RESPONSIBLE INVESTING
REQUEST FOR INFORMATION
PREAMBLE

In accordance with Queen’s University’s Responsible Investing Policy, as approved in May 2017, we require all of Queen’s External Investment Managers to take due regard of environmental, social, and governance (“ESG”) factors in making investment decisions. Managers will be asked to engage where appropriate and report to the University on their ESG activities on an annual basis.

Link to Responsible Investing Policy:

To assist with our due diligence, we request that you respond to the following questions no later than August 21, 2020.

Note: Responses to this questionnaire will be posted in full on Queen’s website.

GENERAL

1) Please provide your ESG-related policies.

BlackRock’s purpose is to help more and more people experience financial wellbeing. As a fiduciary, BlackRock is deeply committed to helping our clients build resilient and well-constructed portfolios that are critical to achieving their long-term goals. Because sustainable investment options have the potential to offer clients better outcomes, we are making sustainability integral to the way BlackRock manages risk, constructs portfolios, designs products, and engages with companies.

We are making sustainability the standard for investing at BlackRock. This applies to:

• Investment Integration of sustainability considerations into our active investments and risk management processes

• Sustainable Solutions that democratize access to sustainable investing

• Research & Insights into environmental, social, and governance factors affecting long-term financial performance of companies

• Data & Analytics made available to all investors and our clients, powered by Aladdin

• Investment Stewardship with companies we invest in on behalf of clients

• Corporate Sustainability, or how we lead by example to promote a more sustainable world.

Our ESG investment statement details our commitment to integrate sustainability insights—often referred to as ESG, or environmental, social and governance, insights—into our investment processes as a tool to identify risks and opportunities that are often not captured by traditional financial metrics.
It explains our ESG integration philosophy, discusses the roles and responsibilities for ESG integration work and the governance structure for these activities, and provides an overview of our approach to ESG integration. This statement applies to all investment divisions and investment teams at the firm, and therefore applies to all assets under management and assets under advisory. The statement is reviewed at least annually and is updated when necessary to reflect changes to our approach or our business.

All investment groups within BlackRock have developed team-level sustainable investment or ESG integration policies or statements covering their investment activities. Our global statement underpins these and provides a cohesive structure for sustainable investing at BlackRock.

BlackRock’s full Mission Statement on Sustainability is available on our website at: https://www.blackrock.com/corporate/literature/publication/blk-sustainability-mission-statement-web.pdf


2) Are sustainable investing and ESG factors integrated into your investment process and portfolio management decisions? If yes, please provide details.

Yes. At BlackRock, we define ESG integration as the practice of incorporating material environmental, social, and governance information into investment decisions in order to enhance risk-adjusted returns. ESG integration is relevant for all asset classes and styles of portfolio management, public and private markets, and alpha-seeking and index strategies.

The BlackRock Sustainable Investing (BSI) team coordinates the global ESG integration effort. The Sustainable Investing team partners with our Risk and Quantitative Analysis (RQA) team to monitor and review ESG risk exposure at the portfolio level, providing rigor and consistency across our diverse investment platform; RQA works with investment leadership to create ESG risk dashboards and standard reporting practices.

The Sustainable Investing team also partners with investment teams, who have ultimate ownership of and control over the implementation of ESG integration, to tailor processes for each group. BSI supports all teams in their efforts to deepen their own capabilities, including access to ESG data and research resources, enhanced tools to determine how ESG can impact investment portfolio characteristics, and increased accessibility to proprietary sustainability investment insights.

BlackRock Sustainable Investing divides our firm-wide ESG integration efforts up into three distinct categories:

1. Investment Processes: in 2018, BlackRock Sustainable Investing began conducting team-by-team assessments in order to measure, manage, and report on the status of each investment team at the firm’s ESG integration practices. These assessments additionally help pinpoint the resources, challenges and opportunities relevant to each team’s journey. This assessment has been conducted annually. By the end of 2020, BlackRock will expect all active funds and advisory strategies to be fully “ESG integrated”, which means that each team will have a meaningful articulation of how ESG fits into a respective investment process, as well as accountability for managing exposure to ESG risks.
RQA will meet with investment teams to routinely review ESG risks in portfolios, ensuring such risks are understood, deliberate, and consistent with client objectives.

We seek to train 100% of BlackRock’s investment professionals on how to successfully integrate ESG into their respective investment processes. This includes hands-on engagement, internal symposia showcasing the best practices of ESG integration leaders across the firm, and a dedicated sustainable investing module in our online education portal, available to all of our employees.

2. Material Insights: we are continuously increasing investor usage of BlackRock’s ESG data architecture and helping facilitate ESG technology enhancements across our investment platform. We seek to integrate as much decision-useful sustainability data as possible into standard investment platforms, with the ultimate goal of enriching the total mix of information available to our investment teams. In addition to third-party data, we continue to develop proprietary tools in-house to help investors measure and understand material ESG risks including physical and transition risks associated with climate change. We will continue to integrate these measurements into Aladdin, our risk management and investment technology platform.

3. Transparency: we believe that transparency in product offerings and disclosure practices is a key element in providing resilient and well-constructed portfolios. We have committed to providing investors with clear information on the sustainability characteristics associated with their investments: by the end of 2020, we seek to provide data on sustainability characteristics for all BlackRock mutual funds, which will be publicly available to all of our clients.

3) a) Are you a signatory to the UNPRI?

Yes

b) If you are signatory to other coalitions, please list them.

BlackRock engages the global investment and corporate community to promote a sustainable financial system through a number of coalitions and shareholder groups. In addition to those listed below, we work informally with other shareholders (where such activities are permitted under the law) to engage companies on specific issues or to promote market-wide enhancements to current practice.


• SASB – Sustainability Accounting Standards Board (2011)

• UN Principles for Responsible Investing (PRI) (2008)


• CICERO Climate Finance (2016)

• Climate Action 100+ (2020)

• Climate Bonds Initiative (2015)
• Ellen MacArthur Foundation (2019)
• Green Bond Principles (2015)
• GRESB (2011)
• One Planet Asset Managers Initiative (2019)
• TCFD – Task Force on Climate-related Financial Disclosures (2017)
• The Terrawatt Initiative (2017)
• Vatican Energy Transition and Care for Our Common Home (2019)
• World Economic Forum’s Future of Energy Council (2016)
• International Corporate Governance Network (ICGN) (2008)
• Dutch Association of Investors for Sustainable Development (2018)
• Dutch Fund and Asset Management Association – Sustainability Committee (2019)
• European Fund and Asset Management Association – Responsible Investment and Stewardship Committee (2015)
• Institut du Capitalisme Responsible (2017)
• Impact Investing Institute (2019)
• Pensions for Purpose (2019)
• UK HMT Asset Management Taskforce (2017)
• UK Investment Association – Sustainability and Responsible Investment Committee (2018)
• UK Investor Forum – Governance and Engagement Committee (2015)
• Dutch Fund and Asset Management Association: National Climate Agreement (2019)
• Institutional Investors Group on Climate Change (IIGCC) (2004)
• Eumedion Corporate Governance Forum (2010)
• Corporate Governance Forum (1992)

ESG Questionnaire, 2020
c) Indicate any other international standards, industry guidelines, reporting frameworks, or initiatives that guide your responsible investing practices.

We believe that all investors, along with regulators, insurers, and the public, need a clearer picture of how companies are managing sustainability-related questions. This data should inform how each company serves its full set of stakeholders, such as the diversity of its workforce, the sustainability of its supply chain, or how well it protects its customers’ data. Companies and countries that champion transparency and demonstrate their responsiveness to stakeholders will attract investment more effectively, including higher-quality, more patient capital.

While no framework is perfect, BlackRock believes that the Sustainability Accounting Standards Board (SASB) provides a clear set of standards for reporting sustainability information across a wide range of issues, from labor practices to data privacy to business ethics. For evaluating and reporting climate-related risks, we believe the Task Force on Climate-related Financial Disclosures (TCFD) provides a valuable framework. Together, these two reporting frameworks are a means to achieve the comparability and consistency of reporting that is important to us as investors.

BlackRock has been engaging with companies for several years on their progress towards TCFD and SASB-aligned reporting. In 2020, we are asking the companies we invest in on behalf of our clients to: (1) publish a disclosure in line with industry-specific SASB guidelines by year-end, if they have not already done so, or disclose a similar set of data in a way that is relevant to their business; and (2) disclose climate-related risks in line with the TCFD’s recommendations, if they have not already done so.
4) Please describe how ESG oversight and integration responsibilities are structured at your firm, including the process for escalation of key ESG issues. How do you obtain ESG information/data (e.g. public information, third party research, reports and statements from the company, direct engagement with the company)?

BlackRock has a dedicated Sustainable Investing team which oversees the firm’s global efforts on sustainable investing. The BlackRock Sustainable Investing team partners with investment professionals to deliver innovative products and solutions, integrate sustainability considerations across investment processes, and drive sustainable investing research efforts. The BlackRock Sustainable Investing team works closely with the BlackRock Risk and Quantitative Analysis Group to ensure high-quality ESG integration across investment teams as well as with the BlackRock Investment Stewardship team and the Corporate Sustainability team to ensure a holistic approach to sustainability at BlackRock.

All investment professionals play a part in ensuring that ESG considerations are taken into account within BlackRock’s investment practices. Senior representatives from each investment team across the firm lead in this effort, with support given by one or more representatives from investment groups across the firm, who work together to advance ESG research and integration, support active ownership, and develop sustainable investment strategies and solutions.

The Global Head of BlackRock Sustainable Investing oversees the firm’s achievement of its sustainable investment objectives, including setting sustainable investment standards and procedures and governing their execution.

The Global Head of BlackRock Investment Stewardship oversees the development of the firm’s global engagement principles and regional proxy voting guidelines, ensuring consistency throughout the team’s analysis and corporate engagement.

The Chief Corporate Sustainability Officer is responsible for driving connectivity and accountability across the organization on sustainability and partners closely with various functions including Human Resources, Social Impact, Technology & Enterprise Services, BlackRock Sustainable Investing, and BlackRock Investment Stewardship to develop and implement BlackRock’s corporate sustainability framework, policies, and disclosures.

The Investment Sub-Committee of BlackRock’s Global Executive Committee oversees investment process consistency across the firm’s investment groups. Members of the Sub-Committee include the global heads or sponsors of all of BlackRock’s major investment verticals: ETFs and Index Investments, Global Fixed Income, Active Equities, Multi-Asset Strategies, BlackRock Alternative Investors, Trading & Liquidity Strategies including Cash Management, and Client Portfolio Solutions.

The Risk and Quantitative Analysis Group, which is responsible for evaluating all investment, counterparty, and operational risk at the firm, evaluates ESG risk during its regular reviews with portfolio managers to ensure that investment teams have sufficiently considered ESG risk in their investment decisions, and that investments in highest ESG risk categories are deliberate, rewarded, and documented.
ESG Data

Currently, BlackRock leverages third-party ESG data in addition to in-house research in order to gather company-level information on key ESG indicators.

Our third-party sources include MSCI, ISS-Ethix, Sustainalytics, Refinitiv, Bloomberg, Verisk Maplecroft, SASB, CDP, and Rhodium. We routinely engage with investment research providers about our views on emerging issues and the type of research we would find useful.

In order to aid ESG integration across the firm, we have embedded ESG data and analytics in Aladdin’s suite of portfolio and risk management tools. Aladdin is the operating system that connects the data, people and technology to manage money in real time, as well as the engine behind BlackRock’s ESG analytics and reporting capabilities.

Datasets sourced from external vendors (principally MSCI and Sustainalytics), including headline ESG scores, carbon data, product involvement metrics or controversies have been rolled out to Aladdin tools to support the full investment process, from research, to portfolio construction and modeling, to reporting.

BlackRock’s investors use Aladdin to make investment decisions, monitor portfolios and have access to ESG metrics that can inform the investment process. As new data sources and research emerge, we will continue to integrate ESG information into Aladdin to support research efforts.

More details are available upon request.

5) What channels do you use to communicate ESG-related information to clients and/or the public? Do you produce thought leadership (written reports and publications)? If so, is the information available to the public? Please provide links, if applicable.

At BlackRock, we are leveraging the scale of our investment platform, our proprietary technology, and our direct, private engagement with companies through our investment stewardship activities to create sophisticated approaches to measuring and assessing sustainability-related risks and opportunities. Our Sustainable Investing team analyzes sustainability-related data, examines questions about causation and performance, and generates insights for portfolios firm-wide. Our team develops proprietary views on materiality of specific sustainability-related topics by leveraging external data as well as proprietary research and delivers insights to our clients via thematic research publications, custom analytics and advisory solutions, and innovative product development.

We want investors to be able to clearly see the sustainability risks of their investments. We already provide data on our website for iShares that display an ESG score and the carbon footprint of each fund, among other measurements.

By the end of 2020, we intend to provide transparent, publicly available data on sustainability characteristics – including data on controversial holdings and carbon footprint – for all BlackRock mutual funds, through our website and fund factsheets. We will seek to make this information available to all of our clients, including those in separate accounts.
Three years ago, we designed a standard ESG & Carbon template to help our clients understand the sustainability characteristics of their portfolios and run a carbon footprint relative to a benchmark. This can be provided upon request.

Aladdin supports BlackRock’s ESG and Carbon reporting capabilities at a portfolio level based on underlying security ESG and Carbon data sourced from MSCI. The report provides portfolio exposure analysis, with a view of ESG and carbon emission scores by sector, ESG Ratings by market value and decomposition of Active Risk by ESG Ratings.

Examples of our research and thought leadership includes:

"Sustainability: the bond that endures"


"Sustainability: the future of investing"


"Sustainable Investing: a ‘why not’ moment"

In May 2018, we published “Sustainable Investing: a ‘why not’ moment“ (available at: https://www.blackrock.com/corporate/literature/whitepaper/bii-sustainable-investing-may-2018-international.pdf) in partnership with the BlackRock Investment Institute. This publication discusses sustainable investing’s trajectory into the mainstream, as well as the early evidence of materiality associated with ESG considerations. The paper suggests that employing a sustainable investment approach does not mean giving up risk-adjusted returns: we believe that it is feasible to create sustainable portfolios that do not compromise return goals and may even enhance risk-adjusted returns in the long run. The piece additionally demonstrates outperformance in ESG-focused emerging market indices, identifying issues such as shareholder protections, natural resource management and labor relations as potential performance indicators.

BlackRock’s research on sustainable investing is public and available on the Sustainability Hub of our website:

https://www.blackrock.com/corporate/sustainability/committed-to-sustainability
6) Do you have periodic reviews of your ESG process/approach to assess its effectiveness? What are the results? What would cause you to disregard ESG issues in your investment/analysis decisions?

ESG is constantly evolving. The BlackRock Sustainable Investing team houses a dedicated ESG research function, which seeks to produce specific insights from ESG materiality to portfolio implementation methodologies to share across our investment teams and further drive our ESG integration efforts to enhance risk-adjusted return.

In order to be effective sustainable investors, we must deeply understand the ways in which environmental, social and governance issues do and do not affect long-term return. A body of investment research and market practice demonstrates that companies which effectively manage material sustainability risks and opportunities outperform their counterparts over time. Still, significant questions remain about causation, timeframe and the availability and consistency of sustainability-related data. We aim to contribute to evolving research and market practice to help address these questions.

BlackRock’s Risk and Quantitative Analysis Group, which is responsible for evaluating all investment, counterparty, and operational risk at the firm, evaluates ESG risk during its regular reviews with portfolio managers to ensure that investment teams have sufficiently considered ESG risk in their investment decisions, and that investments in highest ESG risk categories are deliberate, rewarded, and documented. Our approach rests on a foundation of materiality. We will consider all ESG issues that are associated with material financial impacts throughout the investment process, dismissing information that is deemed by investors to be immaterial.

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CLIMATE

7) Describe how you identify, assess, and manage climate-related risks.

At BlackRock, we believe all investors should incorporate climate awareness into their investment processes. As a fiduciary and long-term investor, we recognize that environmental, social and governance (ESG) issues, including climate risk factors, can have real and quantifiable financial impacts.

To that end, BlackRock employs dedicated resources to support ESG integration. The BlackRock Sustainable Investing team, the BlackRock Investment Stewardship team, and individuals across BlackRock’s investment, technology and analytics platform work together to advance ESG research and tools to support ESG integration efforts. The firm wide Sustainable Investing team — with oversight from the Global Executive Committee Investment Sub-Committee — seeks to ensure consistency across investment processes, aggregates resources and shares best practices across the firm to help our investment teams integrate material sustainability considerations.

Please see below for an overview of the Sustainable Investing team:
Within Global Fixed Income, the Responsible Investing team consists of four professionals who partner with BlackRock’s Global Fixed Income team to bring ESG and climate risk integration tools and strategies to the investment process.

The Sustainable Investing team works closely with our global investment teams to conduct ESG research relevant to the various asset classes and investment styles managed at BlackRock. The team serves as an in-house center of excellence, supporting all teams in their plans to deepen their own capabilities. The team also conducts proprietary ESG research, which expands beyond existing ESG data and research resources. Finally, the Sustainable Investing team works to develop tools that improve investor access to ESG information and increase the accessibility of sustainable investment insights.

Currently, BlackRock leverages third-party ESG data in addition to in-house research in order to gather company-level information on key ESG indicators. We have integrated issuer level ESG information into the firm’s investment and risk management system, Aladdin, which BlackRock investors use to make investment decisions and monitor portfolios. As a result, BlackRock’s global investors have available to them ESG metrics that can inform their investment processes by flagging long-term risks and value drivers and enabling portfolio reporting and analytics. We continue to build out our reporting and analytics capabilities, which will leverage multiple data providers, and provide insights beyond topline ESG scores and carbon emissions stats. We routinely engage with investment research providers about our views on emerging issues and the type of research we would find useful.
Please refer to Question 10 for a further discussion of how BlackRock investment teams can leverage Aladdin to gain complete look-through to climate-related information in portfolios.

8) Describe the climate-related risks and opportunities you have identified over the short, medium, and long term.

In our active portfolios, portfolio managers and analysts are responsible for evaluating the environmental (as well as social and governance) risks and opportunities for an industry or company as they consider potential economic issues related to their investments. The fundamental climate change issues BlackRock takes into account may include: risks including regulatory change or litigation, opportunities such as government incentives for renewable energy, exposure to physical impacts such as flooding or other extreme weather events or changes in temperature, and social and corporate premiums placed on sustainable brands.

Additionally, Climate risk and opportunities have been a focus of ESG research at BlackRock, as seen by our most recent publication ("Getting Physical: assessing climate risks"). Outlining physical climate risk in three important U.S. fixed income sectors is an example of the cutting-edge research we are conducting for our ESG integration efforts. Additionally, the Global Fixed Income team performs Scenario Analysis on portfolios against a 2 Degree transition, outlining risk and opportunities in investment positioning. We have attached this publication below:


Among the key findings presented in this report, we touch on risks to both the municipal bond and commercial mortgage backed securities (CMBS) markets. Climate risk is a growing concern for owners of commercial mortgage backed securities (CMBS). We illustrate the increasing risk to the U.S. CMBS market by overlaying Rhodium’s hurricane modeling onto the roughly 60,000 underlying commercial properties in BlackRock’s CMBS database. Our findings: The median risk of one of these properties being hit by a Category 4 or 5 hurricane has risen by 137% since 1980. Within three decades, the chance of being hit by a Category 5 hurricane is estimated to rise 275%.

Additionally, Climate related risks pose a threat to the economies – and creditworthiness – of many U.S. state and local issuers, our analysis shows. Our work with Rhodium Group shows a rising share of
U.S. metropolitan statistical areas (MSAs) will likely be hit by climate change in the coming decades. Within a decade, more than 15% of the current S&P National Municipal Bond Index by market value would come from MSAs suffering likely average annualized economic losses from climate change of up to 0.5% to 1% of GDP. The impacts are projected to grow more severe in the decades ahead.

9) Describe the resilience of your investment strategy, taking into consideration different climate-related scenarios.

The strategy defines ESG integration as the practice of incorporating material ESG information into investment decisions in order to enhance risk-adjusted returns. To us, integrating ESG information, or sustainability considerations, should be part of any robust investment process and means adapting research and investment processes to account for additional sources of risk / return that are explained by ESG information.

As long-term investors, we are mindful of the heightened risk of physical climate risk which poses a risk to our client’s assets. By using probabilistic projections of climate change, we are identifying exposure of our client’s assets to unpriced climate change risks. These projections are implying a whole host of first and second order impacts – ranging from physical infrastructure damage and increased energy demand to changes in crop yields. Using these first and second order impacts, we are aiming to contextualize financial risks for some of the longer-term assets.

10) Do you track the carbon footprint of portfolio holdings?

Yes
If yes, please describe the methodology and metrics used, and whether you have a set target for reducing the portfolio’s footprint.

We have not set formal carbon footprint reduction goals, but are overtly cognizant of how climate-related risks will shape our portfolio construction. We have made ESG data, including carbon footprint data, available in the core investment tools of Aladdin to support the full investment process, from research, to portfolio construction and modelling, to reporting. The below information provides an in-depth look into how that information is available to our teams.

We have developed a proprietary data model that can map issuer-level ESG data to all the securities attached to the issuer. This means we are able to propagate the ESG data pertaining to corporate and sovereign issuers across their capital structure and thereby cover equity and fixed income securities as well as single-name derivatives. Leveraging Aladdin’s bottom-up framework, our tools and technology can aggregate security-level ESG data to generate scores on portfolios and benchmarks to obtain summary ESG views on an entire book of business.

**Green Package**

The Aladdin Green Package tool gives the user the ability to start every day with a static snapshot of the portfolio exposure to ESG across products and asset classes, so investment teams can make informed decisions. Under Aladdin’s bottom-up framework, investors are able to drill down into sector and security-level reports, giving them insight into which sectors and securities are adding to, or detracting from, your absolute and active ESG exposure and carbon footprint.

**Explore**

Bringing ESG and carbon metrics to life in a visual and interactive manner, Aladdin’s Explore tool gives investment teams the ability to analyze the portfolio’s positioning, risk and returns from an ESG angle. The flexible nature of the tool provides the means to run custom analyses, putting the information necessary to identify risk and opportunities in ESG at investors’ fingertips.

Explore provides users a flexible sandbox to perform portfolio modeling analysis. This includes point in time analysis with security-level and sector-level analysis, but also portfolio-level modelling through time.
Users can monitor the impact of their changes in real time through visual and interactive reports. Model portfolios can be saved down and analyzed against the original version of the portfolio.

ESG score data is stored in a central database accessible to all investment and client teams within Aladdin. The data is organized by ESG data providers and stored at an issuer level such that it is easy to access data from different sources for an issuer. ESG data is also timestamped and available for timeseries analysis and research. BlackRock’s core data has enabled investment teams to access ESG.
data not only through existing Aladdin tools (like the ones highlighted above), but also through APIs that allow easy programmatic access through Excel, Python/R, Tableau, etc. for our more quantitative power users.

11) **What are your firm's emissions? Please demonstrate how/whether you are taking steps to reduce these scenarios?**

Building better futures through sound environmental management is central to our business, important to our employees, clients and stakeholders, and the key to securing our future. It is part of BlackRock's long term view and culture – and comes to life in our commitment to saving, protecting and restoring our natural environment by better managing our resources.

The primary objective of our strategy is to decouple BlackRock's growth from environmental impact. We seek to improve operating margins, minimize climate and regulatory risks and collaborate with partners to implement environmental projects to avoid CO2 emissions.

- BlackRock reports annually to the CDP (formerly known as Carbon Disclosure Project) through which we report publicly on our carbon emissions.

- BlackRock has a 100% renewable energy goal by 2020. To achieve our 100% goal, BlackRock will purchase the same amount of renewable electricity (in MWh) as the electricity that our global operations consume on an annual basis. Through a combination of direct purchase of renewable energy for the offices in which we have operational control and the purchase of renewable energy certificates, we have currently met 88% of our global goal and are 100% in the US.

- 100% of our retired electronics are either refurbished and donated to nonprofits or recycled.

- We have 26 Green Teams globally through which employees act as environmental stewards to promote conservation efforts throughout our offices and within our communities. Our two primary data centres are 100% hydro-powered with PUEs of 1.18 and 1.19, lower than the average and among the lowest in the financial industry.

- BlackRock offsets 100% of its travel-related emissions

We are primarily a tenant in multi-tenant buildings and therefore do not have control over our water use.

Major actions with objectives and statistic-based-results:

1. Emissions Reductions

Since we began tracking emissions globally in 2014, we have reduced CO2e/employee by 32.5% and have reduced electricity use/employee by 30%. We continue to expand our efforts which have included lighting retrofits, consolidation of our data centers (eliminating our least efficient ones), continuous adjustments to our HVAC systems and adoption of technologies enabling emissions reductions.

2. Paper Policy
With the adoption of technologies, our paper use is declining. We track and report it on a monthly basis to keep it top of mind. We are currently putting in place a sustainable paper purchasing policy and since 2014, our copiers have been set to default settings for double sided, black & white printing. All paper is disposed of in either a secure manner through which it is shredded and recycled or simply recycled. Employees are encouraged to leverage technological tools instead of printing. Our Audio Visual department stands by to project presentations digitally rather than printing them out for meetings.

3. Waste

Waste reduction and Zero Waste to Landfill are global themes for our environmental sustainability. We are currently moving our waste systems to a centralized program where possible, highlighting recycling and waste reduction. In Asia, where recycling is less prevalent, employees are working with landlords directly to encourage adoption of more sustainable practices. We currently have a 75% diversion from landfill target in place.

4. No Plastic Water Bottles

In early 2017, all plastic water bottles were removed from our offices where potable water is available. Employees were given reusable tumblers to use for water and coffee.

DIVERSITY

12) Please provide the composition of your senior leadership team and board of directors, including women and visible minorities. How do you encourage diversity of perspectives and experience?*

Our Inclusion & Diversity (I&D) strategic plan is articulated in the Sustainability Accounting Standards Board (SASB) Disclosure, which is annually updated on our public website. Additionally, our commitment is public in several places including our public career site and sustainability site.

The following outlines our steps towards enhancing transparency and greater accountability for I&D outcomes:

• Senior leaders are held accountable for progress on diversity. The BlackRock, Inc. Board of Directors oversees our Global Executive Committee’s compensation and bonus pools, which are determined in part on how they deliver against annual Talent and Diversity objectives. These objectives include an increase in the number of women at all levels and progress against our short-term goal of 30% women in senior management roles.

• Since 2016, we have used a diversity dashboard in the quarterly business review process, to measure progress in each business’ hiring, retention and development of diverse employees at each title in the firm, regional and functional levels. By creating focus and transparency, leaders are able to continuously challenge themselves and make the day-to-day decisions that will drive the diversity agenda. We also measure and review performance ratings, promotion, and compensation to ensure fair and objective decision making.
• Larry Fink, CEO of BlackRock, is a founding member of the 30% Club in the US -- a group committed to achieving 30% female representation on our Board of Directors. Michelle Edkins, Global Head of Investment Stewardship for BlackRock, serves on the US Steering Committee and coordinates the 30% Club Investor Group. BlackRock also participates in the 30% Club initiatives in Australia and Hong Kong.

• BlackRock is a signatory of the UK HM Treasury's Women in Finance Charter, pledging to make an effort towards gender balance across the financial industry.

• Larry Fink is a signatory of the CEO Action for Diversity & Inclusion organized by PwC.

• Members of our Global Executive Committee and Human Capital Committee have committed personal and professional time to support organizations increasing diversity within our industry, including the Robert W. Toigo Foundation, where Mark McCombe, a member of our Global Executive Committee, serves as the chair and 100 Women in Finance where Armando Senra is a Board member.

• Last year, we built training programs and tools for our managers to create more diverse and inclusive teams and began embedding those expectations in our talent processes. We also run an annual People Manager assessment which provides our managers with upward feedback on how they are progressing against those expectations. Additionally, BlackRock strives to provide employees with opportunities to grow and develop great careers. We develop employees through experience, exposure and education (training). To meet the requirements of laws, regulations and policies, we conduct annual training for all employees on 'Respect in the Workplace' training, which focuses on creating a respectful work environment, ensuring equal employment opportunities, and prevention of discrimination, harassment and retaliation.

• We measure employee reaction to our I&D efforts through our annual Employee Opinion Survey (EOS), which has 90+% participation every year. In the 2019 EOS, 87% of staff indicated they believe that BlackRock is committed to diversity, up 13 percentage points since 2010; 83% believe that BlackRock is committed to inclusion and 83% of our people feel that they can be themselves at work. We do review the experience gaps between different populations and continue to narrow those over time.

• In 2017, we added the concept of “belonging” to the EOS and began measuring the success of our efforts with each person in the firm. In 2019, 80% of our employees indicated that they feel like they belong on the team they most often work with.

We disclose information about our sustainability and governance, social, and environmental practices through BlackRock’s Annual Report, Proxy Statement, Investment Stewardship Annual Report, and BlackRock’s Sustainability website.

As the landscape evolves, we continue to enhance our sustainability reporting, beginning with disclosure aligned to the SASB framework. This is an initial step in our evolution as we build a more unified sustainability disclosure framework.
PROXY VOTING

13) What proportion of the time do you vote with or against management on shareholder resolutions, board appointments, and auditor appointments? What proportion of the time do you vote with or against management on ESG issues? How does this break down for climate, diversity, and remuneration issues?*

As a large global investor, BlackRock votes at over 16,000 shareholder meetings and approximately 150,000 meetings annually. Our starting position is to support management. We generally prefer to engage in the first instance where we have concerns, and give management time to address or resolve the issue.

While most voting is on relatively routine matters, there are some proposals that attract significant attention and are particularly sensitive or high profile. During proxy season, we schedule daily team meetings and set standing meetings between regional teams which allow our team to leverage the collective expertise of our global team. These processes ensure that high profile votes receive the necessary due diligence. We vote against management proposals if the company is unresponsive or seems not to be acting in the long-term interests of shareholders. Sometimes a meeting with the company is necessary to ensure an informed vote or to advise that we cannot support management on certain proposals and to explain why.

We also confer with, and engage alongside, BlackRock’s active equity portfolio managers where an issue is closely related to long-term shareholder value, e.g. deciding how to vote on a material financial transaction. To ensure that active portfolio managers can execute votes in a manner consistent with their view of what is in the best interests of the clients invested in their fund, our process allows us to cast votes differently where index and active investors might have a different perspective on an issue. Key points from any engagement are noted in Aladdin® Research for use in client reporting and future engagement and voting analysis.

Our market-specific voting guidelines are intended to help clients and companies understand our thinking on key governance matters. They are the benchmark against which we assess a company’s approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. We apply our guidelines pragmatically, taking into account a company’s unique circumstances where relevant. We inform our vote decisions through research and engage as necessary. We review our voting guidelines annually and update them as necessary to reflect changes in market standards, evolving governance practice and insights gained from engagement over the prior year.

For further statistical information about our engagements and voting activity for the reporting year ending June 30, 2020, please read our 2020 Annual Stewardship Report.

14) What proportion of all independent ESG shareholder resolutions do you support?*

Our reporting period is July 1, 2019 to June 30, 2020, representing the Securities and Exchange Commission’s (SEC) 12-month reporting period for U.S. mutual funds, including iShares. We file a
record of our proxy votes with the SEC each year ended for BlackRock's funds. Our voting record for that period can also be found on the BlackRock website.

We organize the proposals on which shareholders are asked to vote into key categories. The vast majority of proposals are routine and relate to the election of directors and board governance matters, reflective of the important role played by directors in representing and protecting shareholder interests. The proposals on which BlackRock votes against management vary from market-to-market but tend to be related to executive pay, director elections, takeover protections, and capitalization. We may also support certain shareholder proposals seeking improvements in corporate governance and business practices.

There were a total of 1,087 ESG-related shareholder proposals globally. Our shareholder proposal votes broken down by environmental, social and governance are:

- Environmental: 111 proposals and supported (or abstained) 6.3%
- Social: 118 proposals and supported (or abstained) 6.8%
- Governance: 858 proposals and supported (or abstained) 17.1%

We discuss in our Global Corporate Governance and Engagement Principles, in deciding our course of action on shareholder proposals, we will assess the company’s disclosures and the nature of our engagement with the company on the issue over time, including whether:

- The company has already taken sufficient steps to address the concern
- The company is in the process of actively implementing a response
- There is a clear and material economic disadvantage to the company in the near-term if the issue is not addressed in the manner requested by the shareholder proposal

For further statistical information about our engagements and voting activity for the reporting year ending June 30, 2020, please read our 2020 Annual Stewardship Report.

15) What proportion of remuneration packages do you vote in favour of? In your view, is the current level of executive remuneration too high, too low, or about right? How is this view reflected in your voting record on remuneration?*

In our engagements, we seek to understand how a specific pay program appropriately incentivizes executives to deliver on strategic and operational objectives, consistent with sustainable long-term financial performance.

Executive compensation continues to garner significant attention. Company executive pay proposals range from non-binding Say on Pay proposals in the U.S., to compensation reports and compensation policy proposals in EMEA* and Australia** as well as new share plans or revisions to existing ones. These plans are central to how companies attract, reward, and retain key personnel. In developing executive compensation plans, companies must balance pay and performance while ensuring that rewards to executives are not disconnected from the returns to shareholders and compensation for employees.

ESG Questionnaire, 2020
BlackRock Investment Stewardship (BIS) explains in our approach to executive compensation our expectations and analysis framework, as well as our approach to engagement and voting on this complex board issue. In general, we expect a meaningful portion of executive pay to be tied to the long-term performance of the company, as opposed to short-term increases in the stock price. The metrics used to trigger payments under incentive plans should be explained and justified in the context of a company’s business model and long-term strategy.

As reporting in our 2020 Annual Stewardship Report, we had nearly 1,200 engagements with just over 950 companies—or about 40% of our total engagements for the year—on executive compensation practices. In these engagements, we seek to understand how a specific pay program appropriately incentivizes executives to deliver on strategic and operational objectives, consistent with sustainable financial performance. These conversations also help us better understand any unique challenges companies face, how management responded, and how compensation committees incorporate such evolving factors into their decisions on pay policies and outcomes.

We are increasingly voting against management on executive pay proposals, up from 15% to 16% this year, or nearly 1,100 votes against management. We voted against compensation committee members at more companies in the U.S. and UK than in any other markets. Our votes against proposed equity incentive plans in certain markets have fallen as a result of companies making a stronger connection between rewards and performance. Looking ahead, we are sensitive to the need for compensation committees to reflect stakeholder matters in pay determinations, particularly when companies have received government support.

For further information on our engagements and voting activity relating to executive compensation for the reporting year ending June 30, 2020, please read our 2020 Annual Stewardship Report.

16) Have you ever co-filed an ESG-related shareholder resolution? If so, how many and with what frequency?*

We do not propose shareholder resolutions (sometimes called “shareholder proposals”) either directly or on behalf of clients. Shareholder resolutions tend to cover a wide-range of business issues that are complex and nuanced, particularly in relation to social or environmental factors. In our view, this makes the issue more suitable for engagement than the binary and blunt mechanism of voting. Where, following engagement, we are still concerned that a company might not be dealing with the business-relevant social or environmental factor raised in the shareholder proposal, we may hold the company accountable by voting against the election of relevant directors. We would generally only vote in favor of shareholder proposals where we identified a significant potential threat to shareholders’ interests caused by poor management of the factor under consideration, and even then, only after extensive engagement had not achieved the desired response from management or the board. We may support governance-related shareholder proposals that in our view would enhance shareholder returns.

Our team publishes statements on our analysis, engagements and votes in relation to certain high high-profile votes at company shareholder meetings. These vote bulletins aim to explain our approach and decision publicly on the day of the meeting, or shortly thereafter, so interested clients and others can be aware of BlackRock’s vote when it is of most relevance to them. We do not disclose our vote intentions in advance of shareholder meetings as we do not see it as our role to influence other investors. Our role is to send a signal to the company about how well we believe the board and management has done in delivering long-term shareholder value. We also file our voting record with
17) Have you ever voted against a director for explicitly ESG-related reasons? If so, why? If not, would you consider doing so in the future?*

Our expectations of boards of directors and executive management are higher than ever. We are a long-term shareholder in the companies in which our clients are invested. We look to boards and executive management to serve the interests of long-term shareholders and other stakeholders. Our active and ongoing dialogue with the leaders of these companies gives us a valuable perspective on the business challenges they face and their strategies for overcoming them. This very difficult year has provided the clearest demonstration yet that strong, purposeful leadership is essential to a company’s resilience and ability to recover from shocks and disruptions.

For this reason, we take a firm line in holding accountable the management and boards of directors of these businesses when we do not see sufficient progress on the issues that matter in creating sustainable, long-term value for our clients, who are the ultimate owners of these companies.

As reporting in our 2020 Annual Stewardship Report, the BlackRock Investment Stewardship (BIS) opposed the re-election of over 5,100 directors – more than ever before – sending a strong signal of concern when companies did not make sufficient progress on issues that are central to long-term value creation. We raised questions on board quality, taking voting action against directors for lack of independence on the board, insufficient board diversity, and overcommitment. We also held directors to account for not meeting our expectations on climate risk management or disclosures, and for management and compensation policies inconsistent with sustainable long-term financial performance.

Please read more about BlackRock’s votes and engagement activity in our Global Quarterly Stewardship Reports, our Annual Stewardship Reports, our Voting Bulletins and our 2020 Sustainability Report found on our website.

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**ENGAGEMENT**

18) How many companies do you engage with? What proportion of your engagements focus on environmental and social issues? What are your engagement goals? Are these goals outcome/action-based (e.g. decreases in emissions or increases in number of women on the board) or means-based (reporting on emissions or number of women on the board)?*

The BIS team consists of 45+ dedicated professionals responsible for encouraging good governance at the companies in which we invest on behalf of clients. The team held 3,043 engagements with 2,020 companies based in 54 markets from July 2019 to June 2020. This represented over 60% by value of the equity assets BlackRock manages on behalf of clients, as of June 30, 2020. We held multiple engagements with 32% of the companies. Engagement breakdown based on environmental, social and governance themes are:

Environmental: 1,260
Each year, we prioritize our work around engagement themes that we believe will encourage sound governance practices and deliver sustainable long-term financial performance for our clients. Our Engagement Priorities for 2020 represent a continuation and evolution of themes identified over the past several years. We hope that highlighting our priorities will help company boards and management prepare for engagement with the Investment Stewardship team and provide clients with insight into how we are conducting engagement and voting activities on their behalf. Some governance issues, like board quality and performance, have long been core components of the Investment Stewardship team’s work. Other Engagement Priorities evolve over time and are informed by regulatory and market developments. In 2020, we are putting an increased focus on sustainability-related issues and relevant disclosures, given the growing impact of these issues on long-term value creation. We are also mapping our engagement priorities to specific United Nations Sustainable Development Goals, such as Gender Equality and Clean and Affordable Energy, and providing a high level, globally relevant Key Performance Indicator (KPI) for each Priority so companies are aware of our expectations.

**BlackRock’s Investment Stewardship 2020 priorities** are:

- **Board Quality** – quality leadership is essential to performance. Hence, board composition, effectiveness, diversity, and accountability remain a top priority
- **Environmental Risks and Opportunities** - disclosure provides enhanced understanding of board and management oversight of policies, risk factors and opportunities that drive sustainable long-term financial performance
- **Corporate strategy & Capital Allocation** - a clear articulation of corporate strategy and capital allocation provide a clear sense of the direction a company intends to take
- **Compensation that promotes long-termism** - executive pay policies and outcomes should link closely to long-term strategy, goals, and performance
- **Human capital management** - in a talent constrained environment, companies should focus on sound business practices that create an engaged and stable workforce

Our engagement commentaries are intended to help clients and companies understand our thinking on key engagement issues. They are the benchmark against which we look at a company’s approach and shape our engagement conversation on how the issue might affect the sustainable long-term financial performance of a company. When engaging on the issues, we take into account a company’s unique circumstances and work to achieve the outcome that we believe best serves our clients’ long-term economic interests.

**List of published engagement commentaries:**

- [Engagement on strategy, purpose and culture](#)
- [How we engage on climate risk](#)
• How we engage on TCFD and SASB aligned reporting
• Our approach to engagement with agribusiness companies on sustainable business practices
• How we engage on board diversity
• How we engage on human capital
• Our approach to executive compensation
• Our approach to engagement with the palm oil industry
• Emissions, engagement, and transition to a low-carbon economy

Please read more about BlackRock’s engagement activity in our Global Quarterly Stewardship Reports, our Annual Stewardship Reports, our Voting Bulletins and our 2020 Sustainability Report found on our website

19) What is your policy around the escalation of engagement; how and why might this happen and what is the ultimate tool you might use (e.g. voting against board re-election, etc.)?*

Engagement is core to our stewardship program as it helps us assess a company’s approach to governance, including the management of relevant environmental and social factors. To that end, we conduct approximately 3,000 engagements a year on a range of ESG issues likely to impact our client’s long-term economic interests. We meet with executives and board directors, communicate with the company’s advisors, and engage with other shareholders where appropriate.

Engagement meetings should have an agenda and an anticipated outcome. We generally have an expectation that an engagement will help shape a company’s approach to an issue, improve a company’s disclosure, or inform our voting decision.

It can take several hours of research to prepare for each meeting and follow ups, with the company or with BlackRock investment colleagues is common. If we have called the meeting, we will have a list of the topics we want to cover related to the concerns we have about the company’s approach. In identifying the need and preparing for an engagement, the BIS analyst determines the desired outcomes and timeframe within which we would expect to see them delivered by a company.

The BlackRock Investment Stewardship (BIS) team uses a global engagement tracking tool in BlackRock’s proprietary Aladdin® Research platform. It facilitates our team’s ability to monitor and report engagements and share insights with BlackRock investment teams. Features in the module allow us to record if a company’s governance and business practices are in line with our expectations (as outlined in our governance principles and voting guidelines), summarize engagement conversations, track timeframes for change, map environmental, social, and governance (ESG) key performance indicators (KPIs) to engagement priorities and ESG issues, and define and note engagement outcomes. This monitoring and tracking mechanism enables our team to measure progress over time, especially as many of our engagements are long-term and ongoing.

Our market-specific guidelines and key indicators based on our engagement priorities help determine when we might vote against management, including against corporate directors (and in favour of certain types of shareholder proposals) should companies fail to demonstrate material progress.

ESG Questionnaire, 2020
against specific measures. The BIS analyst, in consultation with senior team members as appropriate, determines how to escalate should a company not be responsive to our engagement or subsequent votes against management. An initial next step in escalation after an engagement with company management could be to engage with senior members of the board. The most frequent voting escalation is to vote against additional management proposals or for relevant shareholder proposals if a company's response to our original vote was insufficient. As a predominantly indexed investor on behalf of our clients, we do not have the option to selectively divest from companies in most strategies.

Please read more about BlackRock's votes and engagement activity in our Global Quarterly Stewardship Reports, our Annual Stewardship Reports, our Voting Bulletins and our 2020 Sustainability Report found on our website.

* denotes questions quoted from or inspired by Cambridge's Questions for Fund Managers.