

## Statement of adherence

# Taiwan Stewardship Code

This statement explains how BlackRock, Inc. (BlackRock) supports the objectives of, and complies with, the Taiwan Stock Exchange's "Stewardship Principles for Institutional Investors" (the Principles).

As part of our fiduciary duty to our clients, we consider it one of our responsibilities to promote sound corporate governance as an informed, engaged shareholder on their behalf. BlackRock has a dedicated function, the [BlackRock Investment Stewardship](#) (BIS) team, which is responsible for doing so on behalf of our clients.

BIS serves as a link between BlackRock's clients and the companies they invest in. We do this through engaging with companies, proxy voting on clients' behalf when authorized to do so, contributing to industry dialogue on stewardship, and reporting on our activities.

We have set out below our approach to the recommendations of the Principles. Any questions on this statement or BlackRock's approach to stewardship more generally should be addressed to [contactstewardship@blackrock.com](mailto:contactstewardship@blackrock.com).

## Principle 1: Establish and disclose stewardship policies

As a fiduciary, BlackRock's goal is to seek the best risk-adjusted returns for clients' portfolios, within the mandates our clients give us. To that end, BlackRock monitors material risks and opportunities that could impact the financial returns of our clients' portfolios, and takes these into consideration, as relevant, in investment decision-making.

As part of this focus on investment performance, investment teams across BlackRock may engage with companies to help inform their work on a broad spectrum of material risk and value drivers in their investible universe.

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 program globally and within each regional market.

The BIS benchmark policies are applied on a pragmatic, case-by-case basis, taking into consideration the context within which a company is operating:

- **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 corporate governance principles. The regional voting guidelines help provide clients, companies, and others guidance on BIS' position on common voting matters in each market.
- **Engagement priorities:** the five themes (please refer to Principle 3 below) on which we most frequently engage with companies, where they are relevant and a source of material business risk or opportunity.

The BIS benchmark policies are reviewed every year and updated as necessary to reflect market developments and feedback from clients and companies.

## Principle 2: Establish and disclose policies on managing conflicts of interest

Stewardship 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. 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.

BIS votes at the shareholder meetings of many clients, business partners, and vendors. It is vital that all issuers are treated equally, regardless of whether they are clients or business partners; no issuers are given special treatment in voting or differentiated access to the BIS team. Just as our commercial interests do not affect a portfolio manager's buy/sell decisions, they also do not influence a voting decision or engagement activity.

BIS maintains policies and procedures that seek to prevent undue influence on BlackRock's proxy voting activity. How BIS manages perceived or potential conflicts of interests is also explained in our Global Principles. 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.

To learn more, please refer to our commentary, "[How BlackRock Investment Stewardship manages conflicts of interest.](#)"

## Principle 3: Regularly monitor investee companies

Engagement provides the BIS team with an opportunity to listen directly to company directors and executives and learn about how they are addressing material business risks and opportunities that may impact their ability to deliver durable, long-term financial performance.<sup>1</sup> Similarly, it is an important mechanism to provide feedback on corporate governance practices and disclosures, particularly when, in our assessment, a company does not appear to be acting in the financial interests of long-term investors like BlackRock's clients.

The BIS team takes a localized approach to engagement with companies while also benefiting from collective global insights. BIS primarily engages public companies on behalf of BlackRock's index strategies. BIS' analysis and engagement notes are available to BlackRock's active portfolio managers.

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

Our [engagement priorities](#) are:

- **Strategy, purpose, and financial resilience**
- **Board quality and effectiveness**
- **Incentives aligned with financial value creation**
- **Climate and natural capital**
- **Company impacts on people**

The vast majority of BIS' engagements are focused on corporate governance. In our experience, sound governance is critical to the success of a company, long-term financial value creation, and the protection of investors' interests. BIS determines which companies to engage, and on which issues, based on our engagement priorities, company disclosures, voting matters, and corporate developments, amongst other considerations. Companies can request an engagement through BlackRock's [CorpAxe platform](#).

## **Principle 4: Maintain an appropriate dialogue and interaction with investee companies**

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.<sup>2</sup>

BIS counts only direct interaction as an engagement. We may also write letters to raise companies' awareness of changes in policy 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 engages individual companies independently, rather than alongside other asset managers or asset owners. In our experience, this approach enables us to best advocate for our clients' long-term financial interests. In addition, BlackRock adheres to regulatory limits on collaborative engagement, particularly with respect to U.S. companies and companies with U.S.-listed securities.

BIS may participate in collaborative engagements with other shareholders in limited instances outside the U.S., where permissible under local regulations and a market norm, and where, in our view, our clients' long-term financial interests could be more productively advanced through joint dialogue. When we do engage collaboratively, BIS determines our engagement objectives independently, including with whom and how best to partner.

## **Principle 5: Establish and disclose clear voting policies and voting results**

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. The BIS [regional voting guidelines](#) provide clients, companies, and others, guidance on our position on common voting matters. These guidelines are not prescriptive and 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 financial 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 long-term shareholders such as BlackRock's clients.

## **Principle 6: Periodically disclose the status of fulfilment of stewardship responsibilities**

BIS' full suite of publications includes reports – available through the [BIS website](#) – that describe in detail our engagement and proxy voting activities on behalf of clients.

BIS' 2023 Investment Stewardship Annual Report covers the work of the BIS team from 1 January to 31 December 2023. This report is part of BIS' commitment to transparency in our investment stewardship activities. It provides further clarity and insight to BlackRock's clients, the companies they are invested in, and other stakeholders, about the team's approach to investment stewardship and the issues that BIS considers to be critical to long-term financial value creation. BIS' 2023 Investment Stewardship Annual Report is available [here](#).

On a quarterly basis, BIS publishes our vote instructions on behalf of clients for all proposals voted at individual meetings globally through our [Global Vote Disclosure](#) tool. We also publish vote bulletins that explain our vote decisions on certain high-profile proposals at company shareholder meetings.

## Endnotes

1. 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.
2. A majority of public companies hold their annual shareholder meetings in the second quarter of the year.

## Want to know more?

[blackrock.com/stewardship](https://blackrock.com/stewardship) | [contactstewardship@blackrock.com](mailto:contactstewardship@blackrock.com)

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