

BlackRock.

Investment Stewardship Annual Report

January 1 – December 31, 2023

How to read this report

This report covers BlackRock Investment Stewardship's (BIS) activities from January 1 through December 31, 2023. As part of our fiduciary duty to our clients, we consider it one of our responsibilities to promote sound corporate governance practices and financial resilience as an informed, engaged shareholder on their behalf. BlackRock has a dedicated function, the BIS team, which is responsible for doing so on behalf of our clients.

BIS primarily engages public companies on behalf of index strategies, and we make our company analysis and engagement meeting notes available to BlackRock's active portfolio managers. Other investment 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.

The BIS team of more than 65 dedicated professionals¹ operates across nine global offices, taking a localized approach while also benefitting from global insights. We focus most of our efforts 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. As one of many minority shareholders in public companies, BIS cannot – and does not try to – 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.

The report is structured to provide a comprehensive overview of our stewardship approach and our perspective on corporate governance matters – and material risks and opportunities, where relevant – that could impact our clients' portfolios. To illustrate our engagement with thousands of companies across sectors and markets, we have included case studies highlighting the focus of our discussions in the reporting period. However, engagement is an ongoing activity so topics raised at a particular company may span multiple reporting periods. We also include case studies providing the rationale for votes cast in 2023, many informed by our engagements. Similarly, we offer examples of our engagement at an industry level, we reference the thematic publications available

on our website, and we describe improvements to our stewardship reporting to meet our clients' and their beneficiaries' informational and reporting needs. The information in this report is dated as of December 31, 2023, unless otherwise noted. Proxy voting data reflects BIS' management and shareholder proposal categories in alignment with BIS' proposal taxonomy, updated in early 2023. In prior BIS publications, proxy voting data leveraged Institutional Shareholder Services' (ISS) proposal taxonomy. BIS' proposal taxonomy is a more comprehensive representation of BIS' proxy voting activity on behalf of clients, built in response to their informational and reporting needs. Proxy voting data reported in prior years might differ at the category level (e.g., "director elections" or "board-related" proposal categories) as a result of reclassifying the proposals in alignment with BIS' taxonomy. However, our voting record by proposal category has not been materially impacted. 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 12, 2024, prior to the submission to the FRC, this report was presented to the Nominating, Governance and Sustainability Committee (NGSC) of the BlackRock, Inc. Board of Directors by Joud Abdel Majeid, Global Head of Investment Stewardship and member of the BlackRock Global Executive Committee, and Michelle Edkins, BIS' Head of Institutional Relations and Policy. As described in the [NGSC Charter](#), the NGSC 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

¹ As of December 31, 2023.

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This is an abbreviated version of the [2023 Annual Report](#) published on April 30, 2024. Please see full report for more detail.



Larry Fink

Chairman and Chief Executive Officer

From our Chairman and CEO

More than 35 years ago, my business partners and I founded BlackRock to help people invest in the capital markets because we believed participating in those markets was going to be crucial for people who wanted to retire comfortably and financially secure. Today, more than half the assets we manage are for retirement.

Healthy capital markets depend on a continuous feedback loop between companies and their investors. Companies set and execute their strategies to deliver enduring returns to their shareholders, and investors, in turn, signal their support or concern for their performance through their capital allocation and stewardship activities. And while various market forces may cause a company to pivot its strategy or an investor to rethink their allocation, this dynamic feedback loop – linking companies with their investors – is at the heart of well-functioning, vibrant capital markets.

At BlackRock, we manage money on behalf of our clients and serve as a fiduciary on their behalf. We have long endeavored to support this essential feedback loop between companies and their investors. We have done so by building an industry-leading investment stewardship program – one that is solely focused on advancing our clients' financial interests by encouraging sound governance practices that support long-term returns.

Over the past year, our clients continued to navigate a complex investing environment shaped by slower growth across several major markets. Against this backdrop, they sought to understand how companies are adapting and how long-term, structural forces – like artificial intelligence, geopolitical fragmentation, and the low carbon transition – might shape companies' future financial returns.

In 2023, BlackRock's stewardship team engaged with thousands of companies on these and other topics. As ever, they approached their work from the perspective of a long-term investor – always engaging in a constructive and open, two-way dialogue with companies to learn about their business and governance practices.

While this report focuses on the activities that our stewardship team undertook in 2023, their work benefits from decades of experience and a global footprint. Their expertise across markets enables them to bring a global perspective and local understanding to their engagements with companies, often alongside our investment teams, because we never believed in the industry's reliance on the recommendations of a few proxy advisors. We knew our clients would expect us to make independent proxy voting decisions, informed by our ongoing dialogue with companies – a philosophy that continues to underpin our stewardship efforts today.

For our clients who wish to take a more direct role in the proxy voting process, we continue to innovate to provide them with more choice. In 2022, we launched BlackRock Voting Choice. In 2023, we announced our plans to expand BlackRock Voting Choice to millions of U.S. retail shareholder accounts—another expression of our commitment to bring more voices to the proxy voting process.

I have long believed that companies led by forward-thinking management teams and effective board directors are better equipped to navigate uncertainty and deliver long-term financial performance. Last year, once again we witnessed the crucial role of strong corporate governance – the bedrock of our stewardship team's work – in enabling well-functioning capital markets.

I am proud of the work that our stewardship team has done over the past year to help advance our clients' financial interests and am pleased to present our 2023 Investment Stewardship Annual Report.



Joud Abdel Majeid

Global Head of Investment Stewardship

Foreword

A new economic regime and business operating environment

Over the past year, companies navigated a new regime of muted economic growth in many advanced economies, greater inflation pressures and higher borrowing costs. And even as the pandemic-related inflation pressures are abating and interest rates are set to fall from their peaks, a range of production constraints may cause central banks to maintain rates higher than they were before the pandemic, if they want to avoid resurgent inflation.

This new economic regime is shaped by powerful structural shifts, or mega forces that are changing how companies operate. Investors are seeking to understand how these forces will shape future returns at the companies they invest in: how might geopolitical fragmentation rewire supply chains as governments seek to realign trade and policy with a focus on national security? Which sectors will artificial intelligence propel with productivity gains, and which might it completely disrupt? How might a transition to a low-carbon economy unfold across markets? How can workforces adapt to labor shortages as populations age across major economies?

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. Over the past year, we had thousands of engagements with companies to learn about how this new operating environment might shape their performance and the financial returns they deliver to our clients.

A focus on strengthening financial resilience and adapting to capture opportunities

In our engagements, companies shared the steps they are taking to strengthen their financial resilience. Many CFOs were focused on building stronger balance sheets, increasing free cash flow generation, and improving their capacity for sustained earnings growth, amid an environment of higher interest rates and scarce capital.

Company leaders are also adapting their strategies to manage the risks and capture the opportunities spurred by these mega forces. For example, some companies shared how they reconfigured their supply chains through onshoring and diversifying suppliers to mitigate risk in their operations. Others evolved their operating models to access incentives from industrial policies, like the U.S. Inflation Reduction Act, the EU Green Industrial Plan, and other comparable programs in other countries. Several technology companies noted how they are pivoting their businesses around generative AI. Energy companies discussed how their strategies seek to pragmatically balance consumer demand for energy security and affordability, with their long-term plans to invest in and navigate the low-carbon transition.

And to better position their companies for this period of change, many board directors and leadership teams noted how they are evolving their companies' governance structures and talent practices to enable dynamic decision-making in an uncertain operating environment.

Our engagement-first approach to stewardship

We find that most companies welcome this two-way, constructive dialogue as it enables them to share how they are navigating issues that can impact their long-term financial performance. We value the opportunity to listen and learn from companies, to improve our understanding of their business models, and inform our proxy voting decisions.

In 2023, our more than 3,700 engagements with 2,500+ companies continued to center on core governance practices – including board quality, the company's strategy and financial resilience, and executive compensation.

We also engaged on factors that are material to their business models, including management of potential risks associated with climate and natural capital, as well as the impacts of a company's operations on their workforce and broader value chain.

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 we believe is in their economic interests. We do this by casting votes in a favor of proposals that, in our assessment, will promote stronger governance and better management and, in turn, potentially enhance long-term shareholder value.

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 record reflects this alignment. In 2023, BIS voted more than 170,000 proposals at 14,000+ companies globally, supporting management in ~88% of these proposals.

Shareholders submitted a record number of proposals in 2023 and the quality of proposals continued to decline. Because so many proposals were overly prescriptive, lacking economic merit, or simply redundant, they were unlikely to help promote long-term shareholder value and received less support from shareholders, including BlackRock, than in years past.

Empowering more investors with choice

We recognize that some clients want a more direct role in the stewardship of their capital. Over the past 12 months, we announced a plan to extend BlackRock Voting Choice to our largest ETF, which will give millions of shareholder accounts the option to choose from a range of different voting policies for their respective share of ETF votes.

Clients representing \$598 billion in eligible assets under management (AUM) have chosen to participate in BlackRock Voting Choice to express their preferences.¹ We believe that corporate governance can benefit from this increased diversity of voices.

The year ahead

In the year ahead, we are excited to bring more innovative choices to our clients in investment stewardship. We will continue to build on our BlackRock Voting Choice offering to provide more options for investors who want a more direct role in the proxy voting process, where legally and operationally viable. We will also update clients on our recently announced decarbonization-focused engagement and voting option, to serve our clients who explicitly direct us to prioritize decarbonization investment objectives.

For clients who have not directed us to prioritize decarbonization as an investment objective, our sole focus remains advancing their long-term financial interests. Our discussions with companies will continue to center on our five engagement priorities that we believe reflect the corporate governance norms that drive long-term financial value.

Amid this new economic regime, we are interested in learning how companies are strengthening their financial resilience. We believe the choices company leaders make as they adapt to these mega forces – and the opportunities catalyzed by them – will be important drivers of companies' long-term financial performance.

I am proud of the work that our team has done in 2023 on behalf of our clients and look forward to our continued dialogue with companies in 2024.

¹ Source: BlackRock. As of December 29, 2023. In this report, currency shown in USD unless otherwise noted.

Executive summary

Overview and scope of this report

BlackRock is a leading asset manager with a diversified business across products, services, and geographies, serving clients with a broad spectrum of investing needs. As a fiduciary, we have an obligation to act in the best economic interests of our clients and to be solely focused on their investment objectives.

As of December 31, 2023, clients entrusted BlackRock with \$10 trillion of assets under management (AUM).¹ The assets we manage belong to our clients, which 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. By product type, 52% of the assets we managed for clients were in equities.² Approximately 90% of public equity AUM was held in index strategies.³

At BlackRock, investment stewardship is one of the ways we fulfill our fiduciary responsibilities as an asset manager to our clients. This report focuses on BlackRock Investment Stewardship (BIS), the dedicated team responsible for engaging with public companies on behalf of index strategies.

Our work is grounded in our fiduciary responsibility as an asset manager to act in our clients' long-term economic interests. Through this report, we aim to provide further clarity to our clients, the companies they are invested in, and other stakeholders, about BIS' activities in 2023 and BlackRock's overall approach to investment stewardship.

Our long-term approach to investment stewardship

BIS takes a long-term approach in our stewardship efforts, reflecting the investment horizons of the majority of our clients.

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

We do this through:

- ✓ **Engaging with companies**
- ✓ **Proxy voting on clients' behalf**
- ✓ **Contributing to industry dialogue on stewardship**
- ✓ **Reporting on our activities**

BlackRock's stewardship team is one of the largest in the industry, with more than 65 dedicated professionals, operating across nine offices globally.⁴ Our global reach and local presence enables more frequent and better-informed meaningful dialogue with companies, often in the local language. This allows us to listen to companies and execute our stewardship program most effectively across different jurisdictions, taking into consideration the local context while benefiting from observing best practices in corporate governance globally.

In our view, the purpose of stewardship by asset managers is to advance the long-term financial interests of their clients as investors in companies, not to directly seek outcomes related to the financial system as a whole, which is the role of policymakers.

That said, BIS may participate in industry-level discussions to further dialogue on matters that could impact our clients' portfolios or to provide an increased understanding of BlackRock's approach to investment 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.

¹ BlackRock, Inc. "Q4 2023 Earnings Release Supplement," January 12, 2024. ² As of December 31, 2023, 52% of AUM were invested in equities. See "BlackRock Q4 2023 Earnings – Earnings Release Supplement" at page 2 to learn more. January 12, 2024. ³ Estimate based on figures reported in BlackRock Inc.'s "Form 10-K" for the fiscal year ended December 31, 2023, which indicated that approximately 48% of total equity AUM was held in iShares ETFs, and a further 40% of total equity AUM was invested in index strategies on behalf of institutional clients. ⁴ BlackRock. As of December 31, 2023.

The policies that guided our stewardship program in 2023

The BIS [Global Principles](#), [regional voting guidelines](#), and [five engagement priorities](#) (collectively, the BIS policies) set out the core elements of corporate governance that guide our investment stewardship program globally and within each regional market every year. These policies support effective stewardship processes and transparency and align with our commitment to pursue long-term financial returns for our clients as shareholders.

Through a globally coordinated and rigorous process, the BIS policies are reviewed annually by BIS and the BIS oversight and advisory committees, which are comprised of BlackRock senior executives and investment professionals with relevant experience and oversight. The BIS policies are updated as necessary to reflect changes in market standards, evolving governance practices, and insights gained from multiyear engagements.

For 2023, we made few changes to our stewardship policies.

Overall, the BIS Global Principles continued to reflect the overarching corporate governance standards and norms that, in our experience, support companies in delivering long-term durable financial performance.

The 2023 engagement priorities were also consistent with those from prior years: **strategy, purpose, and financial resilience; board quality and effectiveness; incentives aligned with financial value creation; climate and natural capital; and company impacts on people.**

Consistent with previous years, we refined the language in the supporting thematic commentaries – available to clients and the general public on the [BIS website](#) – to reflect relevant market updates, client feedback, and learnings from our engagements.

There were no material changes in our approach to these themes, our engagement with companies in 2023 continued to focus on material risks and opportunities relevant to their business models and sectors.

In this report, we describe the BIS policy review process in detail. We also explain how BIS maintained robust structures and processes to monitor and manage potential conflicts of interest when conducting our stewardship activities.

The BIS Global Principles, regional voting guidelines, and five engagement priorities (collectively, the BIS policies) set out the core elements of corporate governance that guide our investment stewardship program globally and within each regional market every year.

How we engaged with companies on material risks and opportunities

BIS takes a constructive, long-term approach to our engagement with companies. Engagement is core to our stewardship efforts as it provides us with the opportunity to improve our understanding of a company’s business model and material risks and opportunities. When assessing material risks and opportunities, we focus on the factors that could impact a company’s long-term financial performance, which are unique to its business model and/or operating environment.

We find that many companies also welcome this two-way dialogue as it enables them to explain their practices and help investors understand the company’s long-term strategy, risk and opportunity set, and management’s plan to deliver financial returns through business cycles.

Engagement may also inform our voting decisions for those clients who have given us authority to vote on their behalf,

particularly on issues where company disclosures are not sufficiently clear or complete, or management’s approach seems misaligned with the long-term financial interests of shareholders.

In 2023, BIS held more than 3,700 engagements with 2,500+ unique companies across 50 markets, representing ~75% of the value of our clients’ equity assets.¹

As one of many minority shareholders in public companies, BIS cannot – and does not try to – direct a company’s strategy or its implementation.² 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.

We describe our engagement activities across the five engagement priorities in the section titled “Engagement and Voting Outcomes.” This section also includes case studies that illustrate our approach.

In 2023, BIS held more than

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BIS sought to have regular and continuing dialogue with investee company executives and, as necessary, board directors on issues related to governance and business practices aligned with long-term financial value creation.³

Total engagements ⁴	Priority
2,562	Strategy, purpose, and financial resilience
2,205	Board quality and effectiveness
1,495	Incentives aligned with financial value creation
1,402	Climate and natural capital
1,353	Company impacts on people

1 BlackRock. Sourced on February 21, 2024, reflecting data from January 1, 2023, through December 31, 2023. Equity assets engaged reflects BlackRock exposure as of December 31, 2023. 2 BlackRock has been entrusted by clients to manage more assets than any other asset manager, which means that we are often listed as one of the larger minority shareholders in publicly traded companies. 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. Our many clients are the ultimate owners of those shares. 3 BIS primarily engages public companies on behalf of BlackRock’s index strategies and makes our company analysis and meeting notes available to BlackRock active portfolio managers. Other investment 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. 4 BlackRock. Sourced on February 21, 2024, reflecting data from January 1, 2023, through December 31, 2023. Most engagement conversations cover multiple topics and therefore the engagements across our five priorities’ sub-totals may not add up to the total engagements held in 2023. Our engagement statistics reflect the primary topics discussed during the meeting.

Proxy voting is a way in which investors can signal their view on companies' corporate governance and management of material risks and opportunities. The BIS regional voting guidelines provide clients, companies, and others, guidance on our position on common voting matters. These guidelines are not prescriptive – we take into consideration the context in which companies are operating their businesses.

Our voting determinations are methodical, and always anchored in our fiduciary duty to our clients as an asset manager. BIS does not act collectively with other shareholders or organizations in voting shares. Instead, we make decisions on how to engage companies and how to vote proxies independently, based solely on our professional assessment of what is in the long-term economic interests of our clients.

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. Our role is to signal to a company our view on how its board and management are fulfilling their responsibilities to shareholders.

How we voted on clients' behalf

When authorized to do so by our clients, we vote to formally communicate our support for, or concerns about, how companies are serving the financial interests of our clients as long-term investors. As the majority of our clients' equity AUM is invested through index strategies, the voting rights attached to their holdings are an important mechanism for investors to signal support for, or concern about, a company's performance.

When we determine it is in our clients' financial interests to signal concern to companies through voting, we typically 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.

In 2023, BIS voted at 18,000+ shareholder meetings on more than 170,000 management and shareholder proposals in 69 voting markets. As in past years, most of the proposals that we voted on addressed routine matters, such as director elections, board-related items, and executive compensation. Similar to last year, BIS supported management on approximately 88% of the more than 170,000 proposals voted in 2023.¹

Globally, we saw a record number of shareholder proposals addressing issues such as climate and natural capital (environmental), as well as company impacts on people (social) – including their human capital and the communities in which they operate – submitted to a vote in 2023.² The increase was largely driven by shareholder activity in the U.S.

We observed a greater number of overly prescriptive proposals or ones lacking economic merit. Importantly, the majority of

these proposals failed to recognize that companies are already meeting their asks. Because so many proposals were over-reaching, lacking economic merit, or simply redundant, they were unlikely to help promote long-term shareholder value and received less support from shareholders, including BlackRock, than in years past.

BIS supported ~9% – or 73 out of a total 830 proposals – submitted by shareholders globally (123 out of 770 in 2022).³ Even with a marked increase of shareholder proposals going to a vote in 2023, they still represented less than 1% of BIS' voting.^{4, 5}

Director elections

The election of directors to the board is a near-universal right of shareholders globally and an important signal of support for, or concern about, the performance of the board in overseeing and advising management. In the vast majority of cases, we find that boards and management teams are acting in the best long-term financial interests of their shareholders. Our voting decisions in 2023 reflected that alignment.

BIS' voting decisions on director elections has remained consistent over the past years. In 2023, BIS supported ~89% of the more than 76,700 proposals to elect directors.

In 2023, BIS voted at 18,000+ shareholder meetings on more than 170,000 management and shareholder proposals in 69 voting markets.

¹ BlackRock, ISS. Sourced on February 21, 2024, reflecting data from January 1, 2023, through December 31, 2023. ² 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." ³ BlackRock, ISS. Sourced on February 21, 2024, reflecting data from January 1, 2023, through December 31, 2023. 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. ⁴ Includes only governance, climate and natural capital, and company impacts on people shareholder proposals per BIS' proposal taxonomy. ⁵ BlackRock, ISS. Sourced on February 21, 2024, reflecting data from January 1, 2023, through December 31, 2023.

Similar to last year, corporate governance concerns – board composition and effectiveness and executive compensation – were the leading reasons why we did not support director elections and other management proposals at a global level.

The section titled “Engagement and Voting Outcomes” includes case studies covering a number of sectors and geographies that bring to life our voting activities and the rationale behind certain voting decisions on behalf of clients in 2023. These examples include voting on governance-related issues – such as on director independence concerns in APAC – as well as other material risks and opportunities that may impact a company’s ability to deliver long-term performance. While infrequent, active portfolio managers and BIS may reach different voting conclusions on proposals made by management or shareholders, as explained in the case study on a vote on the re-election of a Swedish company’s board chair.

The case studies also illustrate how companies across regions made governance improvements, resulting in our voting more in support of management in 2023. We observed ongoing enhancements to company disclosures overall, notably on the management of material sustainability-related factors and stronger governance practices, such as executive compensation policies more closely aligned with investors’ long-term financial interests.

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 and BlackRock investors. We illustrate the application of our internal escalation process in a case study on voting on executive remuneration at a Danish company.

How we monitored our voting process

BIS has operational specialists on the team who are fully focused on ensuring votes cast on behalf of clients are successfully instructed, using our vendor’s electronic voting platform. This report details the controls we have in place to escalate and execute proxy vote instructions on behalf of clients, as part of the overall governance, risk oversight, and accountability processes BIS has established.

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 rely solely on this information in making voting decisions, nor do we follow any proxy research firm’s voting recommendations.

How we continued to innovate to stay ahead of clients’ needs

Throughout 2023, we observed growing interest from clients who wish to exercise their proxy voting rights as long-term owners of publicly traded companies. Launched in January 2022, [BlackRock Voting Choice](#) – sometimes referred to as pass-through voting – is an industry leading offering giving more clients the option to participate more directly in the proxy voting process where legally and operationally viable.

In 2023, we announced a pilot program to make BlackRock Voting Choice available for U.S. investors, including individuals, in our largest ETF for the first time, increasing eligible BlackRock Voting Choice assets to \$2.6 trillion.¹

As of December 29, 2023, clients representing \$598 billion in index equity AUM had adopted BlackRock Voting Choice.² A detailed description of the program is included in the section “About BlackRock Voting Choice.”

How we engaged with the industry to promote well-functioning capital markets

While BIS conducts our engagement program with individual companies independently from other investors, BIS team members may participate in industry-level discussions³ to further dialogue on matters that could impact our clients’ portfolios or to provide increased clarity on BlackRock’s approach to investment stewardship.

BIS team members may participate in industry-level discussions to further dialogue on matters deemed important to investors or to provide increased clarity on BlackRock’s approach to investment stewardship.

¹ BlackRock. As of December 29, 2023. Assets include index equity assets held in multi-asset fund of funds strategies. BlackRock launched the pilot in February 2024. See “U.S. Pilot Program” on the BlackRock Voting Choice website [here](#). ² BlackRock. ³ 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.

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

Examples of industry-level engagements we held in 2023 include our participation in the Taskforce on Nature-related Financial Disclosures (TNFD) at the global level. At the regional level, BIS is a member of the Asian Corporate Governance Association (ACGA) and the Eumedion Corporate Governance Forum. These examples are described in detail in the section titled “Industry affiliations and memberships to promote well-functioning capital markets.”

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 2023, BIS responded or provided input to eight policy consultations, such as BlackRock’s response to the UK Financial Conduct Authority’s (FCA) discussion paper “Finance for positive sustainable change: governance, incentives and competence in regulated firms.” A summary of the response can be found in the section of the report titled “Contributing to industry dialogue on stewardship.”

How we reported our activities to and communicated with clients

BIS regularly engages with clients to share developments in our stewardship approach and policies, obtain their feedback on engagement priorities, and respond to inquiries on our voting on their behalf. In 2023, we also updated them on the BlackRock Voting Choice program.

The [BIS website](#) provides a comprehensive library of materials on our stewardship policies and activities. In addition to the information provided on the website, clients may request mandate-specific reporting covering the voting and engagement activity associated with their portfolios on a monthly, quarterly, or annual cadence.

In the past year, we discussed with clients 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 continuing efforts to enhance our public reporting in 2023 – which are outlined in the section titled “Communicating our stewardship approach.”

We have also heard from portfolio companies that our reporting is fair, balanced, and useful to deepen their understanding of BlackRock’s approach to stewardship.

Recognition of our stewardship approach

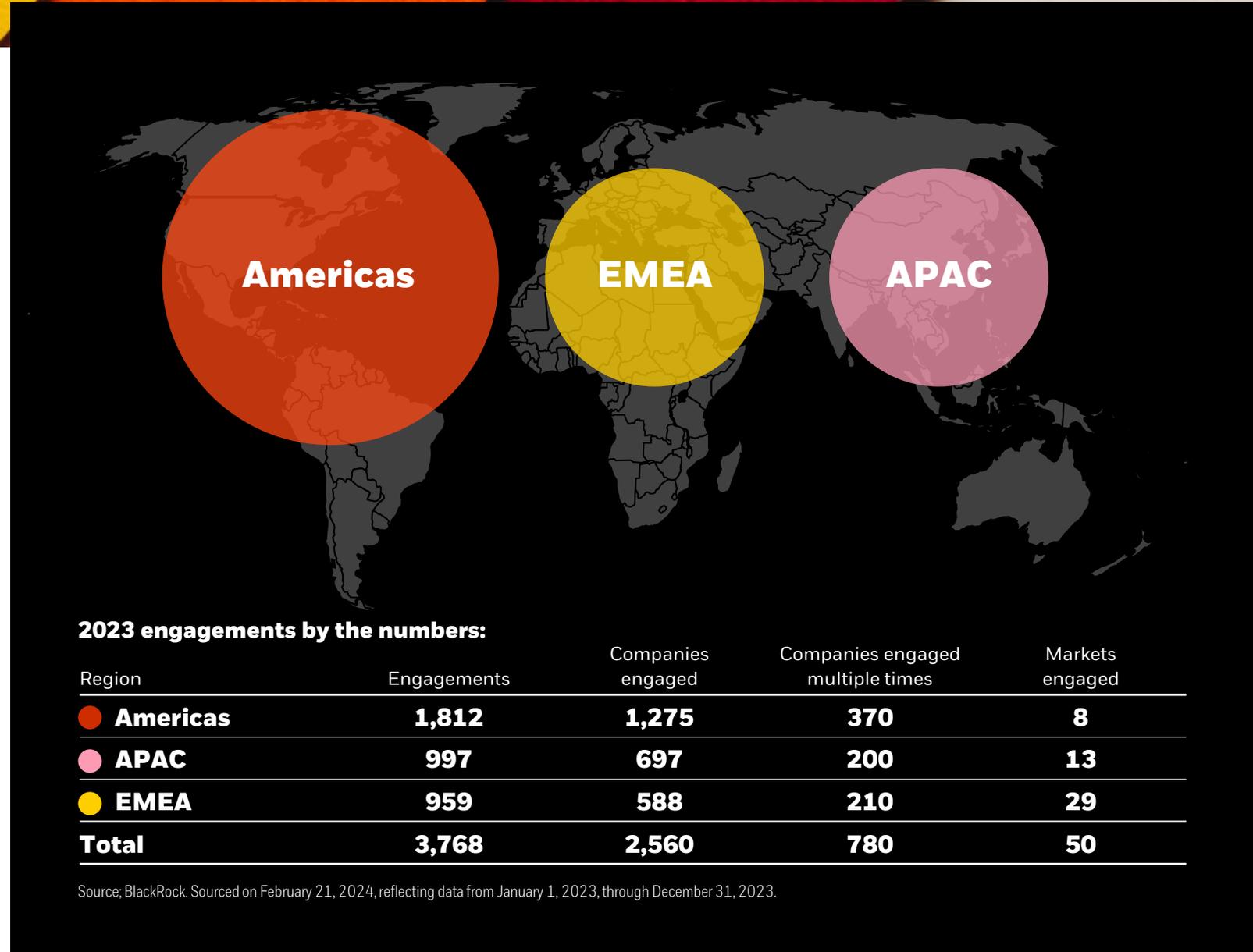
In 2023, we were pleased to see our approach to engaging and voting on our clients’ behalf be recognized by various organizations around the globe, such as our recent inclusion in the Taiwan Stock Exchange’s annual rating of institutional investors stewardship disclosure.

During the year, our signatory status to market-level codes and frameworks received renewed status, including our recognition as signatory of the UK Stewardship Code for the third year in a row in September 2023. The section of this report titled “Recognition of our stewardship approach and reporting” includes several examples of how our stewardship program has been recognized by different entities across regions.

In 2023, we discussed with clients 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.

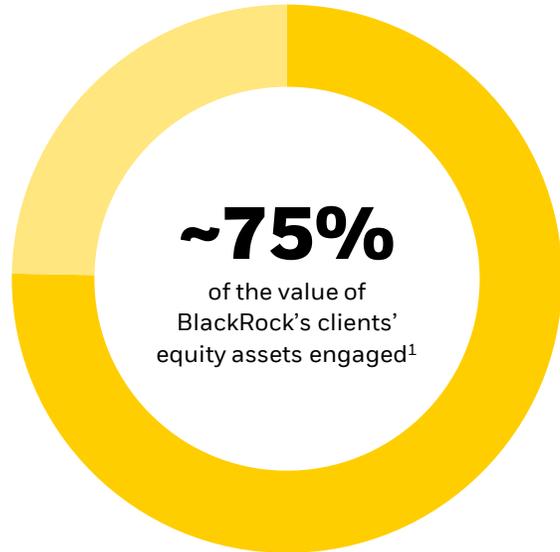
Engagement and voting statistics

How we engaged with companies on material risks and opportunities



Spotlight

What is an engagement?



¹ Reflects BlackRock exposure as of December 31, 2023.

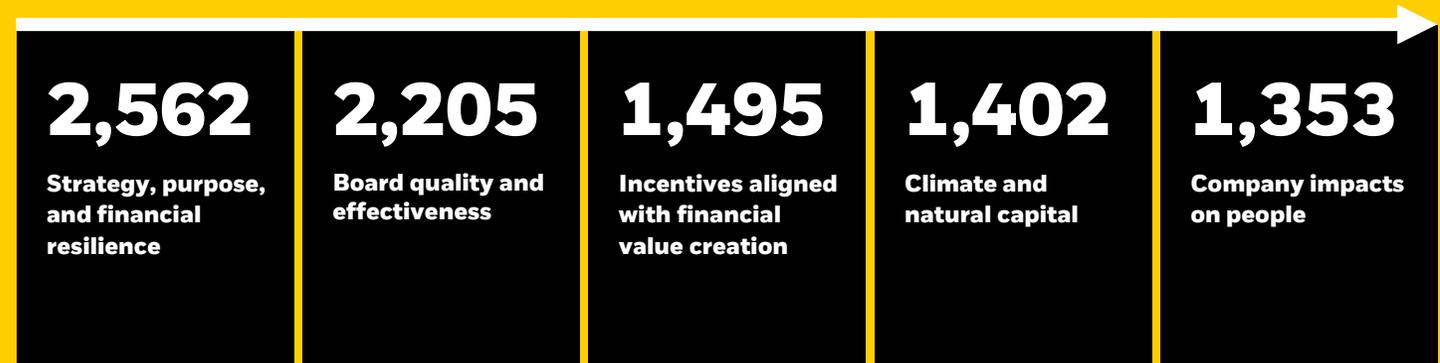
In our view, an engagement is a constructive, ongoing dialogue with a company's board and management. These two-way conversations take place all year long and extend well beyond proxy season. Engagement serves to build mutual understanding on emerging or complex governance issues and can be an important input into informed voting by shareholders.

BIS counts only direct interaction as an engagement. We may also write letters to raise companies' awareness of changes in BIS policies or thematic issues on which we are focused, but this outreach is considered distinct from engagement as it is difficult to monitor the effectiveness of letter writing without direct interaction.

BIS primarily engages public companies on behalf of BlackRock's index strategies and makes our company analysis and meeting notes available to BlackRock active portfolio managers. 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.

Engagements across our five priorities:

Priority and total engagements



Source: BlackRock. Sourced on February 21, 2024, reflecting data from January 1, 2023, through December 31, 2023. Most engagement conversations cover multiple topics and therefore the engagements across our five priorities sub-totals may not add up to the total 3,768 engagements held in 2023. Our engagement statistics reflect the primary topics discussed during the meeting.

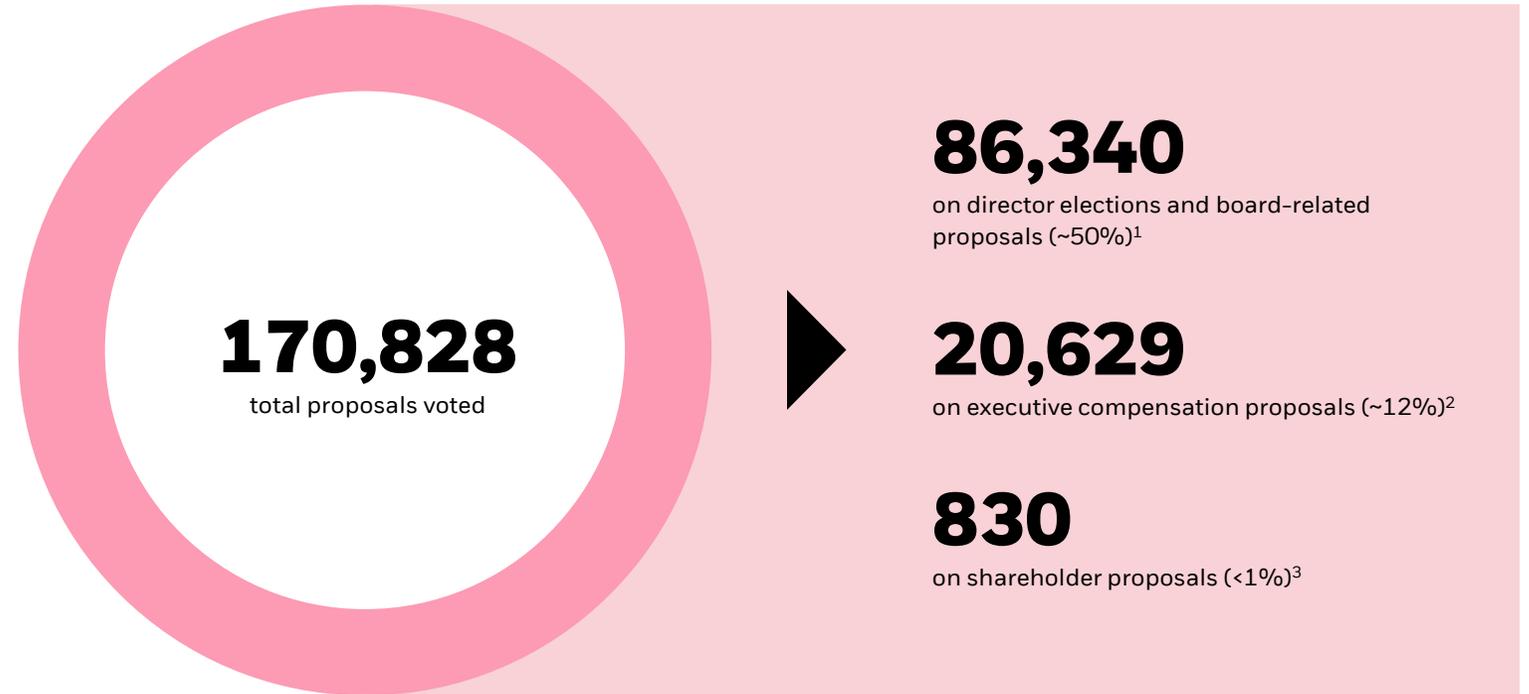
How we voted on clients' behalf

2023 proxy voting by the numbers:

Region	Proposals voted	Meetings voted at	Companies voted	Markets voted
Americas	47,772	5,478	4,990	9
APAC	73,742	9,446	6,389	17
EMEA	49,314	3,375	2,821	43
Total	170,828	18,299	14,200	69

Source: BlackRock, ISS. Sourced on February 21, 2024, reflecting data from January 1, 2023, through December 31, 2023.

Proposals voted at a glance



Source: BlackRock, ISS. Sourced on February 21, 2024, reflecting data from January 1, 2023, through December 31, 2023. 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.

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 auditing 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.

Voting on management proposals



Source: BlackRock, ISS. Sourced on February 21, 2024, reflecting data from January 1, 2023, through December 31, 2023.

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

	Americas	APAC	EMEA	Total
Board independence	564	1,424	331	2,319
Board composition	642	129	268	1,039
Overcommitment ²	297	108	345	750
Executive compensation	215	15	478	708

Source: BlackRock, ISS. Sourced on February 21, 2024, reflecting data from January 1, 2023, through December 31, 2023.

Director elections represent the majority of the management-proposed items we vote on every single year. We consider it a best practice for directors to stand for re-election on a regular basis, ideally annually. We find that this cadence allows shareholders the opportunity to reaffirm their support for board members or to signal concerns in a timely manner.

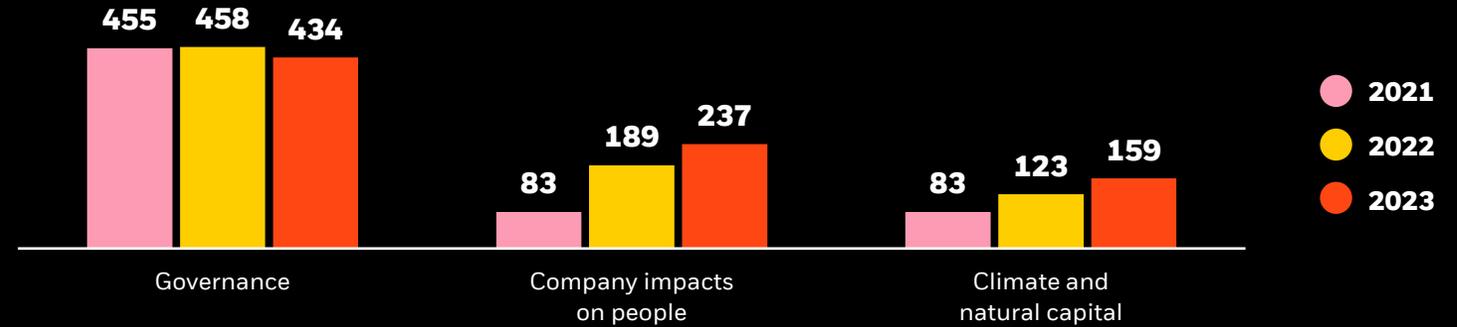
BIS supported ~89% of the more than 76,700 director elections we voted in 2023.³ Year-over-year, our reasons for not supporting director elections – and management proposals generally – are consistently governance-related: board composition and effectiveness, including director independence and overcommitment, and executive compensation.

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. ³ BlackRock, ISS. Sourced on February 21, 2024, reflecting data from January 1, 2023, through December 31, 2023. Reflects BIS' proposal taxonomy. Includes management and shareholder director elections.

Voting on shareholder proposals

Global shareholder proposals in 2021-2023

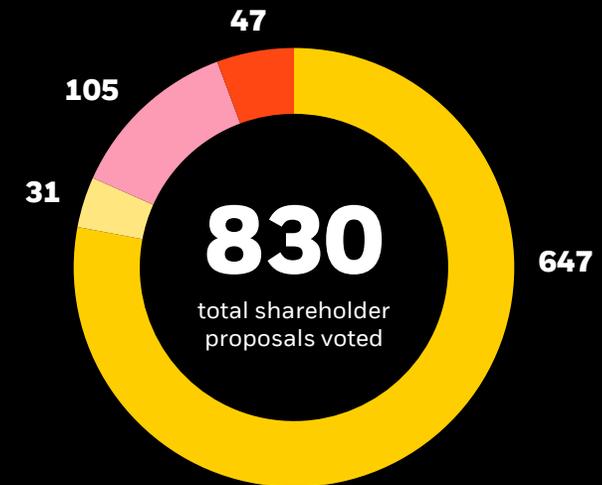
Measured in number of shareholder proposals BIS voted on globally



Source: BlackRock, ISS. Sourced on February 21, 2024, reflecting data from January 1, 2021, through December 31, 2023. 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.

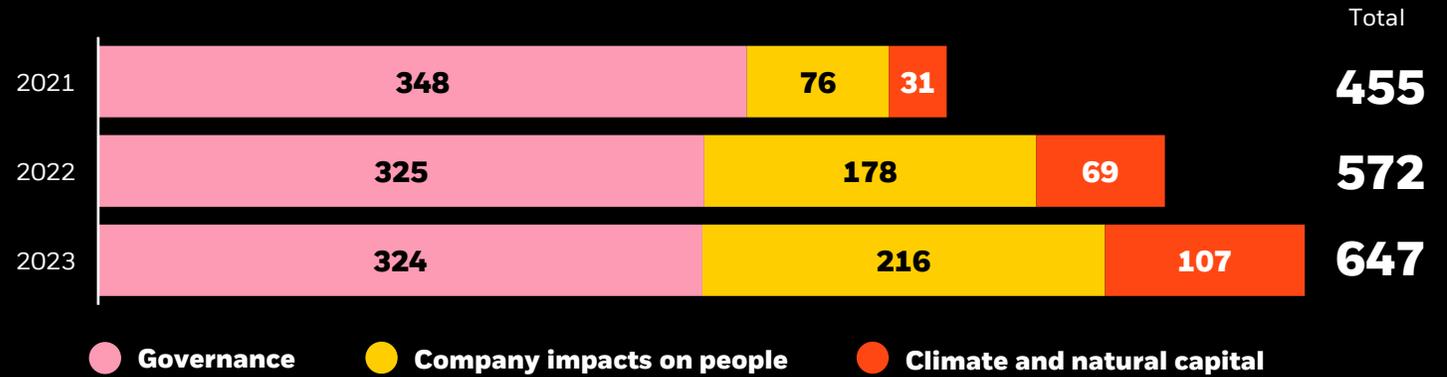
Geographic distribution of shareholder proposals BIS voted on in 2023

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



Source: BlackRock, ISS. Sourced on February 21, 2024, reflecting data from January 1, 2023, through December 31, 2023. 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.

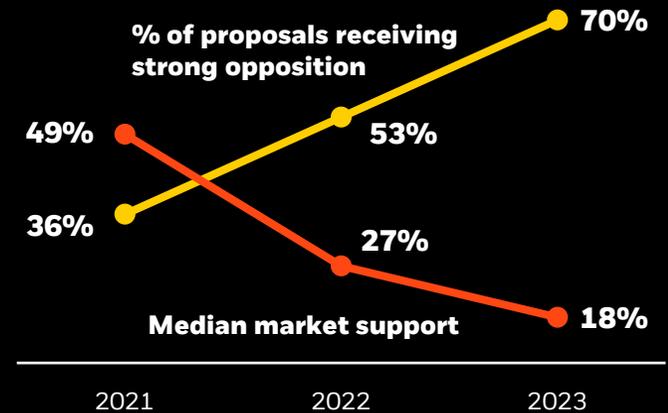
Year-on-year increase in U.S. shareholder proposals



Source: BlackRock, ISS. Sourced on February 21, 2024, reflecting data from January 1, 2021, through December 31, 2023. 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.

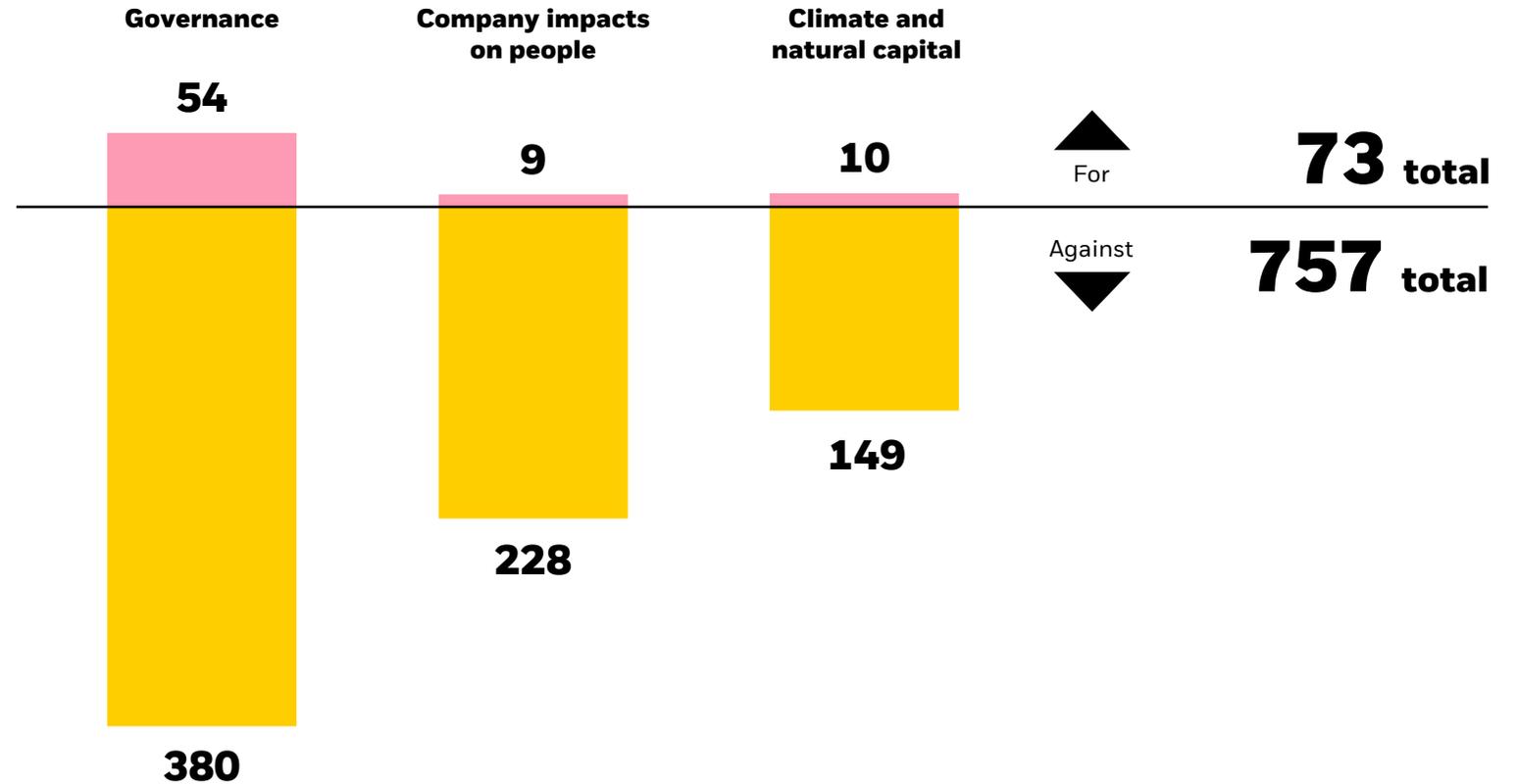
The poor quality of shareholder proposals in 2023 resulted in lower market support. Median shareholder support for U.S. environmental and social shareholder proposals decreased from 49% in 2021 to 18% in 2023. Notably, 70% of environmental and social proposals received 75%, or more, opposition in this market.



Source: BlackRock, ISS-ESG Voting Analytics Database. Measured in median shareholder support for U.S. environmental and social proposals that went to a final vote. Includes ISS data only for companies that have disclosed shareholder meeting results. Sourced on February 21, 2024, reflecting data from January 1, 2021 through December 31, 2023. Strong opposition for a proposal is defined as having received less than 25% of shareholder support. A proposal has received majority support if more than 50% of shares voted were "for."

BIS' vote decisions on shareholder proposals in 2023

BIS did not support shareholder proposals that were overly prescriptive or unduly constraining on management, that lacked economic merit, or made asks that the company already fulfills.



Source: BlackRock, ISS. Sourced on February 21, 2024, reflecting data from January 1, 2023, through December 31, 2023. 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.



Appendix



Appendix I – Voting statistics

		Americas	EMEA	APAC	Global Total
Management proposals					
Director elections	Support	27,060	13,777	26,224	67,061
	not support	2,310	2,517	3,276	8,103
Board-related	support	729	2,209	4,266	7,204
	not support	135	647	992	1,774
Compensation	support	6,434	5,647	4,878	16,959
	not support	747	1,531	1,392	3,670
Capital structure	support	1,372	7,391	9,220	17,983
	not support	123	399	1,250	1,772
Strategic transactions	support	449	1,275	3,983	5,707
	not support	23	129	1,109	1,261
Takeover defense	support	280	550	75	905
	not support	22	38	89	149
Auditor	support	4,592	3,320	2,680	10,592
	not support	1	267	46	314
Mutual funds	support	12	47	0	59
	not support	0	2	0	2
Climate and natural capital	support	2	21	3	26
	not support	0	3	0	3
Company impacts on people	support	11	368	20	399
	not support	0	58	19	77
Other	support	1,713	7,208	10,783	19,704
	not support	871	1,084	1,218	3,173

Source: BlackRock, ISS. 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. Sourced on February 21, 2024 reflecting data from January 1, 2023, through December 31, 2023.

		Americas	EMEA	APAC ex-Japan	Japan	Global Total
Shareholder proposals						
Governance	Support	306	177	151	267	901
	not support	27	24	7	29	87
Company impacts on people	support	220	9	0	1	230
	not support	8	0	0	0	8
Climate and natural capital	support	125	20	6	49	200
	not support	8	0	0	0	8
Board-related	Support	68	151	299	3	521
	not support	13	67	5	0	85
Director elections	support	76	175	1,019	84	1,354
	not support	20	130	80	8	238
Other	support	12	52	153	5	222
	not support	3	21	53	0	77

Source: BlackRock, ISS. 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. Sourced on February 21, 2024 reflecting data from January 1, 2023, through December 31, 2023.

Appendix II – Proposal terminology explained

Proxy voting data reflects BIS’ management and shareholder proposal categories in alignment with BIS’ proposal taxonomy, updated in early 2023. 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.

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ContactStewardship@blackrock.com

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