disney.

Outcome: BIS voted in support of management’s recommended slate of directors. In our assessment, the Disney board and management had taken steps to restore investor confidence, were responsive to shareholders’ concerns, and demonstrated progress in implementing the company’s revised strategy. As a result, we determined that the directors proposed by management were best positioned to oversee the implementation of the revised strategy and make any necessary governance changes.

Shareholders voted to re-elect all of management’s recommended slate of directors, including the CEO, who received approximately 94% of shareholder support.³

1. Barclays Shareholder Advisory Group. “2024 Review of Shareholder Activism.”

2. The Walt Disney Company. “Our business.” 3. The Walt Disney Company. “Form 8-K/A.” April 17, 2024.

Voting to protect minority shareholders' rights in the Italian market

Globally, there are common rights associated with owning the shares of a public company. These include voting on the election of the board of directors and other standard governance matters, voting on key board decisions that may affect the creation of long-term financial value for shareholders, and having access to information on material governance, strategic, and business matters to make informed decisions.

In BIS' view, shareholder voting rights should be proportionate to economic ownership. We find that the principle of “one share, one vote” helps to achieve this balance. BIS is not supportive of impediments to the exercise of these rights.

In March 2024, the Italian government enacted significant regulatory changes with the stated goal of positioning the Italian capital market as a more attractive and competitive listing option for public companies. The legislation – known as the “Law Capitali” – was approved by the Italian parliament in February 2024.¹ Among its provisions, the Law Capitali allows Italian-listed companies to amend their AOA to significantly increase the voting rights of certain shareholders, and to alter the format of their shareholder meetings, including providing the option to hold meetings with the exclusive participation of a sole representative appointed by the company.²

Case study

Amplifon SpA (Amplifon)

Background: Amplifon is a large Italian hearing care solutions company with retail operations in 26 countries.³ Amplifon was one of the first companies in Italy to propose amendments to its AOA in accordance with the new provisions contained in the Law Capitali.

At its April 2024 extraordinary general meeting (EGM), Amplifon included two proposals to increase voting rights for certain shareholders and to provide the option to hold general meetings with the exclusive participation of a representative appointed by the company, limiting the facilitation of open, meaningful dialogue.

In advance of the EGM, BIS engaged with Amplifon's corporate leadership to better understand its approach to the new regulation, and how the proposed AOA amendments could impact the rights of BlackRock's clients as long-term, minority shareholders.

Outcome: BIS did not support the two proposals due to concerns that the proposed changes would significantly impact the rights of minority shareholders. Both proposals received approximately 71% of shareholder support.⁴ At the time of the April 2024 EGM, Amplifon's major shareholder – a holding company owned by Amplifon's founding family – held ~42% of shares and ~59% of the voting rights.⁵

1. Gazzetta Ufficiale, “LEGGE 5 marzo 2024, n. 21.” 2. Simmons & Simmons LLP, “Draft Law on Capital Markets (the so-called “DDL Capitali”).” March 4, 2024.

3. Amplifon SpA, “Global Operations.” 4. Amplifon SpA, “AMPLIFON S.P.A. ORDINARY SHAREHOLDERS' MEETING CONVENED ON 30 APRIL 2024 Summary of voting on agenda items pursuant art. 125-quater of Legislative Decree n. 58/98” May 2024. 5. Amplifon SpA, “Shareholding Structure.”

Our perspective on corporate political activities

BIS seeks to understand how corporate political activities align with companies' long-term strategy and financial performance.¹ As part of this, we look at a company's publicly available required and voluntary disclosures to understand how industry body memberships, lobbying, and political contributions support its stated policy positions.

Companies may engage in a number of political activities, within legal and regulatory limits, to support their preferred outcome on public policy matters material to their long-term strategies.²

These activities may include direct lobbying of government officials, public responses to proposed regulatory changes or legislation, and political contributions. Participation in industry and trade associations may also help companies to stay informed about developments likely to impact their industry.


BIS does not tell companies which policy positions they should take, or how to conduct such activities. Instead, we encourage companies to provide investors with disclosures that clarify the governance processes supporting board oversight of these activities, as well as the link between companies' stated strategic policy priorities and their approach to political activities, including participation in industry associations.

BIS may support a shareholder proposal requesting additional disclosure where increased transparency would help investors understand how a company's political activities support its stated strategic policy priorities or where there seem to be material inconsistencies between those policy priorities and the company's activities.

1. Corporate political activities may include lobbying as defined by local regulations, engagement with public officials with the intent to influence legislation or regulation and activities related to the election of policymakers. 2. Regulations differ across markets. For example, in the U.S., while lobbying is constitutionally protected free speech under the First Amendment, federal law requires corporations register individual employees engaged in lobbying activity as lobbyists if they meet the standards under the Lobbying Disclosure Act of 1995 and disclose the corporation's expenses related to federal lobbying. Further, U.S. federal law prohibits corporations from making direct political contributions to candidates for federal office. However, corporations are permitted to make independent expenditures in support of a candidate and may establish a Political Action Committee (PAC) funded by voluntary contributions from a restricted class of eligible employees. Federal law requires campaigns, political party committees, and PACs to publicly report the identity of their contributors and contributions made by them. In addition to federal laws, there are also various state and local laws governing corporate contributions in those jurisdictions. Some states and localities also require additional company-specific filings. Local jurisdictions may set their own laws on what constitutes lobbying and is disclosed to relevant governments



Board quality and effectiveness



Appropriately qualified, engaged directors with characteristics relevant to a company's business enhance the board's ability to add financial value and be the voice of shareholders in board discussions. In our view, a strong board gives a company a competitive advantage, offering valuable oversight and contributing to the most important management decisions that support long-term financial performance. This is why our investment stewardship efforts have always focused on the performance of the board of directors and why we consider engagement with, and the election of, directors as one of our most important responsibilities.

During 2024, BIS held 2,032 engagements with 1,704 companies to gain additional clarity on their approaches to director independence, board composition, director overcommitment, and succession planning.¹

The election of directors to the board is a near-universal right of shareholders and an important signal of support for, or concern about, the performance of the board in overseeing and advising management.

When evaluating boards as a whole, we look at a number of factors. These include the board's effectiveness as a group, individual directors' independence and time commitments, as

well as the breadth and relevance of director experiences and skillsets, and how these factors may contribute to a company's financial performance. We look to boards to establish a formal and transparent process for nominating directors that reflects the company's long-term strategy and business model. Regular director elections benefit the ability of boards to adjust their composition in an orderly manner to account for a company's operating environment, and to refresh the group's thinking on matters material to financial value creation.

In 2024, BIS voted on more than 167,000 management and shareholder proposals. More than 75,000 of proposals voted were on director elections. BIS supported ~90% of these proposals, reflecting our assessment that boards and management teams generally acted in alignment with shareholders' interests.

The four key reasons we did not support management recommendations on ~10% of director elections were governance-related and have been consistent over the years: director independence, board composition, executive compensation that is not aligned with shareholder interests, and director overcommitment.² Independence remained the primary reason we did not support director elections globally,

mainly driven by votes to not support director elections in APAC, reflecting the prevalence of controlling shareholder structures in many markets in this region.

The following case studies include examples on our approach to voting on board independence, composition, and overcommitment in the Americas, APAC, and EMEA. For examples on our approach to voting on executive compensation, please refer to the section titled **"Incentives aligned with financial value creation."**

For more information, please see our commentary **"Our approach to engagement on board quality and effectiveness."**

Learn More >

1. BlackRock. Sourced on January 9, 2025, reflecting data from January 1, 2024 through December 31, 2024. 2. BlackRock. ISS. Sourced on March 18, 2025, reflecting data from January 1, 2024, through December 31, 2024.

Case studies

Director independence

CJ CheilJedang Corp. (CJ CheilJedang)

Background: CJ CheilJedang is a food processing company based in Korea.

On the agenda of CJ CheilJedang's April 2024 AGM were management proposals to newly elect one independent non-executive director (INED) to serve as an audit committee member and to re-elect one incumbent executive director to the board.

As outlined in the [BIS proxy voting guidelines for Southeast Asia, South Korea, and Taiwan securities](#), BIS looks to boards to have a sufficient number of independent directors, free from conflicts of interest or undue influence,

to ensure objectivity in the decision-making of the board and its ability to oversee management.

Outcome: BIS did not support the election of the INED and the incumbent executive director due to concerns about board independence. Specifically, BIS assessed the new INED nominee's independence and found potential conflicts, given their advisory role at a law firm that provides legal services to the company and its affiliated entities.

The two directors received approximately 96% and 83% of shareholder support.¹ As of December 2024, CJ CheilJedang's major shareholders – Holdco CJ Corp and additional shareholders – held approximately 45% of issued shares.²

1. CJ CheilJedang Corp. "The 18th Annual General Meeting of Shareholders of CJ CheilJedang", 2024. 2. CJ CheilJedang Corp. "[Stock Information](#)," as of December 2024.

Board composition

Henkel AG & Co. KGaA (Henkel)

Background: Henkel is a large German consumer goods company.

On the agenda of the April 2024 AGM were management proposals to re-elect directors to the supervisory board.

In April 2024, BIS engaged with Henkel's investor relations team to gain additional clarity on the company's approach to board composition, corporate governance, and remuneration. At the time of Henkel's April 2024 AGM, the level of gender

diversity on the company's management and supervisory boards fell below European market practice.¹

Outcome: BIS did not support the election of three directors, who were also members of the Nomination Committee, to the supervisory board in alignment with BIS' proxy voting guidelines for EMEA securities and reflecting our ongoing concerns with the overall composition of the board.

BIS' voting guidelines take into consideration market-level standards or initiatives at the board level in European markets, including Germany.²

All management proposed items, including the election of directors, received majority support from shareholders at the April 2024 AGM.³

1. Henkel AG & Co. KGaA. "Convocation of Annual General Meeting 2024." 2. BIS acknowledges that European Union (EU) regulations aimed at improving board gender balance have gone into effect, specifically, the Directive 2022/2381 of the European Parliament and of the Council on improving the gender balance among non-executive directors of companies listed on stock exchanges and related matters. 3. Henkel AG & Co. KGaA. "Presence and Voting Results," April 22, 2024.

Overcommitment

Itaú Unibanco Holding S.A. (Itaú Unibanco)

Background: Itaú Unibanco is a Brazilian financial services company headquartered in São Paulo.

On the agenda of the April 2024 AGM, was a management proposal to elect an independent director.

As discussed in our [proxy voting guidelines for Latin American securities](#), when a director serves on an excessive number of boards, it may limit their capacity to focus on each board's needs. For non-executive directors in Latin America, BIS has determined that a director is unlikely to have capacity to be fully engaged if they serve on more than five boards. For public company executives, defined as a Named Executive Officer or Executive Chair, serving on more than three boards is likely to make them overcommitted.

Ahead of the company's April 2024 AGM, BIS engaged with Itaú Unibanco to hear its perspective on the board

commitments of the independent director, who at the time served on three company boards in addition to his role as the CEO of Grupo Natura & Co Holding S.A.

During this engagement, Itaú Unibanco informed BIS of the company's internal overcommitment policy, which limits directors to serving on a maximum of four boards but does not distinguish between executive and non-executive roles.

Outcome: BIS did not support the election of the independent director at Itaú Unibanco's April 2024 AGM because, by serving on four company boards at the time (one as CEO), he was considered overcommitted per our proxy voting guidelines. The independent director's election received 99.7% shareholder support.⁴ Investor sentiment could have appeared as muted given a controlled ownership structure, with insiders and affiliates owning about 91% of ordinary shares.^{5,6}

4. Itaú Unibanco Holding S.A. "Summarized minutes of the annual general stockholder's meeting of April 23, 2024." 5. BlackRock, ISS. 6. Ordinary shares are the most common form of share, carrying no special or preferred rights and ranking behind preference shared in terms of priority of payment of capital and dividends. See: Thomson Reuters. Practical Law. "Ordinary share," 2025. NVR02-10-4486228-64/104 IEBISM0525U/M-4485925-64/104

Tenure, overcommitment, and independence

voestalpine AG (voestalpine)

Background: voestalpine is an Austria-based steel company that develops, manufactures, and sells steel products globally.

On the agenda of voestalpine's July 2024 AGM were several management proposals to elect supervisory board members. There were eight directors up for election – seven of which were up for election to the board to serve five-year terms, and one director for a three-year term. Among the seven directors, two of them had served on the board for over 12 years. Also, at the time of the July 2024 AGM, two of the seven directors were overcommitted.

As outlined in the BIS [proxy voting guidelines for EMEA securities](#), it is beneficial for new directors to be brought onto the board periodically to refresh the group's thinking, and ensure adequate independence, while supporting both continuity and appropriate succession planning. While many Austrian companies have five-year board terms, we have observed best market practice is moving toward shorter terms.¹

Also, as explained in our proxy voting guidelines, the role of a director is becoming increasingly demanding. To be effective, directors need appropriate time to commit to their role and engage effectively on board and committee matters. We consider it important that a director has sufficient flexibility to respond to unforeseen events and therefore takes on no more than four non-executive, non-Chair mandates on public company boards.

Outcome: Because of the length of director terms, insufficient independence within the board, and two instances of board overcommitments, BIS did not support the election of the eight directors at the July 2024 AGM. This included the overcommitted directors and the chair of the audit committee who has served on the board for 20 years and is not considered independent under our voting guidelines. The eight directors received approximately 68-80% of shareholder support.²

1. BlackRock, ISS. 2. voestalpine. "[Voting results for the ordinary general meeting of voestalpine AG on 3. Juli 2024.](#)" July 2024.

Spotlight

Market-based economic risks: Early observations of the governance of generative artificial intelligence

In recent years, BIS has observed that more and more companies are highlighting potentially transformative advancements – such as in artificial intelligence (AI) – as both material drivers of opportunity and risk for their business. For years, companies across sectors have been using and benefiting from more traditional forms of AI in their operations, products, and services.¹ Recently, developments in computing power, data accessibility, and model architecture have enabled revolutionary forms of AI, including Generative AI (GenAI).²

BIS relies on companies' disclosures to inform our understanding of the company's approach to identifying and managing related risks and opportunities. Companies that identify GenAI as potentially material to their business models are beginning to disclose how material drivers of risks and opportunities are assessed by management and overseen by the board, including information about how boards:

- Build and enhance sufficient GenAI fluency and remain updated on the latest company-specific GenAI strategies, broader GenAI advancements, emerging

GenAI risks, and the evolving GenAI regulatory landscape.

- Provide strategic oversight and support management in creating and executing a cohesive GenAI strategy with appropriate consideration of the dynamic competitive landscape.
- Stay informed of ongoing decisions and management execution of the design, development, deployment, or purchase of GenAI systems, applications, or related technologies, as the company seeks to create value and capture opportunities.
- Oversee risk and evaluate GenAI's impact on key stakeholders.

As companies determine the appropriate approach to GenAI for their business models, we welcome disclosures that would help investors understand the anticipated implications for their long-term strategy, operations, and financial performance.

1. AI systems that are based on predefined rules and explicit programming to perform specific tasks. Source: Stanford University's Institute for Human-centered AI references research tracking the 13x increase in corporate AI investment from 2012-2022. 2. As a distinction from more traditional forms of AI, GenAI can be described as a class of AI proficient in learning from vast data to create new content ranging from text to images. Source: BlackRock Investment Institute paper "Artificial Intelligence – beyond the buzz." November 2023. While this paper focuses on GenAI, companies may apply what they deem relevant to their approach to traditional forms of AI as well.



Incentives aligned with financial value creation



Executive compensation is an important tool used by companies to support long-term financial value creation. In our experience, well-structured compensation policies reward the successful delivery of strategic, operational, and /or financial goals, encourage an appropriate risk appetite, and align the interests of shareholders and executives through equity ownership.¹

BIS may engage with companies where additional clarity would be helpful to understand how their compensation policies reward executives for accomplishments in the short-term and incentivize the delivery of long-term financial performance. In 2024, BIS held 1,272 engagements with 1,083 companies on incentives aligned with financial value creation.²

We find it helpful when companies make clear in their disclosures the connection between compensation policies and outcomes and the financial interests of long-term shareholders.³ When analyzing a company’s disclosures, BIS seeks to determine whether the board’s approach to executive compensation is rigorous and reasonable, in light of the company’s stated long-term corporate strategy and specific circumstances, as well as local market and policy developments.

When, in our analysis, executive compensation is misaligned with company performance, we may not support the election

of members of the compensation committee or other members of the board whom we consider responsible for compensation. Globally, BIS did not support the election of 1,109 directors at 648 companies due to executive compensation concerns in 2024.⁴

In addition to voting on the election of directors responsible for setting executive pay, when assessing compensation proposals, BIS reviews companies’ disclosures to determine how their compensation policies and outcomes align with the financial interests of long-term shareholders, like our clients.

Globally, BIS supported ~82%—or 15,858 out of 19,232—of compensation-related management proposals put to a shareholder vote in 2024.^{5,6} Our support was largely driven by many companies’ enhanced disclosures and a clearer articulation of how their policies align with shareholders’ long-term financial interests. In general, companies improved their explanations of how short-and long-term incentive plans complement one another and are effective in rewarding executives who deliver long-term financial value.

Say on Pay proposals and related grant approval proposals accounted for approximately 45% of all compensation-related proposals globally.⁷ These proposals are common practice in markets such as Australia, the U.S., and the UK. They give shareholders the opportunity to express support for, or

concerns with, executive pay programs. BIS supported ~82% of management proposals to approve Say on Pay and related grant approval proposals put to a shareholder vote in 2024.⁸

While we supported a greater proportion of Say on Pay proposals in 2024, we continued to vote against programs that included large outside-of-program awards that lacked a compelling rationale, lacked sufficient linkages between compensation and financial returns to shareholders, or did not clearly connect compensation program design and corporate strategy. However, we saw fewer companies making one-time adjustments to their pay programs, as companies continue to stabilize operations following the COVID-19 pandemic, acclimate to a higher interest rate environment, and address geopolitical disruptions in their supplier and customer bases.

We have included the following case studies to illustrate our approach to voting on executive compensation globally.

For more information, please see our commentary **“Our approach to engagement on incentives aligned with financial value creation.”**

[Learn More >](#)

1. The term “compensation” is used as an equivalent to “remuneration” or “pay.” 2. BlackRock, ISS. Sourced on January 9, 2025, reflecting data from January 1, 2024 through December 31, 2024. 3. A compensation outcome generally relates to the payout of a performance-conditioned pay component, and reflects both the construction of the pay program as well as the performance of the company and executives against defined performance objectives. 4. BlackRock, ISS. Sourced on March 18, 2025, reflecting data from January 1, 2024 through December 31, 2024. 5. BlackRock, ISS. Sourced on March 18, 2025, reflecting data by calendar year, i.e., running from January 1 through December 31 each year. 6. Compensation-related proposals include Say on Pay proposals, remuneration policy proposals, proposals to approve new or revised incentive plans, and other compensation-related proposals. 7. The terminology can vary across markets, but “Say on Pay” is the generic expression referring to the ability of shareholders to vote on a company’s compensation policy, plan, and/or practices. For select markets in Europe, the Middle East, and Africa, this term may also refer to shareholders’ ability to vote on the report companies publish on the implementation of its policies. 8. BlackRock, ISS. Sourced on March 18, 2025, reflecting data by calendar year, i.e., running from January 1 through December 31 each year.

Case studies

Americas

Shopify, Inc. (Shopify)

Background: Shopify is a Canadian e-commerce company.

At the May 2024 AGM, management-proposed items submitted to a shareholder vote included the election of directors to Shopify's board as well as approval of the company's stock option plan and long-term incentive plan.

BIS finds it helpful when companies clearly disclose the connection between compensation policies and outcomes, company performance, and the financial interests of long-term shareholders. It is also helpful to investors' understanding when companies describe how compensation is set by the board or relevant committee, the details of the components of the compensation policy, any metrics used in performance-related incentives, and how the compensation policy and its outcomes are tied to strategy and long-term financial performance. In BIS' view, executive compensation disclosures should also clearly show how short- and long-term incentive plans have been

designed to complement one another as an effective mechanism to deliver long-term financial value.

BIS engaged with members of Shopify's team in May 2024 to give the company the opportunity to provide additional clarity on its approach to executive compensation ahead of the company's June 2024 AGM.

Outcome: In BIS' view, Shopify's omnibus stock plan and long-term incentive plan were each excessively dilutive to existing minority shareholders' holdings and not aligned with the long-term financial interests of BlackRock's clients. BIS did not support three executive compensation-related management proposals and the nomination of a director responsible for overseeing Shopify's compensation practices.¹ The director received ~76% investor support.² Support for the executive compensation-related management proposals ranged from approximately 63% to 69%.³

1. The executive compensation management proposals at Shopify's June 2024 AGM included: Item 3 requested approval of unallocated options under the stock option plan; Item 4 requested approval of the third amended and restated long term incentive plan; and Item 5 was an advisory vote on the company's executive compensation approach. Shopify Inc. "[Notice of Meeting and Management Information Circular for the Annual General and Special Meeting of Shareholders of Shopify Inc. to be held June 4, 2024.](#)" April 19, 2024. 2. Shopify Inc. "[Shopify Announces Results of its 2024 Annual Meeting of Shareholders.](#)" June 5, 2024. 3. Shopify Inc. "[Shopify Announces Results of its 2024 Annual Meeting of Shareholders.](#)" June 5, 2024.

Workday, Inc. (Workday)

Background: Workday is a U.S.-based company that develops and markets human capital management software.

At Workday's June 2024 AGM, several management-proposed items were submitted to a shareholder vote, including the election of directors and approval of the company's executive compensation practices.

BIS engaged with representatives of Workday's management team in June 2024 in order to better understand the company's approach to executive compensation, particularly how the long-term equity awards for the CEO and other NEOs were aligned with the corporate strategy and long-term financial value creation.

Outcome: BIS did not support the Say on Pay proposal and the election of a member of the compensation committee due to ongoing concerns about the size and structure of the company's pay practices. BIS previously did not support executive compensation items at Workday's June 2022 and June 2023 AGMs.

At the June 2024 AGM, the Say on Pay proposal and director election received ~26% and ~62% support from unaffiliated shareholders, respectively.^{1,2} Following the June 2024 AGM, at the company's request, BIS engaged again with Workday in December 2024 to discuss its approach to executive compensation.

1. Workday, Inc., "Form 8-K," June 18, 2024. 2. Workday, Inc. has a dual class shareholding structure, with three of the company's executive officers, including the founder and the board chair, holding "Class B" shares with ten times the voting rights of common "Class A" shares. Source: BlackRock, Inc.; Workday, Inc., "2024 Annual Report."

EMEA

Sonova Holding AG (Sonova)

Background: Sonova is a Swiss hearing care solutions company.

At the June 2024 AGM, voting items on the agenda included the election of directors, ratification of the company's remuneration plans, and approval of the compensation report.

BIS engaged with Sonova at its request to provide the company with an opportunity to clarify its approach to executive compensation.

Outcome: In European markets, our most common reasons for voting against management compensation proposals are concerns about the link between pay and performance, the criteria applied by remuneration committees, and inadequate disclosures.

BIS did not support Sonova's remuneration report at the June 2024 AGM. This was mainly due to continued concerns about insufficient disclosure on variable pay performance targets, including the limited detail provided on the non-financial metrics under the annual bonus. The proposal received ~51% majority support.³ Following the AGM and

3. SonovaHolding AG, "Ordentliche Generalversammlung vom 11.06.2024,"

at the request of the company, BIS engaged with the company again in August 2024 to discuss executive compensation. In the engagement, the team received an update on how the company was responding to the low

levels of shareholder support at the AGM, including by exploring ways it can enhance its disclosure on the structure of its short- and long-term incentive plans.

Temenos AG (Temenos)

Background: Temenos is a Swiss company specializing in providing banking software to financial institutions globally.

At the May 2024 AGM, voting items on the ballot included the election of directors, and approval of the company's remuneration report and policies.

At the company's May 2022 and May 2023 AGMs, BIS did not support the approval of the executive committee's remuneration following certain additions to the policy that, in our assessment, lacked performance criteria and could result in outsized awards compared to peers even if the company underperformed. The policy also saw notable investor dissent in the past two years (34% votes against in 2022 and 26% votes against in 2023).¹

Since the 2022 shareholder vote, Temenos made additional changes which we believe further misaligned the policy and long-term shareholders' financial interests.

The company reduced the vesting period of the restricted shares to less than three years and made in-flight discretionary changes that resulted in a 20% long-term incentive plan (LTIP) payout increase without a compelling rationale. As a result, the CEO received an award that

was more valuable than originally indicated in his performance plan. This exacerbated the already weak link between executive awards and the company's financial performance and made the incentive structure unduly short-term focused.

Prior to the May 2024 AGM, BIS engaged with Temenos to give the company an opportunity to provide additional clarity on its approach to executive remuneration.

Outcome: BIS did not support Temenos' executive remuneration policy at the 2024 AGM. The proposed remuneration structure and disclosures lacked sufficient detail as to how it aligns with the long-term financial interests of minority shareholders, including BlackRock's clients.

The proposal did not pass, receiving approximately 34% shareholder support.² In response, Temenos released a statement re-affirming the board's awareness of shareholder concerns while attributing remuneration issues to "exceptional circumstances around the transition to a new CEO."³ The company also stated that it will continue to reflect on the vote result and provide a more detailed rationale in its remuneration disclosures.

1. Item 4.2 "2023 compensation of the Executive Committee" received 66% investor support at the May 2022 AGM, while Item 4.2 "2024 compensation of the Executive Committee" received 74% investor support at the May 2023 AGM. See: Temenos AG, "2023 Annual General Meeting – Voting Results," and Temenos AG, "2022 Annual General Meeting – Voting Results,"

2. Temenos AG, "2024 Annual General Meeting – Voting Results," May 8, 2024. 3. Temenos AG, "Temenos announces the results of its 2024 Annual General Meeting," May 8, 2024.

APAC

PT GoTo Gojek Tokopedia Tb (GoTo)

Background: GoTo is an Indonesian company which operates three main businesses: on-demand ride-hailing and delivery, e-commerce, and financial technology.

Several management proposed remuneration-related items were included in the ballots of the company's June 2024 AGM and EGM.

Listed companies in Indonesia routinely seek shareholder approval of remuneration for directors and commissioners for the coming year in a bundled proposal at their AGMs. Investors can better assess the link between performance and executive pay when disclosures provide details of the individual remuneration paid to members of the board of directors and board of commissioners. While Indonesian companies do not usually disclose the precise amount to be approved, they do provide the total amount provided to the board of directors and board of commissioners the prior year, respectively. As such, we base our analysis for such proposals on the disclosure of the previous year's remuneration.

BIS engaged with GoTo in May 2024 to give the company the opportunity to provide additional clarity on its approach to governance, strategy, and executive compensation.

Outcome: At the June 2024 AGM, BIS did not support GoTo's proposed remuneration for directors and commissioners due to limited disclosure and lack of sufficient detail to adequately assess the link between pay and performance. Based on company disclosures, a total of Rp1.29 trillion (USD \$79.6 million) was paid to 18 directors and commissioners of the company in 2023.¹ Nearly ~95% of the award was in the form of stock options, including for non-executive commissioners serving on the board.² The item received ~96% support from shareholders. Investor sentiment could have appeared as muted given the company's dual class structure, in which series B shareholders hold 30 times voting rights of series A shareholders.^{3,4}

At the June 2024 EGM, BIS did not support the election of the chair of GoTo's nomination and remuneration committee due to concerns about limited disclosures that prevent investors from adequately assessing the link between pay and performance. The chair's election received ~91% support from shareholders.⁵

1. PT GoTo Gojek Tokopedia Tbk. "2023 Annual Report," page 259, May 22, 2024. 2. Ibid. 3. PT GoTo Gojek Tokopedia Tbk. "Announcement of the Summary of the Annual General Meeting of Shareholders' Minutes," June 2024. 4. Indonesian regulations permit certain technology companies that are listed on the Indonesian Stock Exchange (IDX) to have a dual class share structure and are intended to enhance the Indonesian capital markets' attractiveness as a listing option for public companies. GoTo, which listed on the IDX in April 2022 after the Indonesian Financial Services Authority's (OJK) rules came into effect, is the only public company in the Indonesian market to have a dual class share structure. Presently, Series B shareholders hold 30 times the voting rights of Series A shareholders. At the date of the June 2024 EGM, Series B shareholders held ~57% of the company's voting rights. See: Financial Services Authority, "OJK Regulation No. 22/POJK.04/2021," December 2021.; Nikkei Asia, "Indonesia allows multiple voting shares to boost tech IPOs," December 2021.; PT GoTo Gojek Tokopedia Tbk. "2023 Annual Report," page 315. May 22, 2024. 5. PT GoTo Gojek Tokopedia Tbk. "Announcement of the Summary of the Extraordinary General Meeting of Shareholders' Minutes," June 2024.

CSPC Pharmaceutical Group Limited (CSPC)

Background: CSPC is a Hong Kong-based company that manufactures pharmaceutical products.¹

Included on the ballot of CSPC's May 2024 AGM was a management proposal seeking approval to provide a mandate to the directors of the board to grant options under the company's share option scheme. The scheme was originally approved by shareholders at a December 2015 EGM and allows the board to grant options to participants to subscribe for shares.² It has a term of 10 years and will expire in 2025.

In compensation disclosures published in advance of the May 2024 AGM, CSPC stated that performance-related incentives for its management team are determined by the board's remuneration committee and take into account the company's financial performance, recipients' individual performance and responsibilities, and market best practice.³

BIS engaged with CSPC to better understand its compensation practices and how these align with long-term financial value creation for shareholders.

Outcome: BIS did not support the management proposed mandate to grant options under the company's share option scheme as, in our assessment, it was not aligned with long-term financial value creation for shareholders. In our view, there was insufficient disclosure regarding the methodology used to design the performance-based incentives, as well as how the scale and structure of the package are aligned with the long-term economic interests of minority shareholders. The proposed scheme received ~79% support from shareholders.⁴

Following the May 2024 AGM, the company requested an engagement with BIS to expand on its approach to executive compensation, and shared that it would consider providing more disclosure on the methodology used to design performance-based incentives.

1. CSPC Pharmaceutical Group Limited. "2024 1Q Results," May 2024. 2. CSPC Pharmaceutical Group Limited. "Application for Whitewash Waiver, Proposed Adoption of the New Share Option Scheme, and Notice of EGM," November 2015. 3. CSPC Pharmaceutical Group Limited. "Circulars and Notice of Annual General Meeting," May 2024. 4. CSPC Pharmaceutical Group Limited. "Poll Results of Annual General Meeting Held on 28 May 2024."

Our approach to UK companies adopting “hybrid” long-term incentive plans

In 2024, BIS observed an increase in UK companies seeking shareholder approval to modify their long-term incentive structures for executive directors in order to include time-based “restricted” shares alongside performance shares.¹ One of the main reasons companies sought to introduce such “hybrid” long-term incentive plans was to enable closer structural alignment with compensation packages in the U.S. market, particularly to enhance their competitiveness with U.S. peers in retaining and attracting executive directors.

As outlined in BIS’ [proxy voting guidelines for EMEA securities](#), we believe that boards are best positioned to determine the incentive structure used within variable pay. For companies looking to introduce a hybrid scheme, BIS evaluated each proposal on a case-by-case basis, looking for a transparent disclosure on how the proposed changes in the incentive structures would support long-term financial value creation and the execution of companies’ stated strategies. In our analysis, we also sought to understand how companies determined the appropriate grant opportunities under the long-term incentive components.

In our view, linking long-term incentive awards to performance over a multi-year period aligns the interests of both executives and shareholders. In general, and consistent with market

practice, hybrid plans that contain a minimum combined vesting and holding period of five years, and appropriate safeguards to prevent “payment for failure,” can be an effective way to support long-term financial value creation for shareholders.

In some instances, the proposed introduction of a hybrid plan was accompanied by a material increase in remuneration. When analyzing these proposals, we considered the company’s stated rationale, as well as previous remuneration and performance history. BIS did not vote in support of proposals where the change in structure and increase in quantum was not accompanied by a compelling rationale.

Among UK FTSE All Share companies, all remuneration policies were approved by shareholders in 2024.^{2,3} However, many of the resolutions seeking to incorporate hybrid schemes faced significant dissent, commonly defined in the UK market as more than 20% votes against.⁴

We note that the number of UK companies adopting this remuneration structure remains limited but anticipate that more companies will propose to change their remuneration policies to incorporate hybrid plans in 2025.

1. Refers to a type of stock awarded as long as an executive remains employed by a company. 2. The FTSE All-Share Index aggregates FTSE 100, FTSE 250 and FTSE Small Cap indices, and represents between 98-99% of UK market capitalization. See: FTSE Russel, “[FTSE UK Index Series](#).” 3. Source: [The Investment Association Public Register](#). 4. Financial Reporting Council. “[UK Corporate Governance Code](#).” January 2024.

Spotlight

Amendments to executive remuneration plans at companies with global footprints


In 2024, we observed that UK companies improved the level of detail in their executive pay disclosures, helping investors further understand alignment with long-term financial value creation. In addition to enhanced disclosures, companies were more proactive in their efforts to engage with investors to provide additional clarity on their approach to remuneration in advance of their shareholder meetings. This was particularly evident among companies with a global footprint. Companies which sought shareholder

approval to amend executive remuneration in the context of their global business models included **AstraZeneca Plc** and the **London Stock Exchange Group plc**, both of which proposed increases in their cash bonuses and long-term incentive plans. BIS supported the remuneration-related proposals at these companies' 2024 AGMs – which received ~64% and ~89% support, respectively – in recognition of their global footprint, as well as their strong financial performance over time.^{1,2}

1. AstraZeneca Plc. "Results of Annual General Meeting held on 11 April 2024." 2. London Stock Exchange Group plc. "Result of AGM." April 25, 2024.



Climate and natural capital



BlackRock's investment view is that the energy transition is one of several mega forces reshaping markets.¹ Our research shows that the low-carbon transition is a structural shift in the global economy that will be shaped by changes in government policies, technology, and consumer and investor preferences, which may be material for many companies.² Yet the path to a low-carbon economy is uncertain and uneven, with different parts of the economy moving at different speeds.

BIS recognizes that it can be challenging for companies to predict the impact of climate-related risk and opportunity on their businesses and operating environments. Many companies are assessing how to navigate the low-carbon transition while delivering long-term financial value to investors. For companies where these climate-related risks are material, we find it helpful when they publicly disclose, consistent with their business model and sector, how they intend to deliver long-term financial performance through the transition to a low-carbon economy, including where available, their transition plan.³

In 2024, BIS held 1,126 engagements with 942 companies' boards and management to listen to their approach to managing material climate and/or natural capital-related risks and opportunities.⁴

Disclosures consistent with the ISSB standards or the TCFD framework can help investors assess company-specific climate-related risks and opportunities, and inform investment decisions.⁵ Such disclosures also provide investors with insights into how companies are managing the risks associated with climate change by managing their own carbon emissions or emissions intensities to the extent financially practicable. Recognizing the value of these disclosures, in some jurisdictions, like the UK, large companies must disclose such climate-related financial information on a mandatory basis, while in other jurisdictions these disclosures are viewed as best practice in the market.

We look to boards to oversee management's approach to addressing material climate risk in the company's business model. When, in our assessment, disclosures do not provide sufficient detail of how boards are overseeing material risks and opportunities—including climate-related risks—we may not support the election of directors responsible for climate risk oversight.

Like last year, we observed enhanced disclosure around how companies are managing material climate-related risks. As a result, BIS voted against fewer director nominees for climate

reporting-related concerns compared to the prior year. Additionally, other factors—including market transactions, special situations, and instances where directors responsible for climate risk oversight were not up for election this year—also contributed to the year-on-year change.

In 2024, we did not support 127 proposals at 97 companies globally related to the election or discharge of directors because of concerns regarding inadequate disclosure or effective board oversight of climate-related risks. For perspective, BIS voted on more than 75,000 director elections, supporting ~90%. As explained on page 62, independence-related concerns were the primary reason we did not support director elections, globally.⁶

1. BlackRock Investment Institute. "Mega forces: An investment opportunity." 2023. 2. BlackRock Investment Institute. "Evolving energy transition, evolving opportunities." February 2025. 3. More companies are developing transition plans, and public policymakers in various markets are signaling their intentions to require them or already have requirements in place, with growing international momentum. We view transition plans as a method for a company to both internally assess and externally communicate its long-term strategy, ambition, objectives, and actions to create financial value through the global transition towards a low-carbon economy. While many initiatives outline a framework for transition plans, there is no consensus on the key elements these plans should contain. Although transition plans can be helpful, BIS does not make their preparation and production a voting issue. BIS may engage companies that have chosen to publish a transition plan to understand their planned actions and resource implications. 4. BlackRock. Sourced on January 9, 2025, reflecting data from January 1, 2024, through December 31, 2024. 5. BlackRock. "Global perspectives on investing in the low-carbon transition." June 2023. We recognize that companies may phase in reporting aligned with the ISSB standards over several years, depending on local requirements. We also recognize and respect that some companies may report using different local standards, which may be required by regulation, or one of a number of voluntary standards. In such cases, we ask that companies disclose their rationale for reporting in line with the specific disclosure framework chosen and highlight the metrics that are industry- or company-specific. 6. BlackRock, ISS. Sourced on March 18, 2025, reflecting data from January 1, 2024, through December 31, 2024.

With regard to shareholder proposals addressing climate and natural capital-related risks and opportunities, a significant percentage were focused on business risks that companies already have processes in place to address, making them redundant. Many others requested actions or disclosures by a company that were not consistent, in our view, with our clients' long-term financial interests or that were too prescriptive or unduly constraining on management (see page 20 in the **"2024 by the numbers"** section). In addition, we saw a greater number seeking to roll back company efforts to address material sustainability-related risks. As a result, BIS supported six out of the 173 shareholder proposals on climate and natural

capital that we voted on.¹ The six shareholder proposals we supported were all at U.S. companies: Berkshire Hathaway, Inc., a multinational conglomerate holding company; beverage company National Beverage Corp.; and restaurant chains Cracker Barrel Old Country Store, Inc., Denny's Corporation, Jack in the Box, Inc., and Wingstop, Inc. These proposals addressed, in our assessment, gaps in these companies' disclosures, which once addressed could support investor understanding of how they are managing material risks and opportunities in their business models. All shareholder proposals received between 34% and 70% shareholder support among non-affiliated shareholders.²

The following case studies are examples of our engagement on material climate-related risks, and how these dialogue opportunities helped determine our voting decisions on behalf of clients in 2024.

For more information, please see our commentary **"Climate-related risks and the low-carbon transition."**

Learn More >

1. BlackRock, ISS. Sourced on March 18, 2025, reflecting data from January 1, 2024, through December 31, 2024. Reflects vote instructions on climate and natural capital shareholder proposals per BIS' proposal taxonomy. Votes "for" include abstentions. 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. 2. BlackRock, ISS.

Case studies

APAC

United Microelectronics Corporation (UMC)

Background: UMC is a global semiconductor foundry based in Taiwan.

On the agenda of UMC's May 2024 AGM were management proposals to elect directors, approve amendments to the AOA, and approve the business operations report and financial statements, among other proposals.³

In 2022, UMC became the first semiconductor foundry globally to obtain Science Based Targets initiative (SBTi) validation of its emissions reduction targets.⁴ Building on this, UMC updated its 2030 GHG emissions reduction targets in 2023, aiming to reduce scope 1 and 2 carbon emissions by 42% and scope 3 emissions by 25%, using 2020 as the base year. They also committed to achieving net zero emissions by 2050.⁵

3. United Microelectronics Corporation. ["2024 Annual General Meeting – Meeting Agenda,"](#) May 2024. 4. United Microelectronics Corporation. ["UMC's climate goals validated by Science Based Targets initiative \(SBTi\),"](#) June 2022. 5. United Microelectronics Corporation, ["2023 UMC Sustainability Report,"](#) 2024.

BIS engaged with members of UMC's management team in 2024 to better understand the company's approach to managing climate-related risks and opportunities. Through our engagement and assessment of the company's relevant disclosure, we learned about UMC's ongoing commitment to reduce its scope 1 emissions from manufacturing and scope 2 emissions from purchased electricity. BIS also learned more about the company's 2050 net zero emissions goal.¹

Outcome: BIS supported management on all items at the May 2024 AGM. The proposals received between 87-92% of shareholder support.² UMC's robust disclosure has been helpful for BIS' understanding of how material climate-related risks and opportunities are being managed, in addition to how UMC plans to mitigate the risks posed by a transition to a low-carbon economy while delivering long-term financial value. UMC's board also has clear oversight of these issues, as evidenced by the Nominating Committee's supervision.³

1. United Microelectronics Corporation. "[2023 UMC Sustainability Report](#)," 2024. 2. United Microelectronics Corporation. "[2024 Annual General Meeting – Meeting Minutes](#)," May 2024. 3. United Microelectronics Corporation. "[2023 UMC Sustainability Report](#)," 2023.

EMEA

Shell plc (Shell)

Background: Shell is an energy company headquartered in the UK, with operations in more than 70 countries around the world.

On the ballot of Shell's May 2024 AGM was a management proposal to approve Shell's energy transition update and its Energy Transition Strategy 2024, which were disclosed on the company's website.⁴ Shell first submitted its Energy Transition Strategy for a vote at the May 2021 AGM, when it received 89% support from shareholders, including BlackRock.⁵ In the two subsequent years, the company proposed an advisory shareholder vote on the progress made to date against its Energy Transition Strategy.

The proposals received 79% and 80% shareholder support in 2022 and 2023, respectively, including from BlackRock.⁶

The agenda of Shell's May 2024 AGM also included a shareholder proposal requesting that the company make changes to its climate-related strategy.⁷

At Shell's request, BIS engaged with members of the company's board and management team in April 2024 to better understand the company's approach to managing climate-related risks and opportunities, including its approach to setting and updating its climate-related targets, amongst other topics that are material to long-term financial value creation.

4. Shell plc. "[Annual reports and publications](#)" and "[Notice of the Annual General Meeting](#)," 2024. 5. Shell plc. "[Results of Annual General Meeting](#)," May 2021. 6. Shell plc. "[Results of Annual General Meeting](#)," 2022 and 2023. 7. Shell plc. "[Notice of the Annual General Meeting](#)," 2024.

Shareholder proposals on climate-related corporate political activities

Outcome: BIS supported Shell's management proposal because the company provided a clear assessment of its plans to manage material climate-related risks and opportunities, while also demonstrating progress against its stated Energy Transition Strategy.

BIS did not support the shareholder proposal because we considered it overly prescriptive. It is the role of

company leadership to set and implement the company's strategy. In our assessment, support of this proposal would have contradicted the Energy Transition Strategy 2024 that had been put forward by the board and management team.

The management proposal was approved with ~78% support from shareholders; the shareholder proposal did not pass and received ~19% support.¹

1. Shell plc. "Result of Annual General Meeting," May 21, 2024.

In 2024, BIS observed an increase in shareholder proposals related to corporate political activities, particularly those requesting more information to demonstrate alignment between a company's climate goals and their policy engagement efforts. Some proposals specifically called for companies to produce reports on their climate lobbying and related activities conducted through trade associations and coalitions.

While less common outside the U.S., a few of these proposals were filed at companies in Japan. These proposals sought to amend companies' Articles of Incorporation (AOI) as a first step to then seek more prescriptive and management constraining outcomes.

In Japan, these proposals are binding, which may create legal liability for a company should they pass, particularly if the

proposal language is vague or open to interpretation, which could make it harder to determine whether the requests have been met by the company.

For example, at the June 2024 AGMs of **Toyota Motor Corporation**, a multinational automotive manufacturer, and at **Nippon Steel Corporation**, a multinational steel producer, each company's ballot featured shareholder proposals that requested amendments to the company's AOI to then require an annual report on the alignment of the company's climate-related lobbying activities and trade association memberships with the goals of the Paris Agreement. BIS did not support either proposal, given the overly prescriptive nature of each request. We also note that Toyota already publishes a report on climate-related lobbying.² Neither proposal passed, with one receiving ~9% investor support at Toyota and the other ~28% at Nippon Steel.³

2. Toyota Motor Corporation. "Toyota's Views on Climate Public Policies 2023," January 2024. 3. Toyota Motor Corporation. "Voting Results of the 120th Ordinary General Shareholders' Meeting," June 2024; Nippon Steel Corporation. "Nippon Steel Corporation: Results of Voting Rights at the 100th General Meeting of Shareholders," July 2024.

Natural capital

The management of nature-related risks and opportunities is a component of the ability to generate long-term financial returns for companies whose strategies or supply chains are materially reliant on natural capital.¹ For these companies, we rely on disclosures to assess the board’s risk oversight and to understand how nature-related impacts and dependencies are considered within their strategies.

While natural capital is a broad term, we focus on three key components—land use and deforestation, water, and biodiversity—which can affect the long-term financial returns of companies with material exposure. Where natural capital is material to the long-term strategy of companies, we look for public disclosures to assess risk oversight and to understand how nature-related impacts and dependencies are managed.² We find it helpful when these disclosures include a discussion of material natural capital risks and opportunities

in the context of a company’s governance, strategy, risk management, and metrics and targets. This information could be augmented with an evaluation of the business impacts of potential, or unpredictable, changes in the availability of critical natural resources. It is also helpful to hear from companies about how they manage natural capital dependencies and impacts in the context of their value chains.

In the following case studies, we share examples of how we found it helpful when companies discussed their approach to management material natural-capital related risks and opportunities.

For more information, please see our commentary **“Our approach to engagement on natural capital.”**

[Learn More >](#)

1. See BloombergNEF, “When the Bee Stings: Counting the Cost of Nature-Related Risks,” December 9, 2023. 2. While nature-related disclosures have historically been limited and difficult to compare across companies, private-sector initiatives, such as the Taskforce on Nature-related Financial Disclosures (TNFD), provide frameworks to guide disclosure on material, nature-related impacts and dependencies, alongside associated risks and opportunities. The TNFD released its final recommendations in September 2023. We recognize that some companies may report using different standards, as consistent with the norms or regulations in their home market. TNFD-aligned reporting is not a voting issue.

Case studies

Americas

PepsiCo, Inc. (PepsiCo)

Background: PepsiCo is a U.S.-based global consumer packaged goods company focused on beverages and convenient snacks.

On the agenda of Pepsi’s May 2024 AGM was a shareholder proposal requesting that the company “complete a material

biodiversity dependency and impact assessment and issue a corresponding public report to identify the extent to which the company’s supply chains and operations are vulnerable to risks associated with biodiversity loss.”³

3. PepsiCo, “Notice of 2024 Annual Meeting of Shareholders and Proxy Statement,” March 2024.

At PepsiCo's request, BIS engaged with members of the company's management team in advance of the May 2024 AGM. In that engagement, we learned about PepsiCo's Positive Agriculture agenda. PepsiCo's business relies on a secure source of crops and ingredients to manufacture its products. The company's Positive Agriculture agenda is designed to address risks such as freshwater scarcity and soil degradation.

From engagement as well as the company's disclosure, we also learned that PepsiCo is striving to mitigate natural capital-related risks across its value chain.¹

PepsiCo is committed to expanding biodiversity-related disclosure and are assessing how they might incorporate the Taskforce on Nature-related Financial Disclosures (TNFD) into future reporting as they seek to comply with other requirements, such as ISSB and the Corporate Sustainability Reporting Directive (CSRD).

Outcome: BIS did not support the natural capital-related shareholder proposal at PepsiCo's May 2024 AGM, which received ~18% shareholder support.² In our assessment, PepsiCo's existing disclosure on these issues is robust and the company has policies and practices in place to manage material natural capital-related risks and opportunities.

1. PepsiCo. "ESG Summary: pep+pillars - Positive Agriculture," 2024. 2. PepsiCo. "Form 8-K," May 2024.

APAC

TCC GROUP HOLDINGS CO LTD (TCC)

Background: TCC, formerly known as Taiwan Cement Corporation, is a leading cement producer in Taiwan that has diversified its businesses into renewable energy and advanced battery technologies in recent years.³

On the agenda of TCC's May 2024 AGM were management proposals to elect directors, as well as to approve the company's AOA and approve the business operations report and financial statements, among others.

In 2024, TCC became the only major construction material company in Taiwan that was an early adopter of the TNFD.⁴ In 2024, TCC released its first official TNFD-aligned report in which it conducts a four-in-one LEAP (Locate, Evaluate, Assess, and Prepare) analysis of ports, power plants, factories, and mines based on the official TNFD framework.⁵

This report was helpful to investors as it provided a comprehensive assessment of the company's approach to identifying and managing nature-related risks and opportunities, while enhancing transparency, and aligning with global sustainability disclosure standards.

BIS engaged with members of TCC's management team in April 2024. During this engagement and our assessment of TCC's disclosure, BIS learned more about how the company has quantitatively evaluated five opportunities for long-term investment, including alternative raw materials, alternative fuels, alternative energy, water resource recovery, and natural ecological conservation.

3. TCC Group Holdings. "TCC History." 4. TCC Group Holdings. "Biodiversity." 5. TCC Group Holdings. "The Taskforce on Nature-related Financial Disclosures Report" for year 2023.

Outcome: BIS supported management on all items at the May 2024 AGM. These proposals received a range of 83-94% of shareholder support.¹ While TNFD-aligned reporting is not a voting item for BIS, we appreciate the

company's peer-leading disclosure of natural capital-related risks and opportunities as it is helpful to our understanding of how these factors are integrated into TCC's long-term corporate strategy.

1. TCC Group Holdings. "Electronic Voting and Vote Results," 2024.

EMEA

Diageo Plc (Diageo)

Background: Diageo is a UK-based multinational company specializing in the production, marketing, and sale of alcoholic and non-alcoholic beverages.

On the agenda of Diageo's September 2024 AGM were management proposals to elect directors and approve the remuneration report, among other proposals.

In November 2020, Diageo announced its "Spirit of Progress" sustainability strategy.² In its strategy, Diageo discloses its plans to achieve net zero carbon emissions in its direct operations by 2030, and across its full value chain by 2050 through regenerative agriculture, renewable electricity, and sustainable packaging.³

In the company's disclosure, management highlights that water is critical for Diageo's products, with the potential to impact production and efficiency. Management also notes that Diageo operates in highly water-stressed areas like Brazil, India, Kenya, Mexico, Nigeria, and Turkey, with 35-40 sites currently affected.⁴

The company's TCFD-aligned report outlines contingency plans for managing chronic weather events. The report also notes specific targets for water efficiency.

By 2026, Diageo aims to replenish more water than is used in its operations for all sites in water-stressed areas and

improve water efficiency by 40% by 2030, with a 21% improvement already achieved. The company is also targeting a 30% improvement in water use efficiency across its operations, with 15% progress to date.⁵

BIS engaged with members of Diageo's management team in September 2024 to better understand the company's approach to managing climate and natural capital-related risks and opportunities relevant to its business.

From our engagement and the company's disclosures, we learned that Diageo has been working to address these risks. Diageo has emphasized that many of their projects focus on water security and that they recognize the need to address issues in local basins through multi-stakeholder collaboration because effectively managing these material climate-related risks will be a factor for delivering long-term financial performance.

Outcome: BIS supported management on all proposals at the September 2024 AGM. As we have learned through engagement and analysis of the company's disclosure, Diageo has a clear strategy and disclosure regarding the management and oversight of material financial risks, including climate and natural capital given the business' dependence on raw materials. The proposals received between 90-100% of shareholder support.⁶

2. Diageo Plc. "Our Spirit of Progress targets." Accessed in March 2025. 3. Please see previous footnote. 4. Global drinks intel. "There are very complex dimensions to water, which is our number one climate risk" – Global Drinks Intel speaks to Diageo global head of water, environment & agriculture sustainability Michael Alexander." December 2023. 5. Diageo Plc. "Our Water Stewardship Strategy." June 2022. 6. Diageo Plc. "Result of Annual General Meeting." September 2024.

Spotlight

Market-based observations: Our approach to engagement with palm oil producers

Palm oil is the world's most widely used oil crop, utilized in products ranging from cooking oil and dairy substitutes to cosmetics and biofuels.¹ However, its production is associated with several potential risks, including those related to deforestation, biodiversity loss, disputed land use, labor-related issues, bribery, and corruption. These risks have the potential to impact companies' ability to deliver strong, long-term performance, especially in light of rising regulatory expectations and growing customer demand for sustainably produced palm oil.

The BIS team welcomes the opportunity to engage with palm oil companies, which are based primarily in the Asia ex-Japan region. Palm oil production is heavily concentrated in Southeast Asia—with Indonesia and Malaysia accounting for approximately 82% of global output.² We engage with these companies to further our understanding of their long-term strategies and how they manage the material risks and opportunities in their business models that can impact their ability to create durable, long-term financial value.

As part of our assessment of companies in the palm oil industry, BIS considers a company's management of material sustainability-related risks and opportunities, any remediation and grievance mechanisms, and governance and oversight structures, amongst other factors. We look to understand how companies for whom these risks are financially material, manage and mitigate the risks associated with their environmental impact, land use and community engagement, and supplier and sourcing processes, and how they position themselves to capture related opportunities. This assessment may inform voting decisions, as appropriate, for those clients who have given us the authority to vote on their behalf. We evaluate the public disclosures and policies of palm oil companies as well as third-party research and data. We look to companies to provide comprehensive reporting to aid investor understanding of these issues and how they are identified and managed.

1. Reuters, "Factbox: Global edible oil markets simmer after shock Indonesia ban," April 2022 2. U.S. Department of Agriculture, "Palm Oil Explorer," Last updated in March 2025.



Company impacts on people

In BIS' experience, companies that invest in the relationships critical to their strategic objectives are more likely to deliver durable, long-term financial performance. By contrast, we have found that poor relationships may create adverse impacts that could expose companies to legal, regulatory, operational, and reputational risks. This is particularly the case with regard to a company's direct and indirect workforce.¹ Many companies acknowledge the importance of their workers in creating long-term financial value. In 2024, BIS held 1,199 engagements with 1,008 companies to learn how they are monitoring and managing their impacts on people.²

1. We define "direct and indirect workforce" as both the employees that are employed by the company (direct), as well as those that are not employed by the company, but are contracted to provide services to the company, such as contractors or supply chain employees (indirect). 2. BlackRock. Sourced on January 9, 2025, reflecting data from January 1, 2024, through December 31, 2024.

Human capital management

In our engagements, BIS focuses on understanding the effectiveness of boards and management in ensuring a company has the workforce necessary for delivering long-term financial performance. Our discussions cover material workforce-related risks and opportunities, which may include how a company's business practices foster a workforce culture inclusive of a variety of perspectives, enhance job quality and employee engagement, enable career development, promote positive labor relations, safe working conditions, and fair wages, and consider human rights.³

BIS finds it helpful when companies provide shareholders with the necessary information to understand their approach to human capital management (HCM) and how it aligns with the company's stated strategy and business model. BIS does not direct a company's policies or practices, which are the responsibility of management and the board.

For more information, please see our commentary "**Our approach to engagement on human capital management.**"

Learn More >

3. For additional insights, see BIS' commentary on our "[Approach to engagement with companies on their human rights impacts.](#)"

Companies' human rights impacts

BIS may also engage with companies on how they manage the human rights issues that are material to their businesses and monitor the effectiveness of their human rights practices on a best-efforts basis. We focus on the governance of this business risk, where appropriate. As one of many minority shareholders in public companies, BlackRock does not tell companies how to identify, manage and mitigate material human rights-related risks. We recognize that most companies' business models, including their supply chains, are multi-tiered and complex and, thus, not always easily assessed by shareholders.

BIS finds it helpful when corporate leadership provides robust disclosures on their approach to governance, strategy, and management of material business risks and opportunities. This information can help investors better understand how companies are managing their material risks and planning for the long-term. Recognizing that exposure to human rights-related risks will vary by company, by industry, and by geographic location, we find it helpful when companies disclose whether and how they integrate human rights considerations into their operations and risk management processes and identify the steps they are taking to address these issues, if any.

For more information, please see our commentary "**Our approach to engagement on corporate human rights risks.**"

Learn More >

In the following pages, we share examples of how we engaged companies to learn about their approaches to managing business-relevant human capital management and human rights-related risks and opportunities.

In many cases, we found these engagements helpful to further inform our voting on shareholder proposals. Proposals related to company impacts on people represented approximately 38% (327 out of 857) of the shareholder proposals BIS voted on behalf of clients in 2024.¹ The themes that were raised in these shareholder proposals included labor issues, human rights due diligence, supply chain management risks, Indigenous Peoples' rights, and the use of artificial intelligence, among others. BIS supported 15 out of the 327 shareholder proposals we voted on.² While certain shareholder proposals on company impacts on people may have related to a material risk for a company, in our assessment, many of them sought an outcome that was already substantively addressed by the company's existing disclosures or not aligned with shareholders' long-term financial interests.

1. BlackRock, ISS. Sourced on March 18, 2025, reflecting data from January 1, 2024 through December 31, 2024. 2. BlackRock, ISS. Sourced on March 18, 2025, reflecting data from January 1, 2024 through December 31, 2024.

Case studies

Americas

Amazon.com Inc (Amazon)

Background: Amazon is an online retailer, media company, and technology solutions provider.³

Items on the ballot of the May 2024 AGM included the election of directors, approval of the company's executive compensation policies, and several shareholder proposals seeking enhanced disclosure of the company's approach to climate- and human capital management-related matters. In recent years, the company has received several shareholder proposals seeking enhanced disclosure on its approach to workforce safety.^{4,5}

At Amazon's request, BIS engaged with members of the company's board and management team in March and May 2024 to better understand the company's approach to these topics. In these engagements, BIS received an update on how the company is working to provide

investors with detail on its commitment and existing efforts to improve workforce safety.

Outcome: At Amazon's May 2024 AGM, BIS supported management across all ballot items. All management proposals received majority investor approval, while none of the shareholder proposals submitted received majority support.⁶ BIS did not support similar workforce safety-related shareholder proposals at the company's May 2022 and May 2023 AGMs as, in the team's assessment, the company's disclosure on this matter was, and remains, sufficiently robust. Specifically, the company has continued to update its safety-related disclosure after publishing an inaugural "Delivered with Care" report in 2022.⁷ The shareholder proposals in 2022 and 2023 received, respectively, approximately 44% and 35% support from shareholders.^{8,9}

3. Amazon Web Services accounted for 15.8% of 2023 revenue and 67% of 2023 operating income. Amazon.com, Inc. "Amazon.com Announces Fourth Quarter Results." February 1, 2024. 4. Amazon.com, Inc. "Notice of 2022 Annual Meeting of Shareholders & Proxy Statement." 5. Amazon.com, Inc. "Notice of 2023 Annual Meeting of Shareholders & Proxy Statement." 6. Securities and Exchange Commission. "Amazon.com, Inc. - Form 8-K." May 25, 2022. 7. Amazon.com, Inc. "Delivered with Care: 2024 Safety, Health, and Well-Being Update." 8. Amazon.com, Inc. "Form 8-K." May 25, 2022. 9. Amazon.com, Inc. "Form 8-K." May 24, 2023.

Etsy, Inc. (Etsy)

Background: Etsy is an e-commerce company based in the United States.

Items included on the ballot of the April 2024 AGM included the election of directors and the approval of the company's executive compensation plans.

In January 2022, Etsy published a report regarding employment-related concealment clauses.¹ Following a 2023 shareholder proposal seeking reporting on the effectiveness of its efforts to prevent workplace harassment and discrimination, BIS engaged with Etsy to better understand its approach to corporate governance matters, as well as human capital management.²

In addition to internal reporting mechanisms to address this subject the following year in advance of the June 2023 AGM.³ BIS did not support the shareholder proposal, which received ~11% support.⁴

Outcome: At Etsy's June 2024 AGM, BIS supported management across all ballot items. All management proposals received majority investor support.⁵ In November 2024, following the AGM, BIS engaged with Etsy at its the request in order to give the company the opportunity to provide additional clarity on its approach to human capital management. Specifically, the team received an update on how the company is soliciting and responding to feedback from its workforce, and expanding its hiring strategy to new markets.

1. Etsy, Inc. "Etsy Report Regarding Employment-Related Concealment Clauses." 2. Etsy, Inc. "Notice of 2023 Annual Meeting of Stockholders & Proxy Statement." 3. Etsy, Inc. "Notice of 2023 Annual Meeting of Stockholders & Proxy Statement" 4. Securities and Exchange Commission. "Etsy, Inc. – Form 8-K." 5. Securities and Exchange Commission. "Etsy, Inc. Form 8-K." June 13, 2024."

Mattel, Inc. (Mattel)

Background: Mattel is a U.S.-based manufacturer and marketer of toys.

At the May 2024 AGM, agenda items included the election of directors, approval of the company's executive compensation practices, and a shareholder proposal requesting enhanced reporting on the company's political contributions and lobbying activities.⁶

In 2024, there was an increase of shareholder proposals focused on corporate political activities filed at U.S. companies. Some of these proposals centered on enhanced reporting on political contributions and lobbying activities. Others went further and asked companies to examine the risks of association with specific organizations.^{7, 8}

BIS engaged with Mattel in advance of the company's May 2024 AGM to provide the company with an opportunity to

6. Mattel, Inc. "2024 Proxy Statement." 7. BIS followed the SEC's guidance in classifying these proposals as company impacts on people-related (social) proposals, except where they focused on climate-related risks. In the case of shareholder proposals, the BIS taxonomy considers the full scope of the proposal's intent, as understood through the proponent's materials and public statements, to then categorize these under governance, climate and natural capital, or company impacts on people-related proposals. To provide an accurate year-on-year comparison, BIS reclassified several lobbying proposals that we had previously classified as governance-related in past proxy years as climate and natural capital or company impacts on people shareholder proposals in accordance with this methodology. 8. U.S. SEC. "Form N-PX: Annual Report of Proxy Voting Record General Instructions."

clarify its approach to board oversight and composition, executive compensation, and disclosure relating to its corporate political activities.

Outcome: BIS did not support the shareholder proposal seeking enhanced reporting on Mattel’s political activities.

We determined that the proponent’s ask was already sufficiently met by the company’s existing disclosures, evidenced by publicly available reports on the company’s political contributions.¹ The proposal did not pass, receiving ~9% shareholder support at the AGM.²

1. Mattel, Inc. “[Corporate Political Expenditures Related Disclosures](#).” 2. Mattel, Inc. “[Form 8-K](#).” May 29, 2024.

APAC

Hyundai Motor Co., Ltd. (Hyundai Motor)

Background: Hyundai Motor is an automaker headquartered in Seoul, South Korea. The agenda for the company’s March 2024 AGM included the election of directors and the approval of the company’s compensation policies.

In July and December 2022, multiple media outlets reported that Hyundai Motor’s suppliers based in the U.S. employed underage children.³ As noted in [BIS’ approach to engagement on corporate human rights risks](#), poor working conditions, substandard wages, and use of forced labor or child labor—by a company or its key suppliers—can expose a company to supply chain stoppages, health and safety incidents, strikes, international trade disruption, reputational damage, and negative impact on a company’s ability to deliver long-term financial returns.

Before the March 2023 AGM, the company published a shareholder letter addressing its view on the child labor

controversy, as well as a summary report on its audit of the labor practices of the Tier 1 suppliers of Hyundai Motor America.^{4,5} In the letter, Hyundai Motor committed to ensuring that suppliers would comply with the company policies in the future. Additionally, it introduced new requirements for suppliers to fulfill third-party audits for purposes of greater transparency in reporting around its supply chain.

Hyundai Motor also confirmed that their suppliers have terminated relationships with the third-party staffing agencies who falsely certified that they had screened for underage workers.

In July 2023, Hyundai Motor published the results of supplier assessments in its annual Sustainability Report.⁶ BIS engaged with Hyundai Motor in 2022 and 2023, both before and after the March 2023 AGM to learn how the company was approaching these matters.

3. Reuters. “[Child workers found throughout Hyundai-Kia supply chain in Alabama](#).” December 16, 2022. 4. Hyundai Motor Co. “[Summary Report - Audit of Child Labor Practices of HMMMA Tier 1 Suppliers](#).” February 2023. 5. Hyundai Motor Co. “[Letter to Shareholders](#).” 6. Hyundai. “[Road to Sustainability: 2023 Sustainability Report](#).” July 2023.

BIS engaged again with Hyundai Motor in March 2024 at the company's request to provide additional clarity around its governance mechanisms, board oversight, and risk management surrounding its supply chain management.

Outcome: Given Hyundai Motor's enhanced disclosures,

1. Hyundai Motor Co. "[General Meeting of Shareholders](#)."

proactive supplier assessments, and commitment to enhancing its labor practices, BIS supported management at the company's March 2024 AGM. All management-proposed items received majority shareholder support at the March 2024 AGM.¹ BIS also supported management across all items at the company's March 2023 AGM.

EMEA

DSV A/S (DSV)

Background: DSV is a global transport and logistics company headquartered in Denmark.

At the company's March 2024 AGM, the agenda included a shareholder proposal requesting enhanced disclosure on the approach to corporate human rights-related risks, in connection with a joint venture the company operates in the Kingdom of Saudi Arabia.²

BIS engaged with DSV in March 2024 to give the company the opportunity to provide additional clarity on its approach to board composition, executive remuneration, and the management of material corporate human rights-related risks and opportunities.

During the engagement, the company detailed its approach to managing human rights-related risks, including the frameworks for how such oversight is conducted, which are extended to its joint venture in Saudi Arabia. Specifically, DSV's Human Rights Programme follows an annual

four-step process: global risk assessment, self-assessment, corrective actions, and training.

Each year the company conducts a global risk assessment of all entities, considering both external and internal factors. This assessment identifies specific entities for further review, which then perform a self-assessment to identify and mitigate risks through corrective actions. The final step involves training employees in the selected entities to ensure they understand DSV's standards, rights, and responsibilities.

Outcome: In March 2024, BIS learned through public disclosure that the company supported the shareholder proposal, given its ongoing commitment to respect human rights and acknowledgment of the benefits of enhanced reporting on these matters.³ BIS supported the shareholder proposal at DSV's March 2024 AGM, which received about 99% support from shareholders.⁴

2. DSV A/S. "[Annual General Meeting](#)," 2024. 3. Please see previous footnote. 4. DSV A/S. "[Complete Description AGM 2024](#)," 2024.



Spotlight

Market-based observations: Engaging with U.S. and Canadian healthcare providers on post-pandemic staffing levels

During the COVID-19 pandemic, the U.S. healthcare industry experienced significant strain, leading to high workloads and resulting in a decline in the healthcare workforce. A 2023 study by the National Council of State Boards of Nursing (NCSBN), found, for instance, that the U.S. nursing workforce declined by 3.3% between 2021 and 2023.¹ In an industry where staffing levels are closely linked to patient outcomes and satisfaction, this attrition created further challenges for healthcare providers.

BIS engaged with multiple U.S. and Canadian healthcare providers during 2024 to learn about their approaches to managing human capital management-related risks in light of these challenges. Through our engagements, we learned that healthcare providers commonly sought to understand and address employee engagement challenges through engagement surveys, burnout monitoring, and mental health resources. Certain providers adjusted their approach to patient care to mitigate potential impacts to patient outcomes and satisfaction due to reduced staffing levels.

Overall, BIS observed that healthcare providers were increasingly focused on human capital management to address staffing challenges and improve employee engagement, retention, and satisfaction. We also noted steps these companies took to enhance board oversight and reporting on this issue, including regular reports to their boards on staffing metrics, including turnover rates, engagement scores, and participation rates.

1. National Council of State Boards of Nursing. "NCSBN Research Projects Significant Nursing Workforce Shortages and Crisis." April 13, 2023.

Appendix

Appendix I – Voting statistics

		Americas	EMEA	APAC	Global Total
Management proposals					
Director elections	support management	26,455	13,564	26,412	66,431
	not support management	2,048	2,397	2,838	7,283
Board-related	support management	764	2,216	4,017	6,997
	not support management	139	654	1,142	1,935
Compensation	support management	5,069	5,489	5,300	15,858
	not support management	499	1,562	1,313	3,374
Capital structure	support management	1,336	7,280	9,028	17,644
	not support management	86	315	1,225	1,626
Strategic transactions	support management	485	1,297	3,992	5,774
	not support management	27	142	1,064	1,233
Takeover defense	support management	247	548	77	872
	not support management	13	31	47	91
Auditor	support management	4,374	3,215	2,863	10,452
	not support management	1	238	36	275
Mutual funds	support management	72	53	0	125
	not support management	0	0	0	0
Climate and natural capital	support management	2	26	2	30
	not support management	0	0	0	0
Company impacts on people	support management	15	503	22	540
	not support management	0	77	17	94
Other	support management	1,583	7,362	10,896	19,841
	not support management	883	1,010	1,385	3,278

Source: BlackRock, ISS. Sourced on March 18, 2025, reflecting data from January 1, 2024, through December 31, 2024. Reflects BIS' proposal taxonomy. "Support" means BIS voted in alignment with management's voting recommendations. "Not support" means BIS voted different from management's voting recommendations.

		Americas	EMEA	APAC ex-Japan	Japan	Global Total
Shareholder proposals						
Governance	support management	224	208	249	215	896
	not support management	48	20	18	22	108
Company impacts on people	support management	305	9	0	2	316
	not support management	13	0	0	0	13
Climate and natural capital	support management	144	15	8	52	219
	not support management	6	0	0	0	6
Board-related	support management	74	189	322	2	587
	not support management	12	66	5	0	83
Director elections	support management	85	229	1,136	81	1,531
	not support management	31	131	85	2	249
Other	support management	10	66	76	1	153
	not support management	2	44	13	0	59

Source: BlackRock, ISS. Sourced on March 18, 2025, reflecting data from January 1, 2024, through December 31, 2024. Reflects BIS' proposal taxonomy. "Support" means BIS voted in alignment with management's recommendations. "Not support" means BIS voted different from management's voting recommendation.

Appendix II – Proposal terminology explained

Proxy voting data reflects BIS’ management and shareholder proposal categories in alignment with BIS’ proposal taxonomy. BIS’ proposal taxonomy is a comprehensive representation of BIS’ proxy voting activity on behalf of clients, built in response to their informational and reporting needs.

Management proposals

Auditor — proposals related to the appointment and compensation of external auditors serving corporations.

Board-related — a category of management originated, board-related proposals (excluding director elections), pertaining to advisory board matters, alternate and deputy directors, board policies, board committees, board composition, among others.

Capital Structure — generally involves authorizations for debt or equity issuances, dividends and buybacks, stock splits, and conversions of securities.

Climate and natural capital — includes management originated proposals related to environmental issues, such as proposals to approve a company’s climate action plan, commonly referred to as “Say on climate.”

Company impacts on people — includes management originated proposals relating to a range of social issues such as corporate social responsibility and diversity, equity, and inclusion.

Compensation — proposals concerning executive compensation policies and reports (including Say on Pay, Say on Pay Frequency, and approving individual grants), director compensation, equity compensation plans, and golden parachutes.

Director election — a category of management originated proposals which includes the election, discharge, and dismissal of directors.

Mutual Funds — proposals related to investment management agreements and the structure of mutual funds.

Other — covers an assortment of common management originated proposals, including formal approvals of reports, name changes, and technical bylaws, among many others.

Strategic transactions — involves significant transactions requiring shareholder approval like divestment, mergers and acquisition, and investment.

Takeover defense — proposals concerning shareholder rights, the adoption of “poison pills,” and thresholds for approval, among others.

Shareholder proposals

Board-related — a category of shareholder originated, board-related proposals (excluding director elections), pertaining to advisory board matters, alternate and deputy directors, board policies, board committees, board composition, among others.

Climate and natural capital — covers shareholder originated proposals relating to reports on climate risk, emissions, natural capital, and sustainability, among others.

Company impacts on people — includes shareholder originated proposals relating to a range of social issues such as reports on diversity, equity, and inclusion, human capital management, and human rights, among others.

Director-election — a category of shareholder originated proposals which includes the election, discharge, and dismissal of directors.

Governance — generally involves key corporate governance matters affecting shareholder rights including governance mechanisms and related article/bylaw amendments, as well as proposals on compensation.

Other — includes non-routine procedural items and other voting matters.

APPENDIX III –

Yearly policy review process

How BIS reviews and approves its Benchmark Policies to enable effective stewardship

The BIS Benchmark Policy review and approval process is rigorous, yet flexible, as it allows for continuous improvement. This process helps us ensure that the BIS Benchmark Policies – and in particular, our regional voting guidelines – are applied pragmatically and on a case-by-case basis, with the goal of voting to achieve an outcome most aligned with the long-term financial interests of our clients as shareholders. The rationale for any change in our approach is to align our policies with market practices and our commitment to pursuing long-term financial returns for our clients:

1. The BIS team reviews, and amends as necessary, the Global Principles, which are the overarching framework for BIS' work and reflect common themes in stewardship across regions.
2. Through a globally coordinated process, the regional stewardship teams also review the regional voting guidelines implemented in their region and propose amendments to reflect changes in market standards, evolving governance practices, and insights gained from engagements with companies and clients.
3. The proposed policies are reviewed at this initial stage in the process, and subsequently as necessary, by internal partners in Legal & Compliance (L&C), Government Affairs and Public Policy Group (GAPP), and others as necessary, to reflect updates such as those related to applicable law and regulation.
4. The Stewardship Advisory Councils review and advise on amendments to the regional voting guidelines covering markets in the Americas, APAC, and EMEA. The BIS Global Oversight Committee reviews and approves amendments to the Global Principles. It also reviews and approves amendments to the regional voting guidelines.
5. The updated regional voting guidelines are then submitted, along with the Global Principles, to the Investment Stewardship Global Oversight Committee, for review and approval. This step is intended to promote global consistency, while allowing for regional nuance.

APPENDIX IV –

The proxy voting process

1. Onboarding

For portfolios where BlackRock is authorized to vote, BIS onboards the portfolio to be voted on the electronic voting platform.

2. Reconciliation

BIS then reconciles portfolio holdings with upcoming shareholder meetings to ensure BIS is voting all positions we are entitled to.

3. Ballot creation

When a company announces an upcoming shareholder meeting, custodian banks send voting entitlements to a ballot distributor who in turn distributes proxy ballots to the external proxy service vendor.

4. Ballot reception, research, and issue spotting

The respective BIS analyst is alerted to a shareholder meeting allocated to them entering the external proxy service vendor's electronic platform. The BIS analyst reviews company materials, broker research, third-party data, and other publicly available information, as necessary. The BIS analyst then applies the BIS regional voting guidelines to determine how to vote on behalf of clients. Straightforward meetings proceed to vote execution while the remainder are flagged for additional research.

5. Review and engagement

In the case of particularly complicated or controversial matters, the BIS analyst conducts in depth research and may engage with the company's executives or board members. The BIS analyst discusses issues and vote options with BIS colleagues and the relevant BIS advisory council, as necessary.

6. Vote execution

The BIS analyst executes the final vote decisions. Per BIS policy, the independent third-party voting service provider supplies vote recommendations to mitigate potential conflicts of interest. The BIS advisory councils meet several times a year and review voting and engagement activity.

7. Reporting

BIS provides portfolio-level engagement and vote reports to clients and complies with relevant regulatory reporting such as SEC Form N-PX.¹ Lastly, BIS makes public its voting record, annual report, and quarterly engagement statistics on its website.

1. Every year, BlackRock submits its global voting record to the U.S. SEC through the filing of Form N-PX, the annual form that mutual funds and other registered investment companies are required to submit disclosing how they voted proxy ballots. Form N-PX is to be filed not later than August 31 of each year, containing the proxy voting record for the most recent 12-month period ended June 30. See: "[Form N-PX](#)."

Appendix V – Evidence of adherence to the UK Stewardship Code

The table below is a guide to help readers understand how this report is aligned with the principles of the UK Stewardship Code, to which BlackRock is a signatory. For further information about our approach to stewardship, please refer to the BlackRock Investment Stewardship [website](#). Our full suite of publications includes our Global Principles, regional voting guidelines, Engagement Priorities, and thematic commentaries, all of which are updated annually.

Principle	Evidence of adherence in this report (Section and/or subtitle)
Principle 1 Signatories’ purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.	<ul style="list-style-type: none">• “Words from our Chairman and CEO” (page 4)• “Foreword” from our Global Head of BIS (pages 5–7)• “About BlackRock” and “About BlackRock Investment Stewardship” under Executive summary (page 9)• “Our purpose” and “Our people” under “About BlackRock” (page 22)• “Our investment approach” and “Investment solutions to provide clients with choice in line with their specific investment goals and objectives” (pages 27 and 28)• “About BlackRock Investment Stewardship” (pages 29–47)• “Offering clients more choice” (pages 48–50 with a focus on “Stewardship for climate and decarbonization-focused funds” on page 50)
Principle 2 Signatories’ governance, resources and incentives support stewardship.	<ul style="list-style-type: none">• “Words from our Chairman and CEO” (page 4)• “Foreword” from our Global Head of BIS (pages 5–7)• “About BlackRock” and “About BlackRock Investment Stewardship” under Executive summary (page 9)• “The BIS Benchmark Policies” and “BIS’ yearly policy review process” in “About BlackRock Investment Stewardship” (page 31)• “Recognition of our stewardship approach” under “About BlackRock Investment Stewardship” (page 39)• “The BIS team” under “About BlackRock Investment Stewardship” (page 40)• “The governance structure, risk oversight, and accountability process of the stewardship function at BlackRock” under “About BlackRock Investment Stewardship” (pages 41 and 42)

Every year, BlackRock submits its global voting record to the U.S. SEC through the filing of Form N-PX, the annual form that mutual funds and other registered investment companies are required to submit disclosing how they voted proxy ballots. Form N-PX is to be filed not later than August 31 of each year, containing the proxy voting record for the most recent 12-month period ended June 30. See: [“Form N-PX.”](#)

Principle	Evidence of adherence in this report (Section and/or subtitle)
<p>Principle 3</p> <p>Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.</p>	<ul style="list-style-type: none"> • “The governance structure, risk oversight, and accountability process of the stewardship function at BlackRock” under “Executive summary” and “About BlackRock Investment Stewardship” (pages 13, 41, and 42) • “Our approach to proxy research firms and other service providers” under “About BlackRock Investment Stewardship” (pages 43 and 44) • “How BIS manages conflicts of interest” and “How BIS applied its conflicts of interest policy in 2024” under “About BlackRock Investment Stewardship” (page 45) • “How BIS monitored its independent third-party voting service provider to ensure services were delivered to meet our needs” under “About BlackRock Investment Stewardship” (pages 46 and 47)
<p>Principle 4</p> <p>Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.</p>	<ul style="list-style-type: none"> • “Words from our Chairman and CEO” (page 4) • “Foreword” from our Global Head of BIS (pages 5-7) • “About BlackRock” and “About BlackRock Investment Stewardship” under Executive summary (page 9) • “The policies that guided our stewardship program in 2024” and “The four pillars of our stewardship program” under “Executive summary” (pages 10-12) • “Our purpose” and “Our people” under “About BlackRock” (page 22) • “Our investment approach” and “Investment solutions to provide clients with choice in line with their specific investment goals and objectives” (pages 27 and 28) • “The role of stewardship” under “About BlackRock Investment Stewardship” (page 30) • “The BIS Benchmark Policies” under “About BlackRock Investment Stewardship” (page 31) • “The four pillars of our stewardship program” under “About BlackRock Investment Stewardship” (page 32-37) • Also see “Contributing to industry dialogue on stewardship” and “Industry affiliations and memberships to promote well-functioning capital markets” on pages 35 and 36 • “Offering clients more choice” (pages 48-50 with a focus on “Stewardship for climate and decarbonization-focused funds” on page 50) • “2024 case studies” (pages 51-91) with a focus on “Market-based economic risks: Financial resilience amid waves of market transformation” (pages 54 and 55); “Our perspective on corporate political activities” (page 60); “Market-based economic risks: Early observations of the governance of generative artificial intelligence” (page 66); “Market-based observations: Our approach to engagement with palm oil producers” (page 84); and “Market-based observations: Engaging with U.S. and Canadian healthcare providers on post-pandemic staffing levels” (page 91)

Principle	Evidence of adherence in this report (Section and/or subtitle)
<p>Principle 5</p> <p>Signatories review their policies, assure their processes and assess the effectiveness of their activities.</p>	<ul style="list-style-type: none"> • “Overview and scope of this report” (page 2) • “Words from our Chairman and CEO” (page 4) • “Foreword” from our Global Head of BIS (pages 5-7) • “About BlackRock” and “About BlackRock Investment Stewardship” under Executive summary (page 9) • “The policies that guided our stewardship program in 2024” and “The four pillars of our stewardship program” under “Executive summary” (pages 10-12) • “BIS’ governance structure and how we monitored proxy research firms and other service providers” (page 13) • “2024 by the numbers” (pages 14-20) • “The BIS Benchmark Policies” under “About BlackRock Investment Stewardship” (page 31) • “The four pillars of our stewardship program” under “About BlackRock Investment Stewardship” (page 32-37) • “Recognition of our stewardship approach” and “BIS statements of adherence” (page 39) • “The governance structure, risk oversight, and accountability process of the stewardship function at BlackRock (pages 41,42) • “Assessment of stewardship activities in practice” (page 42) • Our approach to proxy research firms and other service providers” (pages 43 and 44) • “How BIS monitored its independent third-party voting service provider to ensure services were delivered to meet our needs” under “About BlackRock Investment Stewardship” (pages 46 and 47) • “Appendix III – Yearly policy review process” (page 96) • “Appendix IV- The proxy voting process” (pages 97 and 98)
<p>Principle 6</p> <p>Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.</p>	<ul style="list-style-type: none"> • “Overview and scope of this report” (page 2) • “Words from our Chairman and CEO” (page 4) • “Foreword” from our Global Head of BIS (pages 5-7) • “About BlackRock” and “About BlackRock Investment Stewardship” under Executive summary (page 9) • “Reporting on our stewardship activities” under “Executive summary” (page 12) • “Offering more choice to meet out clients’ investment goals” under “Executive summary” (page 13) • “Our purpose,” “Our people,” and “Our clients” under “About BlackRock” (pages 22-26) • “Our investment approach” and “Investment solutions to provide clients with choice in line with their specific investment goals and objectives” (page 27) • “How different teams at BlackRock seek the best risk-adjusted returns within the mandates clients give us” (page 28) • “At BlackRock, investment stewardship is core to our role as an asset manager and a fiduciary to our clients” (page 30) • “Reporting on our stewardship activities” and “BIS content library” under “About BlackRock Investment Stewardship” (page 37) • “Communicating with and seeking client feedback on our stewardship approach” (page 38) • “Recognition of our stewardship approach” and “BIS statements of adherence” (page 39) • “Offering more clients choice” (pages 48-50) • “2024 case studies” (pages 51-91)

Principle	Evidence of adherence in this report (Section and/or subtitle)
<p>Principle 7</p> <p>Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change to fulfil their responsibilities.</p>	<ul style="list-style-type: none"> • “Foreword” from our Global Head of BIS (pages 5-7) • “About BlackRock Investment Stewardship” under Executive summary (page 9) • “The policies that guided our stewardship program in 2024” and “The four pillars of our stewardship program” under “Executive summary” (pages 10-12) • “Offering more choice to meet our clients’ investment goals” under “Executive summary” (page 13) • “Our investment approach” and “Investment solutions to provide clients with choice in line with their specific investment goals and objectives” (pages 27 and 28) • “How different teams at BlackRock seek the best risk-adjusted returns within the mandates clients give us” (page 28) • “Stewardship for climate and decarbonization-focused funds” under “Offering clients more choice” (page 50) • “2024 case studies” (pages 51-91)
<p>Principle 8</p> <p>Signatories monitor and hold to account managers and/or service providers.</p>	<ul style="list-style-type: none"> • “BIS’ governance structure and how we monitored proxy research firms and other service providers” (page 13) • “The governance structure, risk oversight, and accountability process of the stewardship function at BlackRock” and “Assessment of stewardship activities in practice” under “About BlackRock Investment Stewardship” (pages 41 and 42) • Our approach to proxy research firms and other service providers” under “About BlackRock Investment Stewardship” (page 43. • “How we monitor the quality of proxy research firms and other service providers” (page 44) • “How BIS manages conflicts of interest” under “About BlackRock Investment Stewardship” (page 45) • “How BIS monitored its independent third-party voting service provider to ensure services were delivered to meet our needs” under “About BlackRock Investment Stewardship” (page 46) • “BlackRock’s approach to securities lending and its relationship with proxy voting” (pages 46 and 47) • “Appendix III – Yearly policy review process” (page 96) • “Appendix IV- The proxy voting process” (pages 97 and 98)
<p>Principle 9</p> <p>Signatories engage with issuers to maintain or enhance the value of assets.</p>	<ul style="list-style-type: none"> • “Foreword” from our Global Head of BIS (pages 5-7) • “About BlackRock Investment Stewardship” under Executive summary (page 9) • “The policies that guided our stewardship program in 2024” under “Executive summary” (page 10) • “Engaging with companies” under “Executive summary” (page 10) • “Engaging with companies to build our understanding of material risks and opportunities and inform our voting decisions” and “Engagements across our five priorities” under “2024 by the numbers” (page 15) • “How different teams at BlackRock seek the best risk-adjusted returns within the mandates clients give us” and “Engaging across markets on bond issuance programs” under “About BlackRock” (page 28) • “The BIS Benchmark Policies” under “About BlackRock Investment Stewardship” (page 31) • “Engaging with companies” and “Engagement in practice” under “About BlackRock Investment Stewardship” (page 32) • “The BIS team” under “About BlackRock Investment Stewardship” (page 40) • “Stewardship for climate and decarbonization-focused funds” under “Offering clients more choice” (page 50) • “2024 case studies” (pages 51-91)

Principle	Evidence of adherence in this report (Section and/or subtitle)
<p>Principle 10 Signatories, where necessary, participate in collaborative engagement to influence issuers.</p>	<ul style="list-style-type: none"> • “Engaging with companies” under “Executive summary” (page 10) • “Contributing to industry dialogue on stewardship” under “Executive summary” (page 12) • “2024 by the numbers” (pages 14–20) • “Engaging with companies” and “Engagement in practice” under “About BlackRock Investment Stewardship” (page 32) • “Contributing to industry dialogue on stewardship” and “Industry affiliations and memberships to promote well-functioning capital markets” under “About BlackRock Investment Stewardship” (pages 35 and 36) • “2024 case studies” (pages 51–91)
<p>Principle 11 Signatories, where necessary, escalate stewardship activities to influence issuers.</p>	<ul style="list-style-type: none"> • “BIS’ governance structure and how we monitored proxy research firms and other service providers” under “Executive summary” (page 13) • “2024 by the numbers” (pages 14–20) • “Vote escalations” and “Case study–Escalating a shareholder activist situation” under “About BlackRock Investment Stewardship” (page 34) • “The governance structure, risk oversight, and accountability process of the stewardship function at BlackRock” (pages 41, 42) • “2024 case studies” (pages 51–91)
<p>Principle 12 Signatories actively exercise their rights and responsibilities.</p>	<ul style="list-style-type: none"> • “Words from our Chairman and CEO” (page 4) • “Foreword” from our Global Head of BIS (pages 5–7) • “Executive summary” (pages 8–13) • “Voting on behalf of clients’ long-term financial interests” in “2024 by the numbers” (pages 16–20) • “Proxy voting on behalf of clients” and “Exercise of voting rights and responsibilities on behalf of clients” (page 33) • “Vote escalations” and “Case study–Escalating a shareholder activist situation (page 34) • “The governance structure, risk oversight, and accountability process of the stewardship function at BlackRock” and “Assessment of stewardship activities in practice” under “About BlackRock Investment Stewardship” (pages 41 and 42) • “Our approach to proxy research firms and other service providers” under “About BlackRock Investment Stewardship” (page 43). • “The proxy voting process” under “About BlackRock Investment Stewardship” (pages 43) • “How we monitor the quality of proxy research firms and other service providers” (page 44) • “How BIS manages conflicts of interest” under “About BlackRock Investment Stewardship” (page 45) • “How BIS monitored its independent third-party voting service provider to ensure services were delivered to meet our needs” under “About BlackRock Investment Stewardship” (page 46) • “BlackRock’s approach to securities lending and its relationship with proxy voting (pages 46 and 47) • “Offering clients more choice” (pages 48–50) • “2024 case studies” (pages 51–91) • “Appendix I – Voting statistics” (pages 93 and 94) • “Appendix III – Yearly policy review process” (page 96) • “Appendix IV– The proxy voting process” (pages 97 and 98)

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