# BlackRock Sustainability Accounting Standards Board Disclosure

For the year-ended December 31, 2019

All data in this Sustainability Accounting Standards Board ("SASB") disclosure is as of, or for the year-ended December 31, 2019 unless otherwise noted.

BlackRock®

# Contents



## What's New?

- Year-over-year comparisons for employee diversity and sustainable investing assets under management – *see pages 9 and 11*
- Enhanced disclosure around hiring rates in diversity data – *see page 9*
- ESG factors in investment management & advisory section reflects our commitment to make sustainable investing the new standard at BlackRock – *see pages 10-14*

i. We have renamed this section to 'Risk Management' from 'Systemic Risk Management.' See page 4 for further information.

# Introduction

BlackRock's purpose is to help more and more people experience financial well-being. In pursuit of our purpose, we embed a focus on long-term sustainability across our business for the benefit of our stakeholders: clients, shareholders, employees, and communities.

As an investor and advocate for greater transparency, BlackRock is committed to providing meaningful sustainability information to stakeholders. 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, found at www.blackrock.com.

As the landscape evolves, we continue to enhance our sustainability reporting, beginning with disclosure aligned to the SASB framework. This is BlackRock's second SASB disclosure. Enhancements to this year's disclosure include the addition of year-over-year statistics and greater detail on diversity representation in hiring.

# BlackRock, Inc. SASB Index[ii]

This SASB disclosure is being provided for BlackRock, Inc. (together, with its subsidiaries, unless the context otherwise indicates, "BlackRock" or the "Company" or the "firm"). BlackRock, Inc. is a leading publicly traded investment management firm with $7.43 trillion of assets under management ("AUM") at December 31, 2019. With approximately 16,200 employees in more than 30 countries who serve clients in over 100 countries across the globe, BlackRock provides a broad range of investment and technology services to institutional and retail clients worldwide.

## Asset Management & Custody Activities Sustainability Accounting Standard

| Topic | Code | Accounting Metric | Page Reference |
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ii. The inclusion of information contained in this disclosure should not be construed as a characterization regarding the materiality or financial impact of that information. Please also see our Annual Report on Form 10-K filed on February 28, 2020 ("2019 Annual Report and 10-K") and other publicly filed documents available at https://ir.blackrock.com/.

| | | | |
|---|---|---|---|
| **Business Ethics** | FN-AC-510a.1 | Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations | Page 16 |
| | FN-AC-510a.2 | Description of whistleblower policies and procedures | Page 16 |
| **Risk Management**[iii] | FN-AC-550a.1 | Percentage of open-end fund AUM by category of liquidity classification | Page 17 |
| | FN-AC-550a.2 | Description of approach to incorporation of liquidity risk management programs into portfolio strategy and redemption risk management | Page 17 |
| | FN-AC-550a.3 | Total exposure to securities financing transactions | Page 18 |
| | FN-AC-550a.4 | Net exposure to written credit derivatives | Page 19 |
| **Activity Metrics** | FN-AC-000.A | (1) Total registered AUM | $4.26 trillion[iv] |
| | | (2) Total unregistered AUM | $3.17 trillion[v] |
| | FN-AC-000.B | Total AUM[vi] | $7.43 trillion |

iii. We have renamed this section to ‘Risk Management’ from ‘Systemic Risk Management’. The SASB Asset Management & Custody Activities Standard description of this section states: “[a]sset managers and custodian banks have the potential to pose, amplify, or transmit a threat to the financial system.” It is our view that there is no compelling evidence to support the assertion that asset managers present systemic risk at the company level. On December 4, 2019, the SASB Standards Board voted to initiate a project to revisit this topic in the SASB Asset Management & Custody Activities Standard.

iv. Includes pooled funds that, in our judgement, qualify as ‘registered AUM’ as the term has been defined in the SASB Asset Management & Custody Activities Standard. These funds include all *iShares®* exchange-traded funds (“ETFs”), open- and closed-end funds (including money market funds), collective investment funds that are maintained and managed by BlackRock Institutional Trust Company, N.A. (“BTC”) and are managed in compliance with the Employee Retirement Income Security Act of 1974 (“ERISA”), Undertakings for Collective Investment in Transferrable Securities (“UCITS”), non-UCITS retail schemes, and comparable funds domiciled in the Asia-Pacific region.

v. Total unregistered AUM equals total AUM minus total registered AUM.

vi. We have renamed this metric to ‘total assets under management’ from ‘total assets under custody and supervision’, because assets under management is a more relevant activity metric for asset managers and BlackRock is an asset manager, not a custodian bank. In the case of collective investment funds maintained by BTC, BTC is the trustee and named custodian but has retained custodian banks to provide accounting, administration, and custodial services for those funds.

# Discussion of Accounting Metrics

## Transparent Information & Fair Advice for Customers

### FN-AC-270a.1

**(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings[1]**

There were no covered employees[2] with a record of new investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings disclosed during 2019. As of December 31, 2019, BlackRock had one covered employee, representing 0.05% of covered employees, who disclosed a matter of the kind listed above during their employment tenure at BlackRock.

BlackRock has policies, procedures, and controls reasonably designed to ensure compliance with applicable rules and regulations, including the requirement that the firm and its employees maintain accurate regulatory filings.

### FN-AC-270a.2

**Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers**

BlackRock did not sustain any monetary losses in the reporting period as a result of legal proceedings associated with its marketing and communications to customers, as described above.

BlackRock discloses all material legal and regulatory proceedings in its Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.

### FN-AC-270a.3

**Description of approach to informing customers about products and services**

BlackRock is a publicly traded investment management firm, offering a wide range of investment products and services to a diverse mix of institutional and retail clients across the globe. Clients include tax-exempt institutions, such as pension plans, charities, foundations and endowments; official institutions, such as central banks, sovereign wealth funds, supranationals, and other government entities; taxable institutions, including insurance companies, financial institutions, corporations, and third-party fund sponsors; and retail investors.

When communicating with clients about our investment management services and specific products, we are subject to various laws and regulations, as well as BlackRock's own policies, procedures, and guidelines requiring our communications to be clear and accurate, fair and balanced, and not misleading. Additionally, we consider the nature of the audience to which our communications are directed and provide the appropriate details and explanations.
When we communicate with our clients, we strive to:

- be transparent with respect to our business, practices and potential conflicts of interest;
- identify key risks associated with our products and services and disclose these risks in our materials;

1. The data included in response to this item is based on the population of covered employees on December 31, 2019.
2. 'Covered employees' is defined by SASB as employees subject to filing the following forms: Forms U4, U5 and U6 with the Central Registration Depository ("CRD") of the Financial Industry Regulatory Authority ("FINRA"); Form BD with the Investment Adviser Registration Depository ("IARD") of the U.S. Securities and Exchange Commission ("SEC"); and Form BDW with the IARD of the SEC.

- engage with our clients to understand and address their evolving needs; and
- respond to client questions and address client feedback.

Importantly, we have a framework aimed at ensuring that marketing materials adhere to applicable laws and regulations and BlackRock's policies, procedures, and guidelines.

Below is a general description of the information about our products and services that we make available to clients and prospective clients in 3 key channels of our business: (i) retail; (ii) *iShares*® ETFs; and (iii) institutional. However, this description is not exhaustive because the way we communicate with our clients varies based on a number of factors including applicable laws and regulations, the type of client, and the product or service in question.

**Retail**

BlackRock serves retail investors globally through a wide array of vehicles across the investment spectrum, including open-end and closed-end funds, unit trusts, private investment funds and separate accounts. Retail investors are served principally through intermediaries, including broker-dealers, banks, trust companies, insurance companies, and independent financial advisors.

Information about BlackRock's mutual funds that are available to retail investors is provided on BlackRock's website, www.blackrock.com. Our website is tailored to the client type and region of domicile. Information that is made available includes the fund's constituent documentation (e.g., prospectus) and the fund's investment strategy, characteristics, fees and expenses, financial statements, and performance.

***iShares*® ETFs**

*iShares* ETFs are traded on exchanges, which means that we often do not have complete transparency on or a direct relationship with the ultimate end-client.

Information about *iShares* ETFs can be found on www.ishares.com. The *iShares* website is tailored to the visitor's region of domicile. Information that is made available includes the fund's constituent documentation (e.g., prospectus) and the fund's investment strategy, characteristics, fees and expenses, financial statements, and performance.

**Institutional**

BlackRock serves a variety of institutional investors on 6 continents including: pensions, endowments and foundations, official institutions, and financial institutions.

Institutional clients may work with investment consultants who help them make decisions about their allocations to investment products. BlackRock's relationship managers work with current and prospective institutional clients and their consultants to provide information about our products and services.

**Additional Information**

BlackRock makes available information about our business practices and potential conflicts of interest in the following resources:

- **Form ADVs** for BlackRock's investment advisers registered with the SEC are available on the SEC's Investment Adviser Public Disclosure ("IAPD") website.[3] The Form ADVs provide information about our SEC-registered investment advisers and their business, ownership, clients, employees, business practices, affiliations, conflicts of interest, disciplinary events, advisory services, and fees.

- **BlackRock's Code of Business Conduct and Ethics** (the "Code") is available on the BlackRock website. This document sets out basic principles to guide employee conduct. The Code is supported by separate employee conduct policies and programs and reinforced through employee training.

- **BlackRock Investment Stewardship Global Corporate Governance Guidelines & Engagement Principles** are available on the BlackRock website. This document outlines the BlackRock Investment Stewardship team's ("BIS") philosophy on corporate governance and framework for proxy voting. BlackRock Investment Stewardship is further discussed under FN-AC-410a.3 of this disclosure.

3. Underlined text in this document provides embedded links to websites.

# Employee Diversity & Inclusion

## FN-AC-330a.1

### Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees

BlackRock is committed to cultivating and advancing diversity in all forms. We believe that a strong culture – one in which inclusion and belonging are paramount – creates room for all employees to contribute the ideas that will shape BlackRock's success over the long term.

**Our History**

Eight founders – 6 men, 2 women – started BlackRock 32 years ago with the commitment to do things differently, to constantly push ourselves to do better for our clients and employees. BlackRock knew early on that if we wanted to succeed, we had to avoid groupthink. That is why we pay so much attention to building a strong culture where all BlackRock citizens strive to be open and inclusive leaders and teammates. Representation alone is not enough – we need every member of our firm to feel empowered to speak up and make their best contribution.

**Transparency & Accountability**

Transparency and accountability are critical as BlackRock seeks to create a more inclusive and diverse workforce – we use both to inform and improve our recruiting and development practices. We track and monitor voluntarily disclosed diversity data to review hiring, promotion, and attrition at the firm, regional, and functional levels. We also review performance data, promotion, and compensation to seek to ensure fair and objective decision-making. During the firm's Quarterly Business Reviews of each business unit, senior management has focused conversations with each business about their plans and progress with respect to diversity and inclusion.

The Management Development and Compensation Committee of BlackRock's Board of Directors (the "Board") oversees our Global Executive Committee's ("GEC") compensation and bonus pools, which are determined, in part, based on how members of the GEC deliver against annual Talent and Diversity objectives. Further, our 2020 Proxy Statement discusses how organizational strength objectives, such as attracting talent and developing a more diverse and inclusive culture, are factored into performance assessments of BlackRock's Named Executive Officers.

BlackRock's Board plays a critical role in the oversight of talent and culture and annually engages in an in-depth review of the Company's culture, talent development, retention and recruiting initiatives, inclusion and diversity strategy, leadership and succession planning, and employee feedback. BlackRock's specific talent initiatives are executed by our employee-led Human Capital Committee, which is comprised of over 35 senior leaders who help design, drive, and sponsor initiatives relating to talent and culture in partnership with Human Resources.

**Leadership Development Programs**

We believe that a critical driver of our firm's future growth is our ability to grow leaders. We are committed to identifying and developing diverse talent to help those employees accelerate their growth and achieve their career goals. Select employees are invited to participate in our flagship leadership programs, which include assessments, executive coaching, in person and virtual learning, and senior management sponsorship. We track participants' engagement and success throughout the programs as well as their growth following the program through promotion rates and role expansions. Examples of our leadership programs include the Women's Leadership Forum, Enterprise Leadership Acceleration at BlackRock, and Leadership Excellence and Development. See our Learning & Development page on www.blackrock.com for more information.

**Employee Feedback**

We value continuous dialogue with our employees about their experiences. We have several employee feedback mechanisms including our annual Employee Opinion Survey, which has more than 90% participation annually and provides us with actionable feedback for each team and for BlackRock as a whole. Employee feedback has informed many firm-wide decisions, such as the introduction of our Flexible Time Off ("FTO") policy, casual dress code and expanded employee networks. In addition, initiatives including mentorship programs, career pathing and new hire "buddies" have been implemented by various businesses and offices to address the specific needs of their employees.

**Employee Networks**

Our employee networks provide an opportunity for employees with a diverse range of backgrounds, experiences, and perspectives to connect with one another and help shape BlackRock's culture. Employee networks are sponsored by senior leaders and are proudly designed by employees, for employees. Employee Networks are over 13 years old at BlackRock, with the Women's Initiative & Allies Network first established in 2006. Today, we have 9 employee networks including the Black Professionals & Allies Network, SOMOS Latinx & Allies Network, OUT & Allies Network, Families & Allies Network, and the Veterans & Allies Network. We continue to add new networks to support our employees. For example, in 2017, we launched the Ability & Allies Network to support employees affected by disability. In 2018, we launched Mosaic, which serves as a forum to identify and explore shared interests and common challenges across all networks and the firm.

In 2020 we launched the Green Team Network to provide a forum for colleagues to connect around their shared passion for improving BlackRock's sustainability as a firm.

See Inclusion & Diversity on www.blackrock.com for more detail on our Employee Networks and other inclusion and diversity initiatives.

**Employee Benefits**

We offer a wide range of benefits that are aimed at supporting our employees in all aspects of their well-being. These benefits include retirement savings plans, a FTO policy and flexible working arrangements, and parental leave and family support benefits, including fertility benefits, adoption and surrogacy assistance, and backup elder and childcare benefits.

Where local providers allow, BlackRock offers health benefits and voluntary benefits to same-sex domestic partners and spouses. In addition, where local providers allow, our plans include transgender-inclusive health and transition benefits.

In addition, we support causes our employees care about, which includes matching up to $5,000 per employee in donations or volunteer hours each year.

See Rewards & Benefits on www.blackrock.com for more information about employee benefits at BlackRock.

**Our Commitment**

We have made a long-term commitment to increasing diversity across all levels of the firm through hiring, retention, promotion, and development initiatives. We embrace the responsibility we have to our employees and to the communities in which we operate. We also recognize the scale of the issue and the multi-year focused effort required.

We have seen significant increases in our recruitment of diverse talent, which is an indicator of the potential future composition of our employee-base and management. In 2019, nearly half of all hires were women, bringing our global female representation to 42%. In the US, 51% of 2019 hires identify as an ethnic minority.[1] We are also encouraged by the progress we are seeing in our campus recruiting program, which included over 400 new hires in 2019. We have evolved our campus recruiting strategy to promote our opportunities across a wider range of universities. We actively seek out students through a variety of channels including targeted events, conferences, and direct outreach.

As a firm, we recognize and are proud of the strides we have made with our inclusion and diversity strategy while acknowledging the work ahead of us and recommitting our focus on future progress.

1. Ethnic minority in this context refers to individuals who report their ethnicity as Asian, Black or African American, Hispanic or Latino, or Other. For a breakout of the percentage of individuals hired during 2019 who reported their ethnicity as Asian, Black or African American, Hispanic or Latino, or Other, see the table on page 9.

## FN-AC-330a.1 (continued)

### Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees

The tables below provide breakdowns of gender representation globally and racial/ethnic group representation for US employees. We have enhanced this year's disclosure from our 2018 SASB disclosure to include year-over-year change as well as a breakdown of racial/ethnic group representation among new hires. The ▲▼ symbols and associated percentages represent absolute year-over-year change in representation in percentage points.

**Gender Representation of Global Employees (%)**

| | Female | Male | N/A[g] |
|---|---|---|---|
| **Executive Management[a]** | 22% ▲ +1.7% | 78% ▼ (1.7%) | 0% - |
| **Non-Executive Management[b]** | 29% ▲ +0.4% | 71% ▼ (0.4%) | <1% ▲ <+0.1% |
| ***Senior Leaders[c]*** | 29% ▲ +0.4% | 71% ▼ (0.5%) | <1% ▲ <+0.1% |
| **Professionals[d]** | 44% ▲ +2.0% | 55% ▼ (2.1%) | <1% ▲ +0.1% |
| **All Other Employees[e]** | 90% ▼ (0.3%) | 10% ▲ +0.3% | 0% - |
| ***Total*** | 42% ▲ +1.6% | 58% ▼ (1.6%) | <1% ▲ <+0.1% |
| **% of New Hires[f]** | 49% | 51% | <1% |

**Racial / Ethnic Group Representation of US Employees (%)**

| | Asian | Black or African American | Hispanic or Latino | White | Other[h] | N/A[g] |
|---|---|---|---|---|---|---|
| **Executive Management[a]** | 22% ▲ +3.1% | 4% ▲ +1.2% | 3% ▼ (0.8%) | 69% ▼ (4.5%) | 0% - | 2% ▲ +1.0% |
| **Non-Executive Management[b]** | 18% ▲ +0.9% | 3% ▼ (0.4%) | 3% - | 72% ▼ (1.9%) | 2% ▲ +0.4% | 2% ▲ +1.0% |
| ***Senior Leaders[c]*** | 18% ▲ +1.0% | 3% ▼ (0.3%) | 3% ▼ (0.1%) | 72% ▼ (2.0%) | 2% ▲ +0.4% | 2% ▲ +1.0% |
| **Professionals[d]** | 31% ▲ +0.3% | 6% ▲ +0.4% | 6% ▲ +0.9% | 52% ▼ (3.3%) | 2% ▲ +0.1% | 3% ▲ +1.6% |
| **All Other Employees[e]** | 11% ▲ +0.9% | 15% ▼ (0.7%) | 15% ▲ +1.4% | 53% ▼ (3.5%) | 5% ▲ +0.9% | 1% ▲ +1.0% |
| ***Total*** | 26% ▲ +0.5% | 5% ▲ +0.1% | 6% ▲ +0.6% | 58% ▼ (2.8%) | 2% ▲ +0.2% | 3% ▲ +1.4% |
| **% of New Hires[f]** | 30% | 8% | 10% | 43% | 4% | 5% |

Data as of January 1, 2020.

a) Represents Executives/Senior Officers & Managers as defined by the EEO-1 Job Classification Guide.
b) Represents First/Mid Officers & Managers as defined in the EEO-1 Job Classification Guide.
c) Represents a weighted average of executive management and non-executive management.
d) Represents Professionals and Sales Workers as defined in the EEO-1 Job Classification Guide.
e) Represents Administrative Support Workers as defined in the EEO-1 Job Classification Guide.
f) Represents new employees hired between January 2, 2019 and January 1, 2020.
g) N/A represents not available or not disclosed.
h) Other includes Native American or Alaska Native, Native Hawaiian or Pacific Islander, and "Two or More Races".

See EEO-1 Job Classification Guide, available at https://www.eeoc.gov/employers/eeo1survey/jobclassguide.cfm for additional information.

# Incorporation of ESG Factors in Investment Management & Advisory

## FN-AC-410a.1

### Amount of assets under management, by asset class, that employ (1) integration of ESG issues, (2) sustainability themed investing, and (3) screening

Please see the table on the following page.

## FN-AC-410a.2

### Description of approach to incorporation of ESG factors in investment and/or wealth management processes and strategies

BlackRock defines 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 centers on material sustainability-related information as part of the total mix of economic and financial indicators associated with an investment — whether used in the research and due diligence phase, or in actively monitoring portfolios. ESG integration is not only about increasing the quantity of information available to portfolio managers, but also identifying information that is additive to the investment process, whether those insights are intended to mitigate risks or contribute to long-term outperformance.

At BlackRock, the people responsible for investment decisions are also responsible for integrating ESG information into the investment analyses that support those decisions. Our investment teams develop views on the materiality of specific sustainability-related topics by considering external and proprietary ESG research from a variety of sources. Currently, every active investment team at BlackRock considers ESG factors in its investment process. By the end of 2020, all active portfolios and advisory strategies will be fully ESG integrated – meaning that, at the portfolio level, our portfolio managers will be accountable for appropriately managing exposure to ESG risks and documenting how those considerations have affected investment decisions.

BlackRock's Risk and Quantitative Analysis Group ("RQA"), which is responsible for evaluating all investment, counterparty, operational, regulatory, and technology risk at the firm, in 2020 will be evaluating ESG risk during its regular monthly reviews with portfolio managers to provide oversight of consideration of ESG risk in investment processes.

BlackRock's consistent yet flexible framework allows for cohesion with the firm's overall ESG integration efforts, while permitting a diversity of approaches across different investment teams. ESG considerations that are material will vary by client objectives, investment style, sector, and market trends.

BlackRock has integrated issuer-level ESG data into our internal risk management system, *Aladdin*®, which BlackRock investors use to support investment decisions and monitor portfolios. This allows portfolio managers to efficiently access ESG information. We have also developed proprietary measurement tools to deepen our understanding of material ESG risks and power more informed decision making. For example, our Carbon Beta tool allows us to stress-test portfolios for different carbon pricing scenarios.

In addition, BlackRock employs dedicated resources to support sustainable investing. The BlackRock Sustainable Investing team ("BSI"), the BIS team, and individuals across the technology and analytics platform work together to advance ESG research and tools that support ESG integration efforts. BSI seeks to ensure consistency across investment processes, aggregates resources, and shares best practices. BSI also reports on ESG integration progress to the GEC Investment Sub-Committee at least annually.

BlackRock's PRI Transparency Report provides examples of how ESG considerations are incorporated into investment teams' investment processes. As described under FN-AC-410a.3, BIS integrates ESG considerations in their engagement activities and voting decisions to encourage long-term, sustainable growth and returns from portfolio companies.

Finally, BlackRock manages a range of sustainable investment solutions, from green bonds and renewable infrastructure to thematic strategies that allow clients to align their portfolios with the United Nations Sustainable Development Goals. BlackRock is the largest provider of sustainable ETFs and has committed to doubling its offerings from 75 at the end of 2019 to 150 in the next few years. BlackRock also manages 2 of the largest renewable power funds globally.

## FN-AC-410a.1 (continued)

### Amount of assets under management, by asset class, that employ (1) integration of ESG issues, (2) sustainability themed investing, and (3) screening

The table below provides the AUM in asset classes and investment styles that, in the judgment of BSI, fall under SASB's 'Sustainability Themed Investing' and 'Screening' categories, respectively. BlackRock is committed to making all of our active portfolios and advisory strategies fully ESG integrated by the end of 2020. We enhanced this year's disclosure from our 2018 SASB disclosure to include year-over-year increase or decrease in AUM in each of these categories.

| Asset Class / Investment Style | ESG and Impact Investments ($US billions)[a] | | Screened Investments ($US billions)[b] | |
|---|---|---|---|---|
| | 2019 | YoY Change | 2019 | YoY Change |
| *Active* | | | | |
| Equity | $7 | ▲ +$1 | $31 | ▲ +$15 |
| Fixed Income | 24 | ▲ +2 | 159 | ▲ +31 |
| *Index and iShares ETFs* | | | | |
| Equity | 39 | ▲ +21 | 274 | ▲ +53 |
| Fixed Income | 5 | ▲ +4 | 65 | ▲ +20 |
| Multi-Asset | 10 | ▲ +10 | 16 | ▼ (6) |
| Alternatives | 5 | ▲ +2 | 3 | ▲ +1 |
| **Long-term** | **90** | ▲ +40 | **548** | ▲ +114 |
| Cash Management | 7 | ▲ +7 | 9 | ▼ (3) |
| **Total** | **$97** | ▲ +$47 | **$557** | ▲ +$111 |

Data as of December 31, 2019.

a) We renamed this category 'ESG and Impact Investments' from 'Sustainability Themed Investing' to better reflect the types of products included. ESG products include products with broad market ESG exposure (Broad) or pursue a specific E, S, G, or Sustainable Development Goal ("SDG") issue (Thematic). Impact investments have an intent to contribute to measurable positive environmental, social, or SDG outcomes, alongside financial returns. The definition of impact investments is in line with the International Finance Corporation's Operating Principles for Impact Management.

b) Screened Investments are products that exclude specific companies or sectors that are associated with one or more objectionable activities as determined by the investors in those products. Not all products included under this category apply the same screens.

## FN-AC-410a.3

## Description of proxy voting and investee engagement policies and procedures

BlackRock Investment Stewardship ("BIS") is BlackRock's in-house team dedicated to investment stewardship. BIS is responsible for proxy voting and engagement with companies held on behalf of BlackRock's clients. BIS is organized regionally, reflecting the different regulatory requirements, corporate governance practices, and client expectations in different jurisdictions.

BIS' approach to corporate governance and stewardship is outlined in the Global Corporate Governance Guidelines & Engagement Principles (the "Principles"). The Principles describe the BIS team's engagement philosophy, voting policy, and integrated approach to stewardship matters. The Principles also provide the framework for more detailed, regional proxy voting guidelines. Finally, the Principles include an explanation of how stewardship-related conflicts of interest are managed.

**Engagement Approach**

BIS advocates for sound corporate governance and sustainable business practices that result in long-term value creation for our clients. BIS engages with portfolio companies to provide feedback on their practices and inform our voting decisions. BIS focuses on issues across environmental, social, and governance topics where BIS believes there is potential for material long-term financial impact to a portfolio company's performance.

Each year, BIS determines and publishes its engagement priorities. These are based on the BIS team's observations of market developments and emerging governance practices over the year as well as insights gained through engagement with companies, clients, and industry groups. The priorities evolve year over year as necessary.

In 2020, the engagement priorities are: (i) Board Quality; (ii) Environmental Risks and Opportunities; (iii) Corporate Strategy and Capital Allocation; (iv) Compensation that Promotes Long Termism; and (v) Human Capital Management. Stewardship is an essential component of BlackRock's fiduciary responsibility to clients, and the 2020 Priorities are the foundation for the firm's engagement with thousands of companies annually. These Priorities represent the five core areas where BlackRock Investment Stewardship ("BIS") will focus as it seeks to enhance the long-term value of client assets.

The 2020 Priorities are a continuation from 2019, with each Priority now including accompanying criteria for 2020 that aligns with BlackRock's expectations for measurable disclosure and action toward creating long-term value for shareholders. For companies that BIS has engaged with that have not made progress, BIS will hold the longest-serving or most relevant director accountable, as follows:

- **Board effectiveness and performance.** BIS seeks to understand how, and how effectively, a board oversees and counsels management. A core component of this is direct engagement with a board member. In each key regional market, for those companies with which we seek to engage, we expect to have access to a non-executive, and preferably independent, director(s) that has been identified as being accessible to shareholders. BIS will hold the most senior non-executive director, e.g. chairman or lead independent director, accountable for ensuring such a role is identified.
- **Environmental risks and opportunities.** BIS expects companies with which we have already engaged on TCFD-aligned reporting to disclose sufficient detail across the four pillars of the framework and provide a timeframe within which the company will report fully in line with the eleven recommendations. BIS will hold members of the relevant committee, or the most senior non-executive director, accountable for inadequate disclosures and the business practices underlying them.
- **Corporate strategy and capital allocation.** As part of long-term strategy and capital allocation, companies should articulate publicly how sector relevant sustainability risks and opportunities, for instance those identified in the SASB framework, are integrated into business strategy. BIS will engage with companies to review our reporting expectations and encourage them to make the connection between long-term planning and business-relevant sustainability risks and opportunities. BIS will hold the most senior non-executive director accountable if, within an agreed timeframe, the company has not provided adequate disclosures and made progress on the business practices underlying them.

- **Compensation to promote long-termism.** Executive pay should be adequately aligned with performance and shareholder investment return. BIS will hold boards accountable where pay outcomes are not correlated with a business relevant long-term performance metric (e.g. 3-5 year total shareholder returns or returns on invested capital). BIS will also evaluate company-wide structures, as we believe compensation, including base, bonus, and pension contributions, is an important element of a company's ability to retain and attract talent at all levels and provides insight into a company's human capital management in practice. BIS will hold compensation committee members accountable for pay outcomes.

- **Human capital management.** Given most companies identify their employees as their greatest asset, we expect boards to oversee human capital management strategies. Absent disclosure about the board's role in overseeing the company's human capital practices, including an explanation of the type of information reviewed and how frequently, BIS will hold members of the relevant committee, or the most senior non-executive director, accountable.

See the Stewardship Engagement Priorities for a more detailed discussion of, and the key performance indicators we have set for, each priority.

**Proxy Voting**

Proxy voting is the most broad-based form of engagement BIS has with portfolio companies and provides a formal channel for feedback to each company's board and management about investor perceptions of its performance and governance practices.

BIS' voting analysis is informed by company engagements and independent research using multiple sources and company-specific situations. BIS publishes custom regional proxy voting guidelines, which serve as the benchmark against which BIS determines how to vote based on a portfolio company's corporate governance and business practices. BIS reviews voting guidelines annually and amends them as needed to reflect changes in market trends, evolving governance practices, public policy developments, market standards, and insights gained from engagements over the prior year.

**Transparency**

BlackRock is transparent about its stewardship activities. On www.blackrock.com/stewardship, BIS publishes Quarterly and Annual Reports, detailed commentaries on specific engagement topics, and letters and consultations on key public policy issues. BIS also provides statements of adherence to multiple stewardship codes. See the 2019 Investment Stewardship Annual Report for the most recent BIS Annual Report. We are committed to providing greater transparency into our stewardship practices, which we believe we owe to our clients, the owners of the assets which we manage on their behalf. In line with this commitment, we recently made a number of enhancements to our disclosure around stewardship including: moving from annual to quarterly voting disclosure; on key high profile votes we are disclosing our vote promptly, along with an explanation of our decision; and enhancing the disclosure of our engagements by including in our stewardship annual reports the topics we discussed during each engagement with a company.

**Approach to Environmental & Social ("E&S") Issues**

As discussed in the BIS team's Principles, BIS believes that well-managed companies will deal effectively with the material E&S factors relevant to their businesses. We believe that when a company is not effectively addressing a material issue, its directors should be held accountable. We will generally engage directly with the board or management of a company when we identify issues. We may vote against the election of directors where we have concerns that a company might not be dealing with E&S factors appropriately. Sometimes we may reflect such concerns by supporting a shareholder proposal on the issue, where there seems to be either a significant potential threat or realized harm to shareholders' interests caused by poor management of material E&S factors. Our consideration of these E&S factors is consistent with protecting the long-term economic interest of our clients' assets. Below are examples of BIS' approach to engagement on certain E&S issues.

*BIS Approach to Environmental Risks & Opportunities*

BIS' approach to engagement on climate risk is discussed in detail in BIS Approach to Engagement on Climate Risk. BIS targets three specific outcomes in its engagements with companies regarding climate risk and the transition to a lower carbon economy: better disclosures that will contribute to improved market level data; substantive action by companies in addressing climate risk; and more informed voting decisions aligned with long-term value creation. In the 12 months ended June 30, 2019, BIS engaged with over 200 companies globally on climate risk.

BlackRock expects companies to issue reports aligned with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") and the standards put forward by SASB. We view the SASB and TCFD frameworks as complementary in achieving the goal of disclosing more financially material information, particularly as it relates to industry-specific metrics and target setting. Given the growing investment risks surrounding sustainability, we will be increasingly disposed to vote against management when companies have not made sufficient progress in reporting against these frameworks. See our commentary on our approach to engagement on TCFD and SASB aligned reporting for greater detail of our expectations.

BIS has published a number of examples of climate risk engagement outcomes in regional quarterly BIS reports. For instance, BIS included a case study in the 2019 Q4 APAC Quarterly Report regarding an engagement with a Japanese railway operator on physical climate risk after Typhoon Hagibis hit Japan and left a trail of destruction across the central and northern part of the nation. This case study details BIS' discussions with the company and underscores its belief that boards should consider natural hazards in their strategic planning. The engagement focused on potential changes in the company's risk management plan, including efficient use of natural catastrophe insurance. BIS' engagement has been effective, and it believes that the company has taken the right steps in minimizing climate risks. BIS will continue to monitor the development of the company's risk management practices and also for other related companies that will likely be increasingly impacted by abnormal weather patterns.

In addition, BIS has published commentaries regarding Emissions, Engagement and Transition to a Low-Carbon Economy and Engagement with Agribusiness Companies on Sustainable Business Practices. Each of BIS' commentaries is designed to provide greater insight into how BIS engages on various topics.

*BIS Approach to Human Capital Management*

As described in the BIS Approach to Engagement on Human Capital Management ("HCM"), BIS views HCM as both a board and a management issue. When BIS engages with portfolio companies on HCM, they consider material factors including ensuring employee health and safety, employee training and development programs, supply chain concerns (e.g. policies and practices covering contingent workers, contractors and subcontractors), wellness programs, and support of employee networks.

The BIS 2019 Q4 Americas Quarterly Report discusses the team's engagements with a number of companies where the issue of HCM practices and disclosure was an important part of the conversation. Through BIS' engagements and analyses of company disclosures, BIS identified a wide spectrum of existing practices ranging from detailed sustainability reports featuring in-depth metrics and analysis of the employee base and the board to a few general sentences about employees. BIS engaged with several companies that appeared to be underperforming in relation to their HCM programs and related disclosures.

**Sharing ESG insights with Portfolio Managers**

BIS is considered an investment function at BlackRock. BIS works closely with BlackRock's active portfolio management teams. Core tenets of good governance — board oversight, minority shareholder rights, and management quality — are desirable qualities sought by all investors and can be a differentiating factor for equity or fixed income decisions. BIS confers regularly with BlackRock's equity and credit analysts and portfolio managers to exchange insights.

## Quantitative Metrics Related to BlackRock Investment Stewardship Activities

Below we provide quantitative information about BIS' engagement and voting activities for the proxy voting reporting year (12-month period ended June 30, 2019). The engagement statistics reflect only meetings by BIS on stewardship issues and do not include letters, email communications, meetings by BlackRock active portfolio managers, or other forms of engagement. See BIS' 2019 Annual Engagement and Voting Statistics Report for additional details on BIS' voting and engagement activities.

### BIS Engagement Statistics

| Indicator | Quantitative Metric |
|---|---|
| BIS Team Size | 45 |
| Total Engagements[a] | 2,050 |
| Total Companies Engaged | 1,458 |
| Markets in Which BIS Engaged Companies | 42 |
| % of Equity AUM Engaged | 50% |

### BIS Voting Statistics

| Indicator | Quantitative Metric |
|---|---|
| Meetings Voted | 16,124 |
| Proposals Voted | 155,131 |
| % of Meetings Voted Against One or More Management Recommendations | 39% |
| % of Proposals Voted Against Management Recommendation | 8% |

Data is for the 12-month period ended June 30, 2019.

a) BIS defines engagements as substantive meetings with representatives of a company. The engagement statistics reflect only meetings by BIS on stewardship issues and do not include letters, email communications, meetings by BlackRock active portfolio managers, or other forms of engagement.

# Business Ethics

BlackRock's reputation for integrity is one of our most important assets. We hold ourselves to standards that not only meet those required by applicable laws and regulations, but also uphold our principles, which are rooted in exceeding our clients' expectations. Our Code of Business Conduct and Ethics sets out basic principles to guide employee conduct. The Code is supported by employee conduct policies and programs and reinforced through employee training.

## FN-AC-510a.1

### Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, and anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations

BlackRock did not sustain any monetary losses in the reporting period as a result of legal proceedings associated with the conduct as described above.

BlackRock discloses all material legal and regulatory proceedings in its Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.

## FN-AC-510a.2

### Description of whistleblower policies and procedures

Every BlackRock employee is required to report any illegal or unethical conduct about which they become aware, including those concerning accounting or auditing matters and violations of BlackRock policies. Employees may report concerns to a Managing Director on BlackRock's Legal & Compliance team directly or by contacting the Business Integrity Hotline.

BlackRock also maintains a Global Policy for Reporting Illegal or Unethical Conduct, which establishes the framework by which an employee or any third party may report a concern. BlackRock makes available a Business Integrity Hotline and reporting website, which is administered on behalf of BlackRock by an independent external third party. BlackRock's Code of Business Conduct and Ethics provides an overview of the Global Policy for Reporting Illegal or Unethical Conduct.

Every year, our employees complete a mandatory compliance training that includes the Code of Business Conduct and Ethics as well as the Global Policy for Reporting Illegal and Unethical Conduct.

# Risk Management

An integral part of BlackRock's identity is the core belief that rigorous risk management is critical to the delivery of high-quality asset management services. RQA provides independent top-down and bottom-up oversight to help identify investment, counterparty, operational, regulatory, and technology risks.

## FN-AC-550a.1

### Percentage of open-end fund assets under management by category of liquidity classification

We are omitting a response to this question. In accordance with SASB Standards Application Guidance (Section 2.2 Omissions and Modifications), we are disclosing our rationale for omission.

In 2018, the Securities and Exchange Commission ("SEC") voted to adopt "Investment Company Liquidity Disclosure",[1] a final rule amending Rule 22e-4 ("Investment Company Liquidity Risk Management Program Rules"). In accordance with the Investment Company Liquidity Disclosure rule, the SEC rescinded the requirement that open-end mutual funds registered under the Investment Company Act of 1940 publicly disclose aggregate liquidity classification information at the fund level. The SEC explained that "the subjectivity of the [Rule 22e-4] classification process when applied to this public disclosure concerns us for several specific reasons."[2] The reasons given by the SEC included, among others, that the data "may pose a significant risk of confusing and misleading investors."[3]

Further, as a fiduciary asset manager, liquidity is managed at the fund level and the assets of one open-end fund cannot be used to meet the redemptions of other funds, as each fund is a separate legal entity. Aggregate liquidity classifications across funds would not provide meaningful insight as to how liquidity is managed at the fund level. Accordingly, we are omitting a response to this item.

## FN-AC-550a.2

### Description of approach to incorporation of liquidity risk management programs into portfolio strategy and redemption risk management

Fund liquidity risk is one of the many investment risks subject to rigorous oversight at BlackRock. Fund liquidity risk is the risk that assets in an investment fund will be forced to be liquidated or traded at below market prices or outside a reasonable time frame, or where redemptions will adversely impact remaining investors in the investment fund. Funds need to have adequate liquidity to meet redemptions, collateral calls, and investment objectives, even under stress conditions. Adequate liquidity means that the speed, size, and cost of executing trades does not impact the ability of the fund to meet investment objectives or redemptions beyond reasonable transaction cost expectations.

Portfolio managers are primarily responsible for managing liquidity risk within their respective portfolios. In addition, RQA conducts liquidity analysis on a fund-by-fund basis as part of its independent risk oversight function. RQA analyzes liquidity risk analytics, discusses the analysis with portfolio management teams, and communicates the analysis to senior management, where appropriate. Further, BlackRock has developed models that help portfolio managers evaluate the probability of elevated outflows, which are analyzed alongside many other factors to evaluate potential redemption risks in BlackRock-managed funds.

1. SEC, "Investment Company Liquidity Disclosure", 83 Fed. Reg. 31859 (Ju1. 10, 2018) available at: https://www.govinfo.gov/content/pkg/FR-2018-07-10/pdf/2018-14366.pdf.
2. See previous footnote at 31861.
3. See previous footnote.

RQA maintains a Liquidity Risk Management Framework ("the Liquidity Framework") to help flag funds where there could be insufficient liquidity to meet redemptions under certain market scenarios. Through the Liquidity Framework, RQA monitors a set of liquidity metrics across BlackRock's fund complexes. Potential liquidity issues or events are raised to senior risk managers, the Chief Risk Officer, senior investors, and business leads, as appropriate.

In addition, many of BlackRock's open-end investment funds have additional mechanisms to meet redemptions and prevent investor dilution. Examples of these mechanisms are discussed below:

*(i) Redemptions In-Kind*

Certain investment funds managed by BlackRock can meet redemptions in-kind where such redemptions are permitted under applicable regulation and operationally feasible.

*(ii) Swing Pricing*

Certain investment funds managed by BlackRock can employ swing pricing where permitted under applicable regulation and operationally feasible. For example, BlackRock's single-priced Luxembourg-domiciled UCITS funds employ swing pricing. Swing thresholds and swing factors for these funds are set by BlackRock's Swing Pricing Committee.

*(iii) Credit Facilities for Short-Term Borrowing*

BlackRock has established credit facilities for certain of its open-end mutual fund ranges to provide temporary borrowing. The credit agreements that establish the credit facilities are between the funds and the banks providing the credit facilities, and therefore are obligations of the funds, not BlackRock.

## FN-AC-550a.3

### Total exposure to securities financing transactions

BlackRock, Inc. and its subsidiaries do not engage in securities financing transactions as a principal.[4] Certain clients and BlackRock-managed funds have appointed BlackRock as their securities lending agent. In these instances, BlackRock is the agent and not the principal on the securities loans.

Separate from its role as securities lending agent, BlackRock provides borrower default indemnification to certain of its securities lending clients. BlackRock's exposure from borrower default indemnification is limited to the shortfall that occurs in the event the collateral available at the time of the borrower's default is insufficient to repurchase those securities out on loan. In the event of a borrower default, BlackRock would use the collateral pledged by the borrower to repurchase securities out on loan in order to replace them in a client's account. Securities on loan are marked to market daily to determine if the borrower is required to pledge additional collateral. Where the collateral is in the form of cash, the indemnities BlackRock provides do not guarantee, assume or otherwise ensure the investment performance or return of any cash collateral vehicle into which that cash collateral is invested.

The amount of securities on loan as of December 31, 2019 and subject to this type of indemnification was $210 billion. In BlackRock's capacity as lending agent, cash and securities totaling $226 billion were held as collateral for indemnified securities on loan as of December 31, 2019. The fair value of these indemnifications was not material at December 31, 2019.

BlackRock (including its predecessor entities) has never had its indemnification agreements triggered or had to use its own monies to repurchase a security on a lending client's behalf. See BlackRock's 2019 Annual Report on Form 10-K for more information about BlackRock's Securities Lending program.

4. Note that in the case of accounts maintained by BlackRock Life Limited ("BLL"), a wholly owned subsidiary of BlackRock that is a registered life insurance company in the United Kingdom, BLL acts as principal in securities lending transactions. Securities held by BLL for the benefit of its clients are lent by BLL on behalf of its clients.

Note that our response to this question refers to the exposures of BlackRock, Inc. and its subsidiaries and does not refer to transactions conducted on behalf of our clients' portfolios or collective investment vehicles managed by BlackRock.

## FN-AC-550a.4

### Net exposure to written credit derivatives

See Note 9, *Derivatives and Hedging,* in financial statements on BlackRock's 2019 Annual Report on Form 10-K for information on BlackRock's derivatives.

At both December 31, 2019 and 2018, the Company had a derivative providing credit protection with a notional amount of approximately $17 million to a counterparty, representing the Company's maximum risk of loss with respect to the derivative. The Company carries the derivative at fair value based on the expected discounted future cash outflows under the arrangement.

Note that this response refers to the exposures of BlackRock, Inc. and its subsidiaries and does not refer to transactions conducted on behalf of BlackRock's clients' portfolios, which may have net exposure to written credit derivatives.

# Disclosures

This report contains information about BlackRock and may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act. All statements, other than statements of historical facts, may be forward-looking statements.

BlackRock cautions that forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made, and BlackRock assumes no duty to and does not undertake to update forward-looking statements. Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance.

Factors that can cause results to differ, as well as additional factors that can affect forward-looking statements, are discussed in BlackRock's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, accessible on the SEC's website at www.sec.gov and on BlackRock's website at www.blackrock.com.