



ZMH AI Assistant vs ChatGPT Plus

Case Study 1: ChatGPT Plus - What is Blackrock's policy on director commitment?

Board Seat Limits (Overboarding):

To prevent overextension, BlackRock has established limits on the number of public company boards on which a director can serve: Weil Gotshal +3

- **Public Company Executives:** Limited to serving on no more than two public company boards.

Program on Corporate Governance +3

It's important to note that BlackRock's policy on director commitments is distinct from its overboarding policy, which pertains to the number of boards on which a director may serve across all companies, not just BlackRock. BlackRock's overboarding policy sets limits on the total number of public company boards a director may serve on, regardless of the company. BLACKROCK

Director Board Commitments: Non-employee directors are generally expected to serve on no more than four public company boards, including BlackRock's. Additionally, BlackRock's policy considers the number of boards on which a director serves, especially if the director holds an executive position at a public company. The Nominating, Governance, and Sustainability Committee reviews each director's commitments to ensure they can effectively fulfill their duties at BlackRock.

Q4 Capital Markets +5

Challenges with ChatGPT Response:

Outdated Source: 2009 article from Harvard Law School Forum on Corporate Governance.

Program on Corporate Governance

[PDF] BlackRock, Inc

February 27, 2009 — It is the general policy of BlackRock that no Director having attained the age of 73 years shal...

Incorrect Context: ChatGPT incorrectly combines BlackRock's internal policy for its directors with its proxy voting guidelines for portfolio companies.

Inconsistent Response: ChatGPT gives a different response every time you ask the same question.

Case Study 1: ZMH's AI ASSISTANT – Correct Source, Understands Context, Consistent Response

BlackRock's policy on director commitment emphasizes the importance of directors having sufficient capacity to fulfill their responsibilities effectively. The policy outlines specific guidelines regarding the maximum number of boards on which directors can serve, considering their roles and responsibilities. This is to ensure that directors are not overcommitted, which could impair their ability to focus on each board's needs and fulfill their duties.

- *Public Company Executives* are advised to serve on no more than two boards in total, including the board of the company they lead.
- *Non-Executive Directors* are advised to serve on no more than four public boards.
- In European markets, a Chair role is considered equal to two board commitments.
- BlackRock may vote against directors who exceed these limits, signaling concerns about their ability to effectively serve on the board.



Correct Source: Blackrock Voting Guidelines 2025



Correct Context: Provides nuance and exact language as disclosed



Consistent Response: Gives a similar response every time

BlackRock Investment Stewardship

Proxy voting guidelines for Benchmark Policies – U.S. securities
Effective as of January 2025

BlackRock

Common impediments to independence may include:

- Employment as a senior executive by the company or a subsidiary within the past five years
- An equity ownership in the company in excess of 20%
- Having any other interest, business, or relationship (professional or personal) which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company and its shareholders

We may vote against directors who we do not consider to be independent, including at controlled companies, when we believe oversight could be enhanced with greater independent director representation. To signal our concerns, we may also vote against the chair of the nominating/governance committee, or where no chair exists, the nominating/governance committee member with the longest tenure.

Oversight role of the board

We look to the board to exercise appropriate oversight of management and the business activities of the company. Where we determine that a board has failed to do so in a way that may impede a company's ability to deliver long-term financial value, we may vote against the responsible committees and/or individual directors.

Common circumstances are illustrated below:

- Where the board has failed to facilitate quality, independent auditing or accounting practices or provide timely disclosure of remediation of material weaknesses, we may vote against members of the audit committee
- Where the company has failed to provide shareholders with adequate disclosure to conclude that appropriate strategic consideration is given to material risk factors, we may vote against members of the responsible committee, or the most relevant director
- Where it appears that a director has acted (at the company or at other companies) in a manner that compromises their ability to represent the best long-term economic interests of shareholders, we may vote against that individual
- Where a director has a multi-year pattern of poor attendance at combined board and applicable committee meetings, or a director has poor attendance in a single year with no disclosed rationale, we may vote against that individual. Excluding exigent circumstances, BIS generally considers attendance at less than 75% of the combined board and applicable committee meetings to be poor attendance

Sufficient capacity

Where a director serves on an excessive number of boards, which may limit their capacity to focus on each board's needs, we may vote against that individual. The following identifies the maximum number of boards on which a director may serve, before BIS considers them to be over-committed:

Case Study 2: ChatGPT Plus - How did BlackRock vote on compensation related proposals in 2024?


In 2024, BlackRock's Investment Stewardship (BIS) team exercised their proxy voting rights on various compensation-related proposals. The voting outcomes varied across different regions: BlackRock +1

United States:

- **Management Proposals:** BIS voted on 12 compensation-related management proposals, supporting 10 (83%) and not supporting 2 (17%). BlackRock +1
- **Shareholder Proposals:** Regarding shareholder proposals, BIS voted on 10, supporting 7 (70%) and not supporting 3 (30%). BlackRock +1

Challenges with ChatGPT Response:

Outdated Source: BlackRock's Q1 2024 report, even though more recent reports are available.

 BlackRock

[PDF] Q1 2024 Stewardship Statistics - BlackRock

May 7, 2024 — Proxy voting data reflects BIS' management and shareholder proposal categories in ...

Incorrect Details: ChatGPT incorrectly claims that BlackRock voted on 10 compensation proposals in 2024.

Case Study 2: ZMH's AI ASSISTANT – Correct Source, Correct Details, Easily Verifiable

BlackRock's voting on compensation-related proposals in 2024 reflects their approach to aligning executive pay with company performance and shareholder interests. BlackRock Investment Stewardship (BIS) supported approximately 82% of compensation-related management proposals put to a shareholder vote in the 2023-24 proxy year. This support was largely due to enhanced disclosures by companies and a clearer articulation of how their policies align with shareholders' long-term financial interests. BIS reviews companies' disclosures to ensure that compensation policies and outcomes align with the financial interests of long-term shareholders. In cases where BIS finds misalignment between executive pay and company performance, they may engage with the company or convey concerns by not supporting the election of members of the compensation committee or other board members responsible for compensation. Globally, BIS did not support the election of 1,101 directors at 655 companies due to executive compensation concerns. In EMEA, executive compensation issues were the primary governance concern, leading BIS to vote against 852 proposals to elect directors at 465 companies over compensation concerns.

- BIS supported ~82% of compensation-related management proposals globally.
- Enhanced disclosures and alignment with shareholders' interests drove support.
- BIS did not support the election of 1,101 directors at 655 companies due to compensation concerns.
- In EMEA, BIS voted against 852 proposals to elect directors at 465 companies over compensation concerns.



Correct Source: Blackrock Voting Spotlight 2024



Correct Details: The details are exactly as mentioned in the source document



Easily Verifiable: Interface allows easy verification of details



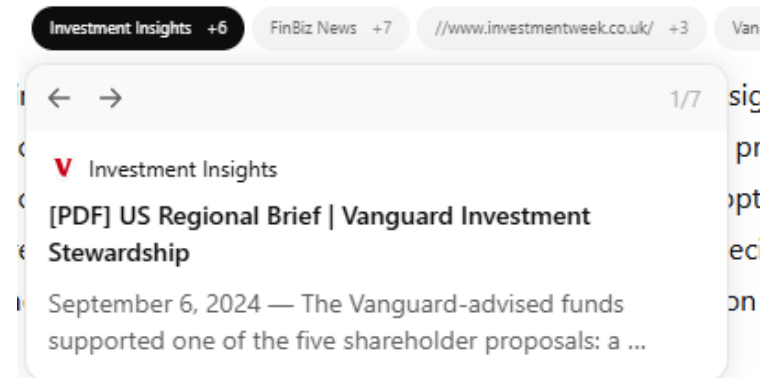
Case Study 3: ChatGPT Plus - What type of proposals did Vanguard support in 2024?

In 2024, Vanguard's Investment Stewardship team evaluated a wide range of shareholder proposals during the U.S. proxy season. The firm supported only one of 400 environmental and social (E&S) proposals, indicating a significant decrease in support for such measures compared to previous years. Vanguard stated that many of these proposals were either "overly prescriptive" or did not address financially material risks to shareholders. Additionally, Vanguard opposed 40 "counterproposals" that sought to prevent companies from addressing climate and diversity issues, reinforcing its commitment to shareholder rights.

Challenges with ChatGPT Response:

Incorrect Information: ChatGPT incorrectly responds that Vanguard supported an E&S shareholder proposal when it did not support any.

Importantly, it gave this error even though it identified the right source document.



Case Study 3: ZMH's AI ASSISTANT – Correct Source, Correct Details, Easily Verifiable

In 2024, Vanguard-advised funds supported various types of shareholder proposals, focusing on governance practices that enhance shareholder rights and board accountability. Vanguard's approach to supporting proposals is based on a case-by-case analysis, ensuring alignment with their voting policies and the interests of shareholders. Notably, Vanguard supported proposals that aimed to eliminate supermajority vote standards, which they believe can unnecessarily entrench management and the board. They also supported exculpation proposals that align with state laws and provide protections for company officers similar to those for directors.

- Vanguard supported approximately 60% of proposals to eliminate supermajority vote standards.
- They generally supported exculpation proposals for company officers.
- Vanguard did not support environmental and social proposals, as they did not address financially material risks or were overly prescriptive.



Correct Source: Vanguard's 2024 US Regional Brief



Correct Details: The details are exactly as mentioned in the source document



Easily Verifiable: Interface allows easy verification of details

Vanguard Investment Stewardship U.S. Regional Brief

This Regional Brief reports on the corporate governance topics and trends Vanguard's Investment Stewardship team observed across portfolio companies in the United States during the 2024 proxy year; it includes data on the proxy votes cast by the Vanguard-advised Funds during the period. We provide this brief, and other publications and reports, to give Vanguard fund investors and other market participants an understanding of the engagement and proxy voting activities we conduct on behalf of Vanguard-advised funds.

Vanguard's Investment Stewardship team conducts proxy voting and engagement on behalf of the Vanguard-advised Funds. Our approach to evaluating portfolio companies' corporate governance practices is centered on four pillars of good corporate governance, which are used to organize this brief: board composition and effectiveness, board oversight of strategy and risk, executive pay, and shareholder rights.

During the 2024 proxy year (July 1, 2023, through June 30, 2024), the team conducted 1,097 engagements related to 935 companies in the U.S., representing \$2.6 trillion in equity assets under management (AUM) of the \$5.1 trillion in Vanguard-advised funds' total equity AUM in the region. The Funds voted on 36,711 proposals across 4,100 companies in the region.

At a glance

- 935 companies engaged
- 1,097 total engagements
- 4,100 companies where a proposal was voted on
- 36,711 proposals voted on
- \$3.6T equity assets under management engaged

Regional AUM engaged

U.S. ↑ 71% Percentage of regional AUM engaged

1,097 Total engagements in the region

\$3.6T Total engaged equity AUM in the region

\$5.1T Vanguard advised Funds' total equity AUM in the region

1. Vanguard's Investment Stewardship program is responsible for proxy voting and engagement on behalf of the quantitative and index equity portfolios advised by Vanguard (together, "Vanguard advised Funds"). Vanguard's actively managed portfolios are managed by affiliated third party investment advisors, and proxy voting and engagement for those portfolios are conducted by their respective advisors. As such, throughout this document, "we" and "the funds" are used to refer to Vanguard's Investment Stewardship program and Vanguard advised funds, respectively.

Proxy voting data

The volume of proposals voted on in the U.S. decreased overall from the prior year. A decrease in management proposals was driven in part by the decrease in Say on Pay frequency votes, a majority of which we saw come up for a vote in 2023. We saw a marginal increase in shareholder proposals attributable to an increase in proposals focused on environmental and social topics.

Alignment with our filters	Proposed type	Management		Shareholder	
		Number of proposals	% for	Number of proposals	% for
Board composition and effectiveness	Elect directors	24,257	94%	30	0%
	Other board-related	433	97%	74	0%
Board oversight of strategy and risk	Approve auditors	3,947	100%	—	—
	Environmental and social	—	—	400	0%
Executive compensation	Management Say on Pay	3,117	98%	—	—
	Other compensation-related	2,094	82%	30	0%
Shareholder rights	Governance-related	360	92%	147	35%
	Adjunct/Other business	580	86%	—	—
Other proposals	Capitalization	492	97%	—	—
	Mergers and acquisitions	231	99%	—	—
	Other	—	—	10	0%

Note: Data are for the proxy year ended June 30, 2024.

Vanguard

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