BlackRock

Voting Choice FAQs

BlackRock

Table of Contents

BlackRock

BlackRock Voting Choice General Overview

1. What is BlackRock Voting Choice?

BlackRock believes that greater choice should extend to shareholder proxy voting and is committed to a future where every investor can participate in the proxy voting process. 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. BlackRock Voting Choice aims to make proxy voting easier and more accessible for eligible clients.

2. Can institutional clients vote any way they want to?

Eligible institutional clients with Separately Managed Accounts (SMAs) may choose whether to vote themselves or authorize someone else, such as their asset manager to vote assets on their behalf. For institutional clients invested in pooled investment funds in scope for Voting Choice, BlackRock has made available a variety of off-the-shelf voting policies[1] provided by third-party proxy voting service providers as well as a mechanism for implementing a client's own voting policy, for the client's pro-rata portion of the shares held by the relevant institutional pooled fund. Consistent with BlackRock's duties as a fiduciary to the pooled fund and the investors in the fund, BlackRock vets all proxy voting policies to ensure their use is consistent with its fiduciary responsibilities and meet applicable regulatory requirements.

Eligible clients can choose one of four options:[2]

1. Clients choose and implement their preferred voting policy

Clients in certain institutional pooled vehicles have the ability to apply their preferred voting policy to shares in the pooled fund reflecting the client's proportional ownership of that fund. Clients either develop their own processes and policies to be implemented by an in-house team or contract directly with a third-party proxy advisor to develop and implement a custom policy.[3] The preferred voting policy, whether designed in-house by the client or a third-party, can be applied in a consistent way across a broader share of their overall portfolio allocation, using the client's preferred proxy voting service provider and allowing the client to exercise a high degree of control over the decision-making process and the voting implementation.

2. Clients can direct votes

Separately managed account (SMA) clients have multiple options to direct votes. SMA clients can (i) authorize BlackRock to vote in accordance with BlackRock Investment Stewardship's Benchmark voting policy, (ii) select a third-party voting policy offered through Voting Choice, (iii) utilize the their custom voting policy, (iv) implement a voting policy based on their investment objects with the support of BlackRock Investment

[1] Certain voting policies offered through Voting Choice will not be eligible for use for our Irish and UK funds with ESG characteristics, including index funds that track indices with ESG characteristics.

[2] Institutional SMA clients have the opportunity to vote eligible proxies for the companies in which they are invested. Investors in eligible institutional pooled vehicles will have the opportunity to direct voting on eligible proxies in eligible markets for companies held by the pooled vehicle. BlackRock will determine eligibility criteria under this program based upon, among other things, local market regulation and practice, cost considerations, operational risk and/or complexity, and financial considerations, including the decision to lend securities. Voting policies shall be consistent with applicable fiduciary standards.

[3] Client policies must seek voting outcomes consistent with the economic interests of the relevant pooled fund.

Stewardship[4], and/or (v) make specific voting decisions on the topics or at the companies that matter most to them after a voting policy is applied.[5]

3. Clients choose from a slate of third-party policies

Clients in eligible institutional pooled vehicles and SMAs have the ability to select from a set of voting policies[6] from third-party proxy advisers the policy that best aligns with their views and preferences. BlackRock can then use its proxy voting infrastructure to cast votes based on the client's selected voting policy.

4. Clients rely on BlackRock's informed judgment for all voting decisions

Clients have the choice to rely on BlackRock Investment Stewardship for all of their voting decisions. Electing to rely on BlackRock to exercise voting authority is itself a choice and a deliberate decision by the client to entrust BlackRock Investment Stewardship to vote in the client's economic interests.

3. Are other asset managers or proxy advisors expected to provide similar services or offerings? How do you anticipate the industry landscape to change?

BlackRock is committed to offering choice in investment products, portfolio construction, and data and analytics to help clients meet their investment objectives. We believe this can and should extend to proxy voting. We are doing this through Voting Choice, which gives clients in certain eligible institutional pooled vehicles the ability to participate more directly in the proxy voting process. Our aspiration is for every investor to have easy and efficient options to participate in this process if they choose.

We are pleased to see other firms in the industry also taking steps to increase proxy voting options for investors. We urge others to look for ways to help investors of all types have more of a voice in the proxy voting process.

Launched in January 2022, BlackRock Voting Choice is an industry first, proprietary offering giving more clients the option to participate more directly in proxy voting where legally and operationally viable. Voting Choice makes proxy voting easier and more accessible for eligible clients, including public and corporate pension funds serving more than 60 million people globally[7]. It also offers eligible clients more options to apply their voting preferences to their pro-rata share of the funds in which they are invested, including applying their own voting policies or selecting a third-party voting policy offered through BlackRock Voting Choice. Clients with SMAs can also now select from a menu of third-party voting policies. BlackRock will also support institutional clients in eligible SMAs as they design and implement their bespoke voting guidelines for the 2025 proxy year. Interested clients can contact their BlackRock relationship manager for more information.

---

[4] Institutional clients in eligible SMAs will be supported in their design and implementation of their bespoke voting guidelines. BlackRock will engage with eligible institutional SMA clients to facilitate the design of proxy voting guidelines that align with their investment objectives which can then be implemented on BlackRock's proxy voting infrastructure. There are recurring annual fees charged by proxy advisor vendors to implement custom voting guidelines.

[5] The ability to vote directly on the topics or at the companies that matter most is limited to SMAs who have selected the BlackRock Benchmark Voting Policy or policies offered through Institutional Shareholder Services. This ability is not available to clients in institutional pooled funds.

[6] Certain voting policies offered through Voting Choice will not be eligible for use for our Irish and UK funds with ESG characteristics, including index funds that track indices with ESG characteristics.

[7] Source: BlackRock. As of December 2023. Over 60 million people globally directly or indirectly invest in retirement assets eligible for Voting Choice.

BlackRock

BlackRock Voting Choice In-Scope Investment Products

4. What BlackRock products are in scope for Voting Choice?

Voting Choice is currently available for institutional clients invested in certain institutional pooled funds in the U.S., UK, Ireland, and Canada that utilize equity index investment strategies, as well as clients in certain institutional pooled funds in the U.S., UK and Canada that use systematic active equity (SAE) strategies. Currently, this includes over 650 pooled investment funds, including equity index funds and SAE investment funds. In addition, institutional clients in separately managed accounts continue to be eligible for BlackRock Voting Choice regardless of their investment strategies.

In general, registered funds, including '40 Act funds in the U.S. and retail funds in the UK and Europe are not eligible for Voting Choice today. Offering Voting Choice more widely to individual investors will take the combined efforts of policymakers, fund boards, asset managers, and other participants in the proxy voting ecosystem. It is early days for this work, and we see this as an opportunity for joint exploration among participants across the investing ecosystem.[8]

Read more about BlackRock Voting Choice on our website here https://www.blackrock.com/corporate/about-us/investment-stewardship/blackrock-voting-choice

Selection and Application of BlackRock Voting Choice Policies

5. How does BlackRock determine if a client or third-party policy is appropriate for inclusion in BlackRock Voting Choice for pooled funds, and how are the issues resolved when a policy's voting recommendations could be seen as conflicting with acting in the interest of the fund?

As a fiduciary to its pooled funds, BlackRock must ensure that votes exercised for the pooled funds that it manages are cast in a pooled fund's interest and in accordance with policies and procedures that are prudently designed to meet legal and regulatory requirements applicable to the pooled funds. As such, we review and approve all client and third-party proxy voting policies prior to their availability for use for Voting Choice to ensure they are consistent with applicable fiduciary standards and pooled fund investment objectives and policies.

As an example, if a client writes into policy that they would vote against all mergers and acquisitions, we could question whether the client's policy requires consideration of material facts and circumstances specific to each voting decision, and if it is not, whether such a policy follows a fiduciary process that leads to votes that consider acting in the interests of the fund.

BlackRock Voting Choice *Operations and Procedures*

6. What contractual steps are required for clients to participate in Voting Choice?

The process for participating in Voting Choice depends on the type of product and Voting Choice option the client selects. For clients invested in certain EMEA pooled funds in scope for Voting Choice, they will be

[8] BlackRock recently announced plans to expand its Voting Choice program to its largest ETF through a U.S. Pilot Program. This expansion of BlackRock Voting Choice will be in effect for the 2024 proxy voting season. BlackRock will use this pilot as an opportunity to evaluate investor interest, the necessary proxy voting infrastructure and overall user experience to evaluate further expansion of the program.

required to complete a Voting Choice application form. The onboarding process generally takes no more than two weeks once the existing contract is amended, or the Voting Choice application form is complete.

In addition to amending their investment management agreement or entering into an agreement or Voting Choice application form with BlackRock, clients choosing Voting Choice Option 1 and wishing to exercise control over their voting by utilizing their own proxy voting policy are generally expected to contract directly with their selected proxy voting vendor to vote in accordance with their proxy voting policy.

BlackRock Voting Choice and Corporate Issuers and Advisors

7. Do you disclose names of Voting Choice clients?

To protect clients' confidentiality, BlackRock does not disclose names of clients publicly without the consent of clients, including Voting Choice clients.

8. Does BlackRock offer the opportunity for issuers to engage or communicate with institutional clients participating in Voting Choice?

BlackRock's SMA clients who currently vote their holdings themselves have the opportunity to engage with corporates directly.

For pooled funds in scope for Voting Choice, it is important to remember that the pooled funds continue to be owners of the assets in the pooled funds. By selecting voting policies (whether utilizing their own or selecting a third-party policy), Voting Choice clients are determining how their pro-rata share of a pooled fund's votes are cast. Voting outcomes are then determined by the applicable proxy voting policy. Voting Choice clients may, or may not, seek to engage with issuers themselves. Additionally, issuers may reach out to third-party proxy voting service providers if they wish to engage on voting outcomes related to these policies, which are available publicly.

BlackRock also encourages issuers to provide sufficiently comprehensive disclosures so that investors can make better informed decisions, without direct dialogue, about a company's performance, corporate governance, and related matters that may factor into the shareholder voting process.

9. Can Voting Choice clients attend shareholder meetings?

Voting Choice does not change ownership of shares held by institutional pooled funds – these pooled funds continue to be the owners of the shares they hold. Rights to attend an annual general or extraordinary general meeting are dictated by issuers and the regulations that apply to them, and are generally restricted to owners of the shares, which continue to be the institutional pooled funds.

BlackRock

Important information

This material is intended for information purposes only, and does not constitute investment advice, a recommendation or an offer or solicitation to purchase or sell any securities, funds or strategies to any person in any jurisdiction in which an offer, solicitation, purchase or sale would be unlawful under the securities laws of such jurisdiction. The opinions expressed are subject to change without notice. Reliance upon information in this material is at the sole discretion of the reader. Investing involves risks.

In the **UK and inside the EEA:** Until 31 December 2020, issued by BlackRock Investment Management (UK) Limited, authorised and regulated by the Financial Conduct Authority. Registered office: 12 Throgmorton Avenue, London, EC2N 2DL. Tel: + 44 (0)20 7743 3000. Registered in England and Wales No. 02020394. For your protection telephone calls are usually recorded. Please refer to the Financial Conduct Authority website for a list of authorised activities conducted by BlackRock. From 1 January 2021, in the event the United Kingdom and the European Union do not enter into an arrangement which permits United Kingdom firms to offer and provide financial services into the European Economic Area, the issuer of this material is: BlackRock Investment Management (UK) Limited for all outside of the European Economic Area; and (ii) BlackRock (Netherlands) B.V. for in the European Economic Area, BlackRock (Netherlands) B.V. is authorised and regulated by the Netherlands Authority for the Financial Markets. Registered office Amstelplein 1, 1096 HA, Amsterdam, Tel: 020 – 549 5200, Tel: 31-20-549-5200. Trade Register No. 17068311 For your protection telephone calls are usually recorded.

In **Switzerland:** This document is marketing material. Issued by BlackRock Investment Management (UK) Limited, authorised and regulated by the Financial Conduct Authority. Registered office: 12 Throgmorton Avenue, London, EC2N 2DL. Tel: + 44 (0)20 7743 3000. Registered in England and Wales No. 02020394. For your protection telephone calls are usually recorded.

In the **U.S.** and **Canada**, this material is intended for public distribution.

In **Latin America:** No securities regulator has confirmed the accuracy of any information contained herein. The provision of investment management and investment advisory services is a regulated activity in Mexico thus is subject to strict rules. For more information on the Investment Advisory Services offered by BlackRock Mexico please refer to the Investment Services Guide available at www.blackrock.com/mx

In **Singapore**, this is issued by BlackRock (Singapore) Limited (Co. registration no. 200010143N). This advertisement or publication has not been reviewed by the Monetary Authority of Singapore.

In **Hong Kong**, this material is issued by BlackRock Asset Management North Asia Limited and has not been reviewed by the Securities and Futures Commission of Hong Kong.

In **South Korea,** this is issued by BlackRock Investment Management (Korea) Limited. For information or educational purposes only, not for reuse, redistribution, or any commercial activity, and does not constitute investment advice or an offer or solicitation to purchase or sells in any securities or any investment strategies.

In **Taiwan**, independently operated by BlackRock Investment Management (Taiwan) Limited. Address: 28F., No. 100, Songren Rd., Xinyi Dist., Taipei City 110, Taiwan. Tel: (02)23261600.

In **Australia**, issued by BlackRock Investment Management (Australia) Limited ABN 13 006 165 975 AFSL 230 523 (BIMAL). The material provides general information only and does not take into account your individual objectives, financial situation, needs or circumstances.

In **China**, this material is provided for informational or educational purposes in People's Republic of China ("PRC", for such purposes, excluding Hong Kong, Macau and Taiwan) only and does not constitute a solicitation of any securities or BlackRock funds.

This material is provided for informational or educational purposes in People's Republic of China ("PRC", for such purposes, excluding Hong Kong, Macau and Taiwan) only and does not constitute a solicitation of any securities or BlackRock funds or any financial services in any jurisdiction in which such solicitation is unlawful or to any person to whom it is unlawful.