

6 Nuggets from BlackRock's 2022 Stewardship Report

Last month, BlackRock published its [2022 Investment Stewardship report](#) weighing in at 72 pages and covering engagements and voting from July 1, 2021 through June 30, 2022.

The report highlights BlackRock's long-term investment focus and multi-year engagements with companies, as well as the growth of BlackRock Voting Choice, highlighted in [Erin Gordon's recent blog post](#). Here are six nuggets from the report:

1. **Number of Engagements.** Over 3,690 engagements with 2,460 unique companies worldwide, both up slightly from last year.

2. **Priority Areas for Engagement:**

- Board quality and effectiveness: 2,330 engagements
- Strategy, purpose, and financial resilience: 2,120 engagements
- Incentives aligned with value creation: 1,350 engagements
- Climate and natural capital: 2,060 engagements
- Company impacts on people: 1,280 engagements

3. **Increased Support for Directors.** In the Americas, increased support for directors generally. Did not support the election of 4% of directors (down from 6% last year) for lack of board diversity.

4. **Reasons for Votes Against Directors/Management.** Leading reasons for not supporting director elections and management proposals more broadly:

- Lack of board independence
- Lack of board diversity
- Overboarding concerns
- Executive compensation misalignment with company strategy or long-term performance

5. **Improvements in Climate-Related Disclosures.** The report notes that companies in many sectors have made progress in climate-related disclosures, including disclosures in line with TCFD recommendations. It also observes that such disclosure "was most helpful when it included scope 1 and 2 greenhouse gas (GHG) emissions metrics and meaningful short-, medium-, and long-term emissions reduction targets."

Although there was significant progress, BlackRock signaled concerns about climate action or disclosure at 234 companies (321 last year).

6. More Prescriptive Shareholder Proposals. The report observes a significant increase in E&S shareholder proposals (133% increase in the U.S.) and "many more proposals were unduly constraining on management or were overly prescriptive as to information sought or timeframes."

BlackRock supported 22% of the E&S shareholder proposals voted on; in absolute terms, this reflects support for 71 E&S proposals (81 last year). Prescriptive proposal themes that reduced its support of E&S proposals included that "proposals sought decommissioning fossil fuel assets, elimination of financing and insurance underwriting for fossil fuel projects, and cessation of fossil fuel exploration and development."

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