

Shareholder Rights

Directive II – Engagement Policy

BlackRock Investment Stewardship

Introduction

At BlackRock, investment stewardship is core to our role as an asset manager and a fiduciary to our clients. As of 1 January 2025, BlackRock's stewardship policies are developed and implemented separately by BlackRock Investment Stewardship (BIS) and BlackRock Active Investment Stewardship (BAIS). While the two teams operate independently, their general approach is grounded in widely recognized norms of corporate governance and shareholder rights and responsibilities. BIS is a dedicated function within BlackRock, which is responsible for stewardship activities in relation to clients' assets invested in index equity strategies. Approximately 90% of BlackRock clients' public equity assets under management are held in index equity strategies, as of December 31, 2024.¹ BAIS partners with BlackRock's active investment teams in relation to their holdings.

In addition to these two policies, BlackRock offers two additional stewardship options to provide clients with more choice to meet their investment needs: [BlackRock Voting Choice](#) and the Climate and Decarbonization Stewardship Program.

This statement, applicable from 1 January 2025, explains how BIS meets the requirements in the Shareholder Rights Directive II relating to the team's stewardship activities under the BIS 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' long-term financial interests.² Specifically, this statement describes BIS' engagement with management teams and/or board members at the public companies in which BlackRock invests on behalf of clients. We also explain our engagement approach under the Climate and Decarbonization Stewardship Program for clients who have directed BlackRock to explicitly prioritize climate risks and decarbonization as an investment objective. Other materials not explicitly referenced below may also be relevant to the reader and can be found on the [BIS](#) website. For BAIS-related materials, please refer to the team's website available [here](#).

BlackRock Investment Stewardship (BIS)

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BIS' program has four key pillars:

1. Engaging with companies
2. Proxy voting on behalf of clients
3. Contributing to industry dialogue on stewardship
4. Reporting on our stewardship activities

The BIS team

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.⁴ As stewards of our clients' assets, our dedicated BIS 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.

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:

- **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.
- **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.
- **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 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.

The BIS Stewardship program

1. Engaging with companies

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

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.

BIS defines an engagement as a meeting with a company's board and/or management that helps inform BIS' voting on behalf of clients.⁵ 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.

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.

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 other 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 more detailed description of our approach to each of our Engagement Priorities can be found [here](#).

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. While BIS' activities are not designed to drive outcomes, BIS' Engagement Priorities may, at times, align with themes of certain funds.

2. Proxy voting on clients' behalf

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. 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.⁶ 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.

The vast majority of BIS' 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.

3. 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.⁷

BIS may engage with participants 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.

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.

4. 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.

Stewardship for climate and decarbonization-focused funds

In response to client demand, in February 2024, BlackRock 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.

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. Separately managed account (SMA) clients may also instruct BlackRock to apply the program to their holdings. As of 31 December 2024, 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.^{8,9} A list of all approved BIS funds in scope is available on the BIS website [here](#).

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.

BIS' approach to engagement and voting under the Climate and Decarbonization Stewardship Program

These [Climate and Decarbonization Stewardship Guidelines](#) set out BIS' approach to voting at companies' shareholder meetings on behalf of funds with explicit decarbonization or climate-related investment objectives, and, when appropriate, engagement with corporate leadership to support our voting on clients' behalf. In addition, clients in separately managed accounts may instruct BlackRock to apply these guidelines to their holdings. Both in the case of funds and separately managed accounts, these guidelines are only implemented upon explicit selection and approval by the applicable fund board or client.

These guidelines should be read in conjunction with BIS' Benchmark Policies and are focused on matters related to climate risks and the transition to a low-carbon economy at companies that are held by funds and clients who have selected these guidelines.

These guidelines differ from the Benchmark Policies in that they consider, in addition to financial considerations and consistent with the investment objective of each fund or account that has selected these guidelines, the alignment of companies' business model and strategies with the financial opportunities presented by the transition to a low-carbon economy and the more ambitious goal of the Paris Agreement, namely to limit average temperature rise to 1.5°C above pre-industrial levels.¹⁰

These guidelines will apply to companies which produce goods and services that contribute to real world decarbonization or have a carbon intensive business model and face outsized impacts from the low-carbon transition, based on reported and estimated scopes 1, 2, and 3 greenhouse gas emissions.¹¹ We estimate these companies represent the vast majority of the value chain emissions of the companies held by funds and clients that have selected these guidelines. For all other companies held by these funds and clients, BIS' benchmark voting guidelines apply.

On other matters not related to climate risks and the transition to a low-carbon economy, BIS will apply our Benchmark Policies. For clients who have not directed BlackRock to prioritize climate risks and decarbonization as an investment objective, BIS will continue to undertake our stewardship responsibilities in line with our Benchmark Policies, with a sole focus on advancing those clients' long-term economic interests. This will include consideration of climate-related risks and opportunities in a company's business model, where material to the company's ability to deliver long-term financial returns.

Empowering investors through BlackRock Voting Choice

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. Over 90% of our institutional index equity assets are eligible for Voting Choice.¹²

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. More information about BlackRock Voting Choice is available [here](#).

Conflict management policies and procedures

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 employee. BIS' conflicts of interest policy is available [here](#).

Endnotes

1. 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.
2. The prior version of this statement, which was applicable from 1 January 2024 to 1 January 2025, can be found [here](#).
3. As of 31 December 2024, clients entrusted BlackRock with \$11.6 trillion of assets under management (AUM). By product type, 55% of the assets BlackRock manages for clients are in equities (as of December 31, 2024). Approximately 90% of public equity AUM is held in index strategies. 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](#)", 15 January 2025.
4. As of March 31, 2025.
5. 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.
6. 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.
7. 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.
8. BlackRock. Number of funds and AUM as of 31 December 2024.
9. Starting in 2025, BIS and BAIS separately administer the program for their respective in-scope strategies.
10. The Paris Agreement to the United Nations Framework Convention on Climate Change. December 12, 2015.
11. These companies may already be low-carbon operators, or be demonstrating momentum in reducing emissions in their operations, providing key inputs or goods and services that support real world decarbonization, or pivoting their current business model to contribute to the transition to the low-carbon economy.
12. Source: BlackRock. Client funds participating in BlackRock Voting Choice are as of December 31, 2024. Assets include index equity assets held in multi-asset fund of funds strategies.

Want to know more?

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