

## BlackRock's Proxy Voting Updates: Mostly Standing Pat

A few weeks ago, BlackRock released its [2023 proxy voting guidelines](#) for U.S. securities – as well as an updated set of its "[Investment Stewardship Global Principles](#)." Here is [BlackRock's summary](#) of those Global Principles and its market-specific voting guidelines (including the U.S. guidelines mentioned above).

The big news is that there isn't too much news here. That's after several years of well-publicized voting policy changes that moved the ESG movement forward at a breathtaking pace.

The two Global Principles modifications identified in the summary document are:

- **Natural Capital.** Supplementing the existing guidelines regarding management and disclosure of sustainability-related risks and opportunities by encouraging companies to consider reporting on nature-related factors.
  - BlackRock's [commentary](#) on its natural capital engagements, published in February 2022, provides context for what this term means: "Natural capital discussions are increasingly centering on fresh water, oceans, land, and atmosphere, as well as the ecosystems, biodiversity, and the services they each provide."
  - BlackRock notes in its summary that, "While guidance is still under development for a unified disclosure framework related to natural capital, given the growing materiality of these issues for many businesses, we believe enhanced reporting would help investors' understanding, and we note that the emerging recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) may prove useful to some companies."
- **Timing of Sustainability Reporting.** Supplementing the existing guidelines regarding sustainability reporting to encourage companies to provide sustainability-related reports "sufficiently in advance of their annual meeting so that the disclosures can be considered in relevant vote decisions." This timing issue is one that many companies struggle with as certain data and metrics have not historically been available prior to mailing the proxy statement for the annual meeting.

Notably, BlackRock also significantly revised the wording and organizational structure of the U.S. voting guidelines this year. Except for the two modifications highlighted above, BlackRock has not called out any of the revisions as changes to its policies. Even so, companies may want to review the new text of the guidelines on issues relevant to them to consider whether any of the expanded guidance applies to them. For example, the director overboarding policy was updated to clarify that a director who is a Chair of a publicly listed company in European markets may have such a position counted as equal to two board seats.

BlackRock also expects to issue updates to its "Engagement Priorities" within the next month or so. We will keep you apprised of those updates when they're issued.

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