

Voting bulletin: J.B. Hunt Transport Services, Inc.

As part of our fiduciary duty, BlackRock’s Investment Stewardship team (BIS) advocates for sound corporate governance and business practices that are aligned with long-term sustainable financial performance. This objective underpins all our engagements and votes at company meetings.

We engage company leadership on key topics emphasizing governance practices including management of environmental and social factors that potentially have material economic, operational or reputational ramifications for the company.

We determine our [engagement priorities](#) based on our observation of market developments and emerging governance themes, and evolve them year over year as necessary. The BIS team’s key engagement priorities include:

1. Board Quality
2. Environmental risks and opportunities
3. Corporate strategy and capital allocation
4. Compensation that promotes long-termism
5. Human capital management

We are committed to enhancing the transparency of our stewardship practices. Where we believe it will help to understand our voting decisions at shareholder meetings, we will publish a Voting Bulletin explaining the rationale for how we have voted, and (where relevant) provide information around our engagement with the issuer.

Company	J.B. Hunt Transport Services
Market	United States
Meeting Date	23 rd April 2020
Resolutions	Item 4: Report on Political Contributions Item 5: Report on Climate Change Initiatives
Board Recommendation	The company recommends shareholders vote against both shareholder proposals.
BlackRock Vote	We voted against both items. The company has markedly improved its disclosures and has committed to publishing a SASB-aligned report by year-end, which will highlight oversight of climate-related risks and showcase key performance indicators on material factors, such as greenhouse gas emissions. We also do not currently have reason to believe that the company has mismanaged its political spending and involvement in industry associations.

Overview

BlackRock has been advocating for enhanced company disclosure of material environmental and social risks for several years.

We assess company actions and disclosures in tandem with our direct engagements to ascertain whether they are properly managing and overseeing material risks within their business and adequately planning for the future.

As we describe in our commentaries on [our Approach to Engagement on Climate Risk](#) and [Emissions, Engagement, and Transition to a Low-Carbon Economy](#), we believe better disclosures will contribute to improved market-level data, better engagements with shareholders, and more informed voting decisions aligned with long-term value creation.

In our engagements with companies on managing climate-related risks and opportunities and adapting to the energy transition, we are mindful of both the need for an acceleration of the market's approach to disclosure, and the challenges inherent to that task. We recognize that producing comprehensive disclosures requires a significant investment in resources and time on the part of a company. We also recognize that each company is unique, starting from its own baseline, with its own capacities and limitations. We seek to achieve a balance between recognizing a company's current position, while encouraging the appropriate urgency in advancing reporting and the practices underlying it.¹

Climate Risk and Political Contributions

J.B. Hunt Transport Services, Inc. (JBHT) is a transportation and logistics company, which utilizes integrated intermodal road and rail shipping across the continental US, Canada and Mexico.

As a fiduciary on behalf of our clients, BIS has engaged with representatives of JBHT's management team on a regular basis to evaluate the board and management team's oversight of risks related to climate change and political spending and to advocate for more robust reporting. As a logistics and transportation provider, the company faces heightened scrutiny and pressure to consider and disclose greenhouse gas (GHG) emissions. Additionally, JBHT's political expenditures and membership in trade associations are increasingly being viewed as a proxy for its own position on critical environmental and social issues.

At this year's annual shareholder meeting, the company received shareholder proposals requesting disclosure of the company's political contributions and climate change initiatives.

Rationale for BlackRock Vote

Based on our analysis and multi-year engagement with the company, BlackRock voted against the following agenda items:

Item 4: Report on Political Contributions (Against)

Item 5: Report on Climate Change Initiatives (Against)

While historically JBHT had not been receptive, over the past year the company has made significant progress advancing its sustainability initiatives and improving its public disclosures, including a more detailed articulation of management oversight, reporting frequency, and strategy integration.² This marked year-over-year improvement has been led by new members of the management team who have demonstrated a willingness to respond to shareholder concerns by bringing additional focus on climate-related risks and opportunities for the business.

During our recent engagements, the company acknowledged that GHG emissions are particularly material, noting that fuel costs and customer interest in lower carbon solutions directly impact JBHT's business. However, the company has admittedly faced challenges reducing emissions due to a lack of viable alternative

¹ See <https://www.blackrock.com/corporate/literature/publication/blk-commentary-tcf-d-sasb-aligned-reporting.pdf>

² As cited in 2020 [DEF14A](#), pg 7-8

energy solutions for trucks that can conduct heavy duty, long distance hauls. Despite these challenges, JBHT has emphasized its ongoing focus on reducing GHG emissions and maximizing fuel economy.

Additionally, JBHT is in the process of gathering baseline emissions data (which will be verified by a third party) to better understand opportunities for improvement, at which point we would expect it to be in a better position to set emissions reduction targets.

Importantly, the company has committed to integrating the reporting standards of the Sustainability Accounting Standards Board (SASB) to improve its existing disclosures by the end of the year. [BlackRock considers SASB an appropriate starting point](#) for any company assessing its environmental and social risks and opportunities, including climate risk. JBHT's receptivity to SASB's recommendations is a positive indication of the company's willingness to effectively communicate its material sustainability initiatives. We have also encouraged the company to begin the process for additional disclosure, including Task Force on Climate-related Financial Disclosures (TCFD)-aligned reporting.

In addition to our ongoing discussions on climate risk oversight, we have evaluated JBHT's disclosures regarding political contributions for several years in relation to our expectations on [corporate political activities](#). In their proxy, the company emphasizes that JBHT's involvement in various trade associations does not "advance political purposes and does not represent the Company's agreement with all positions, views or objectives of [the] associations and organizations."³ After careful review and consideration, we believe the board is adequately overseeing corporate political activities.

Ultimately, BIS feels that the evolution of JBHT's policies and practices, as well as its recent actions and commitment to provide investors with more robust reporting, represent significant year-over-year progress. To that end, we believe that supporting management is warranted at this time.

We will continue to engage with the company to encourage enhanced reporting and action. Where we do not see progress, we will hold members of the relevant committee, or the most senior non-executive director, accountable at next year's annual shareholder meeting.

UPDATE

On August 7th, JBHT published a SASB-aligned sustainability [report](#) disclosing key operational metrics. We welcome the company's follow through on the commitment made during our engagements.

³ As cited in 2020 [DEF14A](#), pg 71