



Investor Dossier – BlackRock Investment Stewardship

Spring 2025



BIS Group Investor Profile

Institutional Profile

General	<ul style="list-style-type: none"> Total AUM: \$11.6 trillion (as of 12/31/2024) Headquartered in New York, NY, USA
Shareholding Position	<ul style="list-style-type: none"> XXX shares based on 12/31/24 13F Form, which represents 14.25 %OS. Ranked 1st largest shareholders as of 12/31/24 13F Form.
Proxy Voting	<ul style="list-style-type: none"> Blackrock hold themselves to a very high standard in their investment stewardship activities, including proxy voting. See Slide XXX for more details.
Proxy Advisor Influence	<ul style="list-style-type: none"> Relies primarily on its own proprietary research in evaluating companies.
Engagement Priorities	<ul style="list-style-type: none"> See Slide XXX for more details.

Information Published by Investor

Pertinent Websites

[BlackRock Investment Stewardship Website](#)

Stewardship Policies

[BIS 2025 Proxy Voting Guidelines for U.S. Securities](#)

Stewardship Reports

[BIS 2024 Global Voting Spotlight](#)

Engagement Priorities

[BIS 2025 Engagement Priorities Summary for Benchmark Policies](#)

Environmental Stewardship

[BIS 2024 Climate and Decarbonization Stewardship Guidelines](#)

Board Governance Policy – Quick Notes

Select Board Election Policies

Supplemental Independence Criteria	<ul style="list-style-type: none"> It Lorem ipsum dolor sit amet consectetur adipiscing elit. Quisque faucibus ex sapien vitae pellentesque sem placerat. In id cursus mi pretium tellus dui convallis. Tempus leo eu aenean sed diam urna tempor. Pulvinar vivamus fringilla lacus nec metus bibendum egestas. laculis massa nisl malesuada lacinia integer nunc posuere. Ut hendrerit semper vel class aptent taciti sociosqu. Ad litora torquent per conubia nostra inceptos himenaeos.
Board Independence	<ul style="list-style-type: none"> Lorem ipsum dolor sit amet consectetur adipiscing elit. Quisque faucibus ex sapien vitae pellentesque sem placerat. In id cursus mi pretium tellus dui convallis. Tempus leo eu aenean sed diam urna tempor. Pulvinar vivamus fringilla lacus nec metus bibendum egestas. laculis massa nisl malesuada lacinia integer nunc posuere. Ut hendrerit semper vel class aptent taciti sociosqu. Ad litora torquent per conubia nostra inceptos himenaeos.
Committee Independence	Ut hendrerit semper vel class aptent taciti sociosqu. Ad litora torquent per conubia nostra inceptos himenaeos.
Separation of CEO & Chair	Tempus leo eu aenean sed diam urna tempor. Pulvinar vivamus fringilla lacus nec metus bibendum egestas. laculis massa nisl malesuada lacinia integer nunc posuere. Ut hendrerit semper vel class aptent taciti sociosqu. Ad litora torquent per conubia nostra inceptos himenaeos.
Director Mandates	Tempus leo eu aenean sed diam urna tempor. Pulvinar vivamus fringilla lacus nec metus bibendum egestas. laculis massa nisl malesuada lacinia integer nunc posuere. Ut hendrerit semper vel class aptent taciti sociosqu. Ad litora torquent per conubia nostra inceptos himenaeos.
Director Time Commitments	Lorem ipsum dolor sit amet consectetur adipiscing elit. Quisque faucibus ex sapien vitae pellentesque sem placerat. In id cursus mi pretium tellus dui convallis. Tempus leo eu aenean sed diam urna tempor. Pulvinar vivamus fringilla lacus nec metus bibendum egestas. laculis massa nisl malesuada lacinia integer nunc posuere.



Investor Questions

XYZ Corporation Inc. (XYZ)

Shortened Version for Sample Purposes

XYZ Governance, Compensation, and E&S Features Overview

In this section, we highlight features that often come up as topics of discussion with investors. We indicate in red areas where XYZ’s current practice could potentially be viewed as problematic by some investors and offer some feedback on each.

Board & Governance Features	Comments	Board & Governance Features	Comments
Independent Chair	We note that because Mr. Jones has served on the board for over 30 years, some investors may not consider him independent and could oppose his election due to his role as chairman (E.g., Legal & General).	Director Tenure	Although average board tenure is 6 years, we note Chairman Jones has served on the board for over 30 years. Some investors, primarily European, do not consider long-tenured directors (typically 12+ years) to be independent and may therefore oppose their membership on key board committee or roles like chairman of the board.
Board diversity	Gender diversity – 38% Racial/ethnic diversity – 25%		
Shareholders may call special meetings	A shareholder proposal at the 2023 AGM seeking to reduce the threshold from 20% to 10% received ISS and GL support and garnered 43.5% votes in favor.		
No overboarded directors	Although the generally accepted limit among institutional investors tends to be 4 total public company boards for non-executive directors, be aware some investors have lower thresholds and may count positions such as board chair, lead independent director, or audit committee chair as two mandates. This could impact voting for director Jones as he serves as Chairman on two boards (XYZ and PKI).		

Compensation Features	Comments
Pay and performance alignment	The pay-for-performance (PFP) evaluation by ISS had a Medium concern for FY2022, while GL determined pay and performance were sufficiently aligned for the year in review.
Peer group contains some outsized peers	In its 2023 report, GL raised concerns about XYZ's compensation peer group highlighting the inclusion of several peers with significantly larger market caps.
Discretionary component in STI	The STI contains a discretionary performance modifier of 10%, which was applied to FY22 payouts. While some investors prefer STI to be fully based on pre-set objective metrics, 10% is relatively low, so we don't expect much investor pushback on this.
STI goal rigor	ISS indicated concerns around goal rigor given the FY2022 targets for both performance metrics were set above the prior year's targets and actual performance.
LTI plan relative TSR (rTSR) metric targets median performance and no disclosed cap for negative performance	ISS prefers rTSR performance target goals to be above the 50 th percentile (55 th percentile is sufficient). In addition, they like to see plans cap payouts at target when absolute TSR performance is negative. However, these features alone should not be enough to cause an issue for SOP.

Sustainability and E&S Features	Comments
Board oversight of ESG	Disclosures clearly outline board's role in the oversight of ESG risks and opportunities.
SASB Reporting	XYZ reporting aligned with SASB. Some large institutions (e.g., Blackrock & SSGA) have explicitly endorsed SASB standards.
TCFD Reporting	XYZ reporting aligned with TCFD. Some large institutions (e.g., Blackrock & SSGA) have explicitly endorsed TCFD's reporting framework.
GHG Emissions reduction targets	XYZ currently has reduction targets for Scopes 1, 2, and 3 emissions.
EEO-1 Data disclosed	Some investors have policies to oppose certain directors should this data not be disclosed (e.g., SSGA)

Frequently Asked Investor Questions

The following questions are based on our client calls as well as current governance, compensation, E&S hot topics, and SASB's engagement guidance for the auto parts industry. We will not get all these questions, but we would rather be overprepared. We find that considering these questions and your answers before you start the calls with investors will help you prepare for those conversations.

Governance

- What process does the board use to find new directors? How does the board think about refreshment and diversity?
- The Corporate Governance Committee is charged with ensuring XYZ's board is strong and composed of individuals with diverse skills, backgrounds, and experiences aligned with the company's business needs and strategy.
- XYZ's board has undergone a significant amount of refreshment over the last several years to build the board we have now. Over the past five years, we have brought on six new, highly-qualified, independent directors that have increased diversity and broadened the board's collective skill sets and expertise.
- The board considers refreshment on a continuous basis leveraging annual board, individual director and committee assessments and its skills matrix to determine the evolving needs of the board. In conducting this assessment, the board considers diversity, age, skills, and other factors that it deems appropriate to maintain a balance of knowledge, experience, and capability on the board.
- Diversity is a key consideration when recruiting new directors. Currently, over half of our directors are diverse (based on gender or race/ethnicity). Beyond just board membership, we also consider it important that our diverse directors also participate in leadership roles on the board. For instance, Deborah McWhinney chairs our Compensation Committee.
- Do the current board members reflect the skills necessary to execute the business strategy?
- XYZ's director skills matrix details a well-rounded set of skills that align well in many respects with the company's strategy. Providing details on how the skills matrix is used internally to inform board refreshment and other items, would be helpful. You may wish to detail how this process works in practical terms. Some Alliance clients have discussed with investors skills they are looking to strengthen in future director searches.
- The board is committed to the success of the company and has taken a thoughtful approach to its composition, ensuring its members have an appropriate mix of skills and talent to support the strategy of the business. The skills matrix is one tool the board uses to align board selection with business strategy, and this has led to the recruitment of directors bringing additional clean technology/ electronics, manufacturing, and cybersecurity expertise to the board. The annual board assessments are another important part of this process (see below).
- Does the board do self-evaluations and, if so, how does this process work? Has the company considered hiring an external firm to conduct this process?
- At least annually, the Corporate Governance Committee, with the Non-Executive Chair, oversees an evaluation of the full board, the individual non-employee directors, each key committee and the CEO to evaluate whether each of these are functioning effectively. Results from the assessment are reported back to the full board. During this time, we consider and identify any areas of weakness or opportunity and make recommendations on this basis. A key part of this assessment is the identification of any emerging skills or expertise needed in light of our evolving strategy or business environment.

Frequently Asked Investor Questions (cont.)

Governance

- What is the process for evaluating director commitments to ensure that all directors have sufficient time available to meet their fiduciary obligations to shareholders? Does the company have director commitment limits? If so, what are they?
- In recognition of the significant time commitment that director service requires, the board has formalized a policy limiting the number of outside board commitments for XYZ directors. Under this policy, non-employee directors should limit the number of public companies on whose boards they serve to four or fewer. Directors who also serve as CEO of public companies should not serve on more than two public company boards in addition to the XYZ board. In addition, our Governance Guidelines indicate that no director may serve on the audit committee of more than three public companies, including XYZ.
- How often is succession planning discussed at the board/committee level? How involved is the board in executive leadership development to ensure that there is a viable internal candidate pipeline?
 - On at least an annual basis, the Board will review succession for the CEO and Senior Executive Team, including backgrounds, capabilities and development opportunities for potential successors. In addition, we have on a continuing basis, the CEO's recommendation of a successor in the event the CEO should be unexpectedly disabled.
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 - How does the board think about director tenure and independence? Any insight you can provide us about the future of Director Jones?
 - Board independence is critically important and XYZ seeks to have a substantial majority of independent directors. We do not have term limits for our directors as we consider this could risk losing the contributions of directors who have developed, over a period of time, increasing insight into the Company, its operations and people. Instead, we formally review each directors on an annual basis and determine if continuation on the board is beneficial for the company and its shareholders.
 - Director Jones is a valued board member that brings a tremendous amount of institutional knowledge that is particularly important given the amount of refreshment the board has undergone in recent years. Mr. Jones has guided the company through multiple CEO transitions and business cycles, including more challenging and uncertain times.

Frequently Asked Investor Questions (cont.)

Compensation

The objectives of our compensation program are to 1) attract and retain the best global talent, 2) motivate our executives to perform in support of the Company's business strategies and goals, 3) link executives' and stockholders' interests, and 4) provide an equitable compensation package that rewards individual performance in line with overall business results

- In order to meet these objectives our compensation program consists of base salary, a short-term annual bonus plan, and long-term equity grants. Around 90% of our CEO's compensation is at-risk and 74% of his compensation is tied to long-term awards. After changes to our long-term grants in 2021 and our bonus program in 2022, we do not anticipate changes to our program in 2023.
- The short-term annual bonus plan is based 50% on Adjusted Operating Margin (AOM%). AOM% was selected because it is historically a strong indicator of our primary internal performance metrics, supports our long-term goal of sustaining a strong margin, strong correlation with stock price performance, and connection to determination of economic value. The other 50% of the bonus program is based on Free Cash Flow (FCF) which was selected by the Compensation Committee because it places emphasis on driving strong cash flow performance, which supports the Company's ability to invest in future growth plans and to return value directly to stockholders.
- In 2022, to further our mission to execute on our accelerated electrification strategy and continue to deliver innovative and sustainable mobility solutions for the vehicle market we added a performance modifier to our bonus program of up to 10% +/- of the target award based on:
 - ESG initiatives including DE&I
 - Acquisitions and dispositions, including integration
 - Succession planning and talent development
 - Leadership during unusual and challenging circumstances
 - Strategic change management
- Our most recent proxy provides fulsome disclosure around what was considered under each criteria.
- Our long-term awards consist of one-third RSUs and two-thirds PSUs. The PSUs consist of four performance measures to better align with our Charging Forward strategy:
 - 25% based on eProducts Revenue Mix at the end of a three-year performance period
 - 25% based on eProducts Revenue at the end of a three-year performance period
 - 25% based on Cumulative FCF over a three-year performance period
 - 25% based on Relative TSR measured over a three-year performance period

Frequently Asked Investor Questions (cont.)

Compensation

- What feedback have you heard from other shareholders around your executive compensation program and design? What changes have you made in response to shareholder feedback?
- Shareholders have been very supportive of our compensation program, SOP has averaged ~94% support for the past five years
- We engage with our shareholders regularly (including our Chair in many cases) to, among other topics, discuss how our compensation program ties to our overall business strategy.
- The recent changes we have made (2021 to LTI, 2022 to STI) reflect how our program has evolved with our business strategy and shareholder feedback.
- Can you describe how the compensation peer group is developed and how it is used in pay benchmarking?
- The Compensation Committee reviews and determines the compensation peer group's composition on an annual basis, considering input from its independent compensation consultant and management.
- Compensation Committee considers several factors including individual and business performance, internal equity, retention, the degree of alignment between the executive's job duties and the benchmarked job description, as well as an assessment of market practices.
- XYZ TEAM: Based on disclosure in the proxy it does not appear that you consider peer size (revenue, market cap for example). You may want to have an answer for that in your back pocket. Alliance does not have insight into that.
- The LTI plan currently is using four different metrics for its performance-based equity. Why so many?
- All these metrics are important to measure the overall performance of the company and its business strategy
- The eProducts revenue mix incentivizes growth in eProducts and divestment in non-eProducts revenue, a key element of our approach to portfolio management that allows us to redeploy capital toward value maximizing transactions and future propulsion mix objectives
- The cumulative Free Cash Flow metric incentivizes generation of free cash flow in the core business to fund investments in eProducts