

## Statement on compliance

# Taiwan Stewardship Code

BlackRock, Inc. (BlackRock), supports the objectives of the “Stewardship Principles for Institutional Investors” (Principles), and declares compliance with the Principles.

As a fiduciary asset manager, BlackRock’s pursuit of good corporate governance stems from our responsibility to protect and enhance the economic value of the companies in which we invest on behalf of our clients. Encouraging the highest standards of board leadership and executive management in these companies is central to achieving that goal. The BlackRock Investment Stewardship (BIS) team helps the firm to fulfil our duties as a fiduciary investor through monitoring and engaging with companies to promote business practices that deliver long-term value to our clients.

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 Amar Gill, Head of BIS APAC at [stewardshipapac@blackrock.com](mailto:stewardshipapac@blackrock.com).

**Principle 1: Establish and disclose stewardship policies**

BlackRock as a firm endeavors to make sustainability integral to the way that BlackRock manages risk, constructs portfolios, designs products, and the discharge of our stewardship responsibilities on behalf of our clients. The BlackRock Investment Stewardship team’s activities are focused on maximizing long-term value for our clients, and we do this through engagements with boards and management of investee companies, and for those clients who have given us authority through voting at shareholder meetings.

BlackRock’s Global Corporate Governance and Engagement Principles, as well as our market-specific corporate governance and proxy voting guidelines, are published on our website<sup>1</sup>. In these we explain our philosophy on stewardship including how we monitor and engage with companies, our voting policy, our integrated approach to stewardship matters, and how we deal with conflicts of interest. These policies apply across different asset classes and products as permitted by investment strategies. These documents are reviewed annually and updated as necessary. We publish a quarterly review of our activities and summary of voting and engagement statistics on our website<sup>2</sup>.

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

BlackRock maintains policies and procedures that are designed to prevent undue influence on BlackRock’s proxy voting activity that might stem from any relationship between the issuer of a proxy (or any dissident shareholder) and BlackRock, BlackRock’s affiliates, a relevant Fund (or BlackRock’s segregated client) or a Fund’s (or BlackRock’s segregated client’s) affiliates.

BlackRock employs a two-pronged strategy for managing conflicts with respect to proxy voting, in a form of:

- structural separation, and
- use of independent fiduciaries

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<sup>1</sup> <https://www.blackrock.com/corporate/about-us/investment-stewardship#principles-and-guidelines>

<sup>2</sup> <https://www.blackrock.com/corporate/about-us/investment-stewardship#engagement-and-voting-history>

BlackRock maintains a reporting structure that separates the Global Head of BIS and the BIS team from BlackRock employees with sales responsibilities. All issuers are treated equally, regardless of whether they are clients or business partners; none is given special treatment or differentiated access to the BIS team.

We prioritize engagements based on our level of concern and the likelihood that engagement might lead to positive change. If a client (or business partner) contacted their relationship manager or a BlackRock senior executive regarding an upcoming shareholder meeting, they are referred to our normal process.

In certain instances, BlackRock engages an independent fiduciary to vote proxies as a further safeguard to avoid potential conflicts of interest or as otherwise required by applicable law. Independent fiduciaries apply BlackRock's public policies to reach an independent conclusion regarding what is in the economic best interest of investors, and the shares are voted accordingly.

### **Principle 3: Regularly monitor investee companies**

BlackRock's fundamental equity portfolio managers and the BIS team on behalf of all other equity investment teams, monitor and, when appropriate, engage with investee companies to protect and enhance the value of our clients' investments. Each year, we determine our engagement priorities based on our observation of market developments and emerging governance themes and evolve them year over year as necessary. These topics include but are not limited to board quality, environmental risks and opportunities, corporate strategy, capital allocation, compensation, human capital management, and other ESG topics. Our approach is explained in our Global Corporate Governance and Engagement Principles and our Asia ex-Japan regional guidelines.

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

Our engagement is intended to promote sustainable financial performance by investee companies. Our aim is to reach a mutual understanding with investee companies of the issues relevant to long-term performance. At times, we will not reach agreement with a company on either the issues or the best way to address them. Each engagement is tailored for the individual company and driven by the particular issues that have led to the decision to engage.

We engage with investee companies in several ways, including direct dialogue, letter writing campaigns, advocating at industry events, publishing commentaries on specific topics that highlight our engagement approach and voting at shareholder meetings. We generally do not propose shareholder resolutions. Our preference is to engage privately as we believe it better serves the long-term interests of our clients to establish relationships, and a reputation with companies that enhances rather than hinders dialogue.

BlackRock will work with other investors when we believe it is likely to enhance our ability to engage with a company or to achieve the desired outcome, and it is permitted by law and regulation. To that end, BlackRock is an active member of nearly 30 formal groups and initiatives internationally that facilitate communication between shareholders and companies on corporate governance and other ESG matters. We will also engage collectively on matters of public policy when appropriate.

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

BlackRock aims to vote at 100% of the shareholder meetings where we have the voting authority to do so and where opportunity costs associated with exercising a vote are not judged in the determination of the Investment Stewardship Group to outweigh the benefit BlackRock clients would derive by voting on the proposal.

BlackRock's voting guidelines are published on our website. These guidelines provide our expectations of companies and insight into how we typically approach issues that commonly arise on corporate ballots. BlackRock's voting policy is intended to promote business practices that contribute to sustainable long-term financial performance. In deciding how to vote, the team reviews a range of information such as research from proxy advisory firms, company materials, broker research, and other publicly available information. We may also consult with our portfolio managers on votes that are directly linked to financial performance. We use proxy

advisor services for proxy advice based on our voting policies, research on shareholder meetings, client reporting and proxy voting operations.

In our Global Corporate Governance and Engagement Principles we explain our approach to reporting to clients. We disclose our voting record publicly each quarter. We also publish vote bulletins that explain our vote decisions on certain high-profile proposals at company shareholder meetings.

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

BlackRock maintains a record of our voting, engagement and other stewardship activities. We publish a quarterly report on selected voting and engagement highlights, voting and engagement statistics and market developments on our website. We may also engage directly with clients on our stewardship work where that is of interest to them.

A Global Investment Stewardship Oversight Committee is responsible for ensuring that BlackRock complies with its fiduciary and regulatory responsibilities to its clients with respect to proxy voting and complies with market level stewardship codes where applicable. In parallel, the APAC BlackRock Investment Stewardship Advisory Committee provides advice and oversees the policies and implementation of the guidelines within the region while the APAC Voting Issues Advisory Committee is a consultative committee for high-profile contentious voting matters.