<table>
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<tr>
<th>Engagement Priority*</th>
<th>Key Performance Indicators (KPIs)</th>
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| **Board quality and effectiveness** | **Board effectiveness** – A core component of BIS’ work to advance our clients’ economic interests is direct engagement with a board member, so that we can provide direct feedback from our perspective as a long-term shareholder. For those companies with which we wish to engage to understand their board’s role, we seek dialogue with the most appropriate non-executive, and preferably independent, director(s) who has been identified by the company as having a responsibility to meet with shareholders.  

**Board quality** – We look to companies to disclose their approach to ensuring meaningful board diversity and encourage the board to set out the self-identified demographic profiles of the directors in aggregate, consistent with local law, and how this aligns with the company’s strategy and business model. |
| **Strategy, purpose and financial resilience** | In discussing their corporate strategy and financial resilience, we encourage companies to set out how they have integrated business relevant sustainability risks and opportunities. To aid investor understanding, companies can demonstrate in their disclosures how they are aligning their strategy with their purpose, and how these risks and opportunities are creating value, evidenced by metrics relevant to their business model. BIS encourages companies to disclose industry- or company-specific metrics to support their narrative on how they have considered key stakeholders’ interests in their business decision-making. |
| **Incentives aligned with value creation** | BIS looks to companies to disclose incentives that are aligned with long-term value creation and sustained financial performance, underpinned by material and rigorous metrics that align with the company’s long-term strategic goals. |
| **Climate and natural capital** | **Climate** — We encourage companies to discuss in their reporting how their business model is aligned to a scenario in which global warming is limited to well below 2°C, moving towards global net zero emissions by 2050. Companies help investors understand their approach when they provide disclosures aligned with the four pillars of the TCFD—including scope 1 and 2 emissions, along with short-, medium-, and long-term science-based reduction targets, where available for their sector.  

**Natural Capital** — We look to companies to disclose detailed information on their approach to managing material natural capital-related business risks and opportunities, including how their business models are consistent with the sustainable use and management of natural resources such as air, water, land, minerals and forests. |
| **Company impacts on people** | We look to companies to demonstrate a robust approach to human capital management and provide shareholders with the necessary information to understand how their approach aligns with their stated strategy and business model.  

We look to companies to disclose the actions they are taking to support a diverse and engaged workforce, and how that aligns with their strategy and business model.  

We look to companies to discuss in their disclosures how the board oversees management’s approach to due diligence and remediation of adverse impacts to people arising from their business practices. |

*Please refer to the Appendix to see how our Engagement Priorities align with the UN Sustainable Development Goals (SDGs).*
Our Priorities

Engagement is core to our stewardship efforts as it provides us with the opportunity to improve our understanding of the business risks and opportunities that are material to the companies in which our clients invest, including those related to environmental, social, and governance (ESG) matters. Engagement also informs our voting decisions. As long-term investors on behalf of clients, we seek to have regular and continuing dialogue with executives and board directors to advance sound governance and sustainable business models, as well as to understand the effectiveness of the company’s management and oversight of material issues. Engagement is an important mechanism for providing feedback on company practices and disclosures, particularly where we believe they could be enhanced. Similarly, it provides us an opportunity to hear directly from company boards and management on how they believe their actions are aligned with sustainable, long-term value creation. We primarily engage through direct dialogue but may use other tools such as publications and correspondence to share our perspectives.

We routinely review and refresh our engagement priorities to focus our work on the governance and sustainability issues we consider to be top of mind for companies and our clients as investors. Our engagement priorities provide clients with insight into how we are conducting engagement and voting activities on key governance and sustainability issues on their behalf. Some issues have long been core components of BIS’ work. Others have become priorities more recently, driven by our observations of emerging risks and opportunities for companies, market developments, and changing client and societal expectations. We believe that companies focusing on these issues will enhance their ability to maximize long-term financial returns for our clients, the vast majority of whom are investing to meet long-term goals, such as retirement.

As they have in the past, our priorities reflect a continuing emphasis on board quality and effectiveness, alongside our focus on the impact of material sustainability-related factors on a company’s ability to generate durable, long-term financial returns. We recognize the extraordinary and complex operating environment for companies stemming from the continuing pandemic, as well as the challenges this uncertainty poses for boards and management teams. As companies navigate this dynamic, we continue to look to boards and executive leadership to demonstrate that, as they address near-term factors and situations that impact strategy implementation and operations, they take into consideration the interests of long-term investors — such as our clients — and other stakeholders. Our conviction remains that companies perform better when they are deliberate about their roles in society and act in the interests of their employees, customers, communities, and investors.

Board quality and effectiveness

Full commentary available here

Our primary focus is on the performance of the board of directors. The performance of the board is critical to the economic success of a company and the protection of shareholders’ interests. As part of their responsibilities, board members owe fiduciary duties to shareholders in overseeing the strategic direction and operation of the company. For this reason, BIS sees the election of directors as one of our most important and impactful responsibilities. Where we are interested to understand how the board fulfils its responsibilities on key issues, we seek to engage with the responsible non-executive directors.

We support boards whose approach is consistent with creating sustainable, long-term value. This includes the effective management of strategic, operational, financial, and material environmental, social and governance (ESG) factors and the consideration of key stakeholder interests. We believe it serves the interests of long-term investors, such as our clients, for
boards to establish and maintain a framework of robust and effective governance mechanisms to support the oversight of their company’s strategic aims and operations. We look to the board to articulate the effectiveness of these mechanisms in overseeing the management of business risks and opportunities, and the fulfillment of a company’s purpose. It helps investors’ understanding when companies discuss in their disclosures the material issues that affect their long-term strategy and value creation, including material ESG factors, and how risks are effectively identified, managed, and mitigated.

We take a multifaceted approach towards evaluating board quality and effectiveness. Within the context in which a company operates, we seek to understand how - and how effectively - a board establishes an appropriate governance structure, oversees and advises management, and is accountable to shareholders. We recognize that some companies operate across multiple geographies and regulatory regimes, which can result in differing governance and voting policies being applied by their investors. We explain in our regional voting guidelines how we assess key board issues such as director independence, tenure limits, election cycles, diversity, and time commitments in the context of local market norms and regulations.

We are interested in diversity in the board room as a means of promoting diversity of thought, which we believe can positively impact how companies perform over the long-term by avoiding ‘group think’. We look to boards to disclose how diversity is included, with respect to demographic characteristics that they identify as being relevant to the business and market context - such as gender, race, ethnicity, and age; as well as professional characteristics, such as how a director’s industry experience, specialist areas of expertise, and geographic location, are considered in board composition. We assess a board’s diversity in the context of a company’s domicile, business model, and strategy. To that end, self-identified board demographic diversity can usefully be disclosed in aggregate, consistent with local law. We believe effective boards aspire to meaningful diversity of membership, at least consistent with local regulatory requirements and best practices. That said, we recognize that building a strong, diverse board can take time.

When considering a company’s commitment to diversity, BIS looks at factors such as alignment with market-level expectations, the addition of a director who enhances the board’s diversity within the previous year, the existence of time-bound targets for increasing board diversity, average board tenure, and public statements that focus on efforts to advance diversity, equity and inclusion in the board room.

**Board effectiveness KPI** – A core component of BIS’ work to advance our clients’ economic interests is direct engagement with a board member, so that we can provide direct feedback from our perspective as a long-term shareholder. For those companies with which we wish to engage to understand their board’s role, we seek dialogue with the most appropriate non-executive, and preferably independent, director(s) who has been identified by the company as having a responsibility to meet with shareholders.

**Board quality KPI** – We look to companies to disclose their approach to ensuring meaningful board diversity and encourage the board to set out the self-identified demographic profiles of the directors in aggregate, consistent with local law, and how this aligns with the company’s strategy and business model.

### Strategy, purpose, and financial resilience

*Full commentary available [here](#)*

When engaging on long-term corporate strategy, purpose, and financial resilience, we seek to understand a company’s strategic framework, the board’s process for oversight and review, how the strategy incorporates stakeholders’ needs, and how strategy evolves over time in response to changing operational, economic, regulatory, and societal conditions.

As one of many, and typically a minority shareholder, BlackRock is not in the position to dictate a company’s strategy or its implementation. Our role, on behalf of long-term shareholders like our clients, is to better understand a company’s purpose and strategy, and the milestones against which we can measure performance. To that end, we depend on companies providing clear and comprehensive disclosure. We look to boards to have a clear understanding of how executive leadership instils the company’s strategy and purpose into day-to-day operations and seeks to ensure that corporate culture is experienced as intended across the workforce and key stakeholders.

Financial resilience – the ability to endure immediate economic shocks and long-term challenges resulting from local or global market events – is especially important in dynamic and sometimes unpredictable market environments. **BIS seeks to**
understand how companies are building financial resilience through sound governance, operational and risk management practices. This includes how a company’s board ensures effective oversight of balance sheet risks and contingent liabilities, as well as how companies are approaching material, or business relevant, environmental and social risks and opportunities. Additionally, sustainable investment trends are accelerating and reshaping the flow of capital. We believe the interests of our clients as long-term shareholders are better served when companies are able to demonstrate a comprehensive, yet flexible, approach to how they will maintain financial resilience over time in the context of such accelerating trends.

KPI – In discussing their corporate strategy and financial resilience, we encourage companies to set out how they have integrated business relevant sustainability risks and opportunities. To aid investor understanding, companies can demonstrate in their disclosures how they are aligning their strategy with their purpose to address these risks and opportunities and create long-term value, evidenced by metrics relevant to their business model. BIS encourages companies to disclose industry- or company-specific metrics to support their narrative on how they have considered key stakeholders’ interests in their business decision-making.

Incentives aligned with value creation

Full commentary available here

Compensation is an important tool to drive long-term value creation by incentivizing and rewarding executives for the successful delivery of strategic goals and financial outperformance against peers. However, when compensation policies are not appropriately structured, and when outcomes are misaligned with performance, companies may face business and/or reputational risks.

We believe companies benefit from disclosing how their compensation policies and outcomes are consistent with the economic interests of long-term shareholders.

BIS looks to a company’s board of directors – specifically its relevant committee – to put in place a compensation policy that incentivizes and rewards executives against appropriate, rigorous, and stretching goals tied to relevant strategic metrics, especially those measuring operational and financial performance. BIS also looks to compensation plans to appropriately balance retention-oriented awards with performance-oriented awards in light of the company’s and each executive’s circumstances.

Executive compensation outcomes are increasingly assessed in the context of the impacts a company has had on key stakeholders over the relevant period. BIS believes that accounting for the interests of key stakeholders in compensation policies recognizes the collective nature of long-term value creation, and the extent to which each company’s prospects for growth are tied to an ability to foster strong relationships with and support from those key stakeholders. To aid understanding, companies may consider disclosing how pay outcomes are consistent with their talent strategy and purpose. Such disclosure might discuss how they have considered the interests of their full range of stakeholders when reviewing and approving executive incentive plans and payments.

BIS believes the board should determine the appropriate performance metrics to use in incentive plans, including whether to use sustainability-related criteria. Where companies choose to use sustainability metrics, they should: 1) address issues that are material to the company’s business model; 2) be aligned with the company’s long-term strategic priorities; and 3) have the same rigor as with other financial or operational targets. Company disclosures can help investors understand the connection between what is being measured and rewarded and the company’s strategic priorities. Otherwise, companies may be vulnerable to reputational risks and/or their sustainability efforts may be discredited.

KPI – BIS looks to companies to disclose incentives that are aligned with long-term value creation and sustained financial performance, underpinned by material and rigorous metrics that align with the company’s long-term strategic goals.

Climate and natural capital

Full climate risk commentary available here, full natural capital commentary available here

BlackRock’s approach to climate risk and opportunities and the global energy transition is based on our fundamental role as a fiduciary to our clients.

As the world works toward a transition to a low-carbon economy, we are interested in hearing from companies our clients are invested in about their strategies and plans for responding to the challenges and capturing the opportunities this transition creates.
As we are long-term investors on behalf of our clients, how well companies navigate and adapt through the transition will have a direct impact on our clients’ investment outcomes and financial well-being.3

As explained in our Global Principles, climate change has become a critical factor in companies’ long-term profitability. We look to company leadership to disclose to investors how climate risks and opportunities might impact their business, and how these factors are addressed in the context of a company’s business model and sector. Specifically, investors have greater clarity – and ability to assess risk – when companies detail how their business model aligns to scenarios for the global economy that limit temperature rise to well below 2°C, moving toward net zero emissions by 2050.

We recognize that the energy transition will not happen overnight, and that it is already uneven. However, companies that seek to mitigate risks and capture opportunities will be in a stronger position to drive long-term value. A growing number of companies, institutions, as well as governments, have already stated their net zero ambitions, and there is growing consensus that an orderly, just transition4 to net zero will benefit companies and the economy, which will benefit our clients. 5 Many companies are determining what their role should be in navigating the energy transition and the transformation of how the world produces and uses energy, moves goods and people, and constructs the built environment. They are also controlling for different public policy paths as countries aim to align greenhouse gas (GHG) emissions with their national commitments.

In this context, we seek to understand companies’ plans for how they intend to deliver long-term financial performance through the energy transition, consistent with their business model, sector and geography. We look for companies to demonstrate they have strategies in place that address and are resilient to a range of scenarios, including likely decarbonization pathways well below 2°C, as well as global ambitions to limit temperature rise to 1.5°C. 6 We also encourage companies to disclose how considerations related to having a reliable energy supply and just transition affect their plans.

We are better able to assess the long-term performance of our clients’ investments, when companies define short-, medium-, and long-term7 science-based emissions targets, where available for their sector, and disclose how these targets will affect the long-term economic interests of shareholders. In some sectors, companies may have an opportunity to highlight strategies to develop alternative energy sources and technologies that can create value while contributing to an orderly transition. We recognize that it will take time to retool the capital-intensive industries that provide critical services to global economy, and we maintain that carbon-intensive companies have a crucial role to play in an orderly transition. Continued investment is also required to maintain a reliable, affordable supply of fossil fuels during the transition. As long-term investors, it is easier for us to assess risk and opportunity for our clients when companies disclose how capital allocation across alternatives, transition technologies, and fossil fuel production is consistent with their business strategy and their emissions reduction targets.

At BlackRock, we expect to remain long-term investors in carbon-intensive sectors because these companies play crucial roles in the economy and in an orderly energy transition. We have some clients who avoid such investments and others who take an alternative approach. Recognizing the range of client preferences, we realize the careful balance between risk and opportunity is particularly important for traditional energy companies – as well as those companies that largely rely on carbon-intensive fuels for their operations, such as heavy industrials and utilities.

As outlined in BIS’ market-specific voting guidelines (and in more detail in the full commentary), where corporate disclosures are not adequately aligned with the pillars of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) -- governance, strategy, and risk management — or a company has not provided scope 1 and 2 emissions disclosures and meaningful short-, medium-, and long-term targets, we are unlikely to support director(s) considered responsible for climate risk oversight. We may also support, on a case-by-case basis, shareholder or management proposals that we conclude strengthen a company’s approach to climate risk and the energy transition.

At this stage, we view scope 3 emissions differently from scope 1 and 2, given methodological complexity, regulatory uncertainty, concerns about double-counting, and lack of direct control by companies. While we encourage companies to disclose their scope 3 emissions and targets where material to their business model, we do not consider such scope 3 disclosures and commitments essential to our support for directors.
As companies consider climate-related risks, it is likely that they will also assess their impact and dependence on natural capital, i.e., the supply of the world’s natural resources from which economic value and benefits can be derived. Businesses which impact or depend on natural capital are expected to experience increased financial risks and opportunities as ecosystems come under stress. As a result, we view the careful management of natural capital as a core component of a resilient long-term corporate strategy for companies that rely on the benefits that nature provides.

While recognizing that natural capital is a complex issue and ecosystems are interconnected, for the purposes of our work we focus on three key areas - biodiversity, deforestation and water - which we believe can impact the long-term financial returns of some companies. As long-term investors, we encourage companies to disclose how they have adopted or plan to incorporate business practices consistent with the sustainable use and management of natural capital, including resources such as clean air, water, land, minerals and forests. We are also interested to hear from companies how they contribute to biodiversity and ecosystem health and consider their broader impact on the communities in which they operate. In our view, the forthcoming recommendations of the Task Force on Nature-related Financial Disclosures will be a valuable resource for companies in their reporting.

Investors’ expectations of companies in relation to how they manage their dependencies and impacts on natural capital are growing, given the increasing fragility of the natural resources many depend on in their businesses. BIS will continue to engage with companies to better understand their approach to, and oversight of, the natural capital that underpins their long-term strategy.

- **Climate KPI** – We encourage companies to discuss in their reporting how their business model is aligned to a scenario in which global warming is limited to well below 2°C, moving towards global net zero emissions by 2050. Companies help investors understand their approach when they provide disclosures aligned with the four pillars of the TCFD—including scope 1 and 2 emissions, along with short-, medium-, and long-term science-based reduction targets, where available for their sector.

- **Natural Capital KPI** - We look to companies to disclose detailed information on their approach to managing material natural capital-related business risks and opportunities, including how their business models are consistent with the sustainable use and management of natural resources such as air, water, land, minerals and forests. To support investors’ assessments, it is helpful for companies with material dependencies or impacts on natural habitats to disclose how they measure their progress on key issues such as water conservation, reforestation, and pollution control. This may include a discussion of efforts to improve efficiency, minimize and mitigate negative impacts and track positive impacts.

**Company impacts on people**

*Full human capital management commentary available [here](#), full human rights impacts commentary available [here](#)*

We believe that companies that consider the interests of their other key stakeholders – employees, suppliers, customers and communities – are in a stronger position to deliver value for shareholders. In our experience, companies that build strong relationships with their stakeholders are more likely to meet their own strategic objectives, while poor relationships may create adverse impacts that could expose companies to legal, regulatory, operational, and reputational risks and jeopardize their long-term success.

In this context, we seek to understand a company’s approach to human capital management. We have engaged with companies on human capital management (HCM) for several years to understand how boards and management support a diverse and engaged workforce. **BIS encourages companies to demonstrate a robust approach to HCM and provide shareholders with the necessary information to understand how it aligns with the company’s stated strategy and business model.** These disclosures may address how a company identifies their key human capital priorities, the policies in place to address these priorities, and how the board oversees management to ensure accountability. It is helpful to investors’ understanding if companies provide details of any relevant goals and targets that will demonstrate progress over time.
In evaluating HCM practices, we focus on understanding the effectiveness of a company’s board and management in supporting the needs and meeting the expectations of its workforce. In our dialogue with companies, we seek to understand how companies foster a diverse, equitable and inclusive workforce culture; enhance job quality and engagement; enable career development; promote positive labor relations, safe working conditions, and fair wages; and prioritize human rights. In our view, a diverse and inclusive workforce contributes to a company’s ability to innovate, adapt, and be attuned to the customers and communities they serve. We acknowledge demographic characteristics may vary by country, so we encourage companies to report this information in accordance with regional frameworks.

This year, we are also encouraging companies to discuss in their reporting how they are considering the interests of their workforce in relation to the global energy transition, and addressing significant adverse impacts and/or unintended consequences that may arise.

In addition to meeting workforce needs and expectations, we believe companies’ performance is more resilient when they mitigate adverse impacts to people that could arise from their business practices, because it reduces their exposure to material risks and enhances stakeholder engagement. Unmanaged potential or actual adverse human rights issues can not only harm the people directly affected, but also expose companies to significant legal, regulatory, operational, and reputational risks. Failure to address these risks can reverberate across a company’s value chain, which may affect critical relationships with key stakeholders and impact shareholder value. As a long-term investor, we believe that having a better understanding of how companies manage these risks and encouraging the adoption of responsible business practices is important to our ability to steward our clients’ assets.

Specifically, we look to companies to put in place the appropriate board oversight, due diligence processes (e.g. human rights risk assessments, supply chain tracing, recruitment procedures and auditing and grievance mechanisms, etc.) and remediation efforts, and communicate externally on their performance, consistent with the local context.

KPIs:
- **We look to companies to demonstrate a robust approach to human capital management and provide shareholders with the necessary information to understand how their approach aligns with their stated strategy and business model, including how the global energy transition may impact key stakeholders.**
- **We look to companies to disclose the actions they are taking to support a diverse and engaged workforce, and how that aligns with their strategy and business model.**
- **We look to companies to discuss in their disclosures how the board oversees management’s approach to due diligence and remediation of adverse impacts to people arising from their business practices.**

**Engagement in practice**

BIS engages with portfolio companies to encourage sound corporate governance and sustainable business models aligned with durable, long-term financial performance. The team of more than 70 professionals across the world takes a local approach with companies while benefiting from global insights. BIS is positioned within the firm as an investment function and works closely with BlackRock’s active investment teams. Our stewardship perspectives are available to them through the Aladdin® platform as core tenets of good governance — board oversight, management quality and sustainable business models — are factors in the investment decision-making of both equity and debt investors.

The stewardship team engages companies from the perspective of a long-term investor and irrespective of whether a holding is in an active or index investment strategy. Engagement is a key mechanism for providing feedback on or signaling concerns about governance and sustainability factors affecting long-term performance. This is particularly important for our clients invested in index funds, which represent a significant majority of BlackRock’s equity assets under management, as they do not have the option to sell holdings in companies that are not performing as expected.

We assess whether to initiate an engagement or accept an invitation to engage with individual companies based on a range of factors including our prior history of engagement with the company, our thematic priorities, whether there are substantive governance or sustainability issues to address from either the company’s or our perspective, and our assessment that engagement would advance the interests of our clients as long-term investors. We generally engage with
management representatives but may, from time to time, seek to meet with the appropriate board director if we are concerned about board level matters such as board quality, composition, oversight or policies.

We initiate many of our engagements because a company’s disclosures do not provide the information necessary for us to assess the quality of their governance or business practices. We recommend companies review their reporting in light of their investors’ changing expectations of company disclosures. In our view, companies that embrace corporate governance and sustainability reporting as a broad-based platform for engagement with shareholders and other stakeholders are more likely to benefit from enduring support.

BIS emphasizes direct dialogue with companies on governance and sustainability issues that have a material impact on financial performance. We seek to engage in a patient and constructive manner, explaining any concerns, providing feedback and asking probing questions. Importantly, we do not tell companies what to do. As a long-term investor on behalf of our clients, we generally support companies when our engagement affirms that they are taking appropriate steps to address shareholders’ concerns. However, when we do not see progress despite ongoing engagement, or companies are insufficiently responsive on matters we believe contribute to long-term value creation, we would signal our concern by not supporting management in our voting.

This can take different forms in different markets and our approach will depend on the items on the agenda at the shareholder meeting. Most commonly we withhold support for the re-election of responsible members of the board when a company’s practices or disclosures fall short. We might also not support the discharge of the board in markets where that is an option. In addition, where we agree with the intent of a shareholder proposal addressing a material business risk, and if we determine that management could do better in managing and disclosing that risk, we may vote in support.

Our work is undertaken to advance their long-term economic interests of our clients, people saving over the long-term to meet their financial goals, like a secure retirement, a child’s education, or buying a first home. We aim to be a constructive, supportive shareholder, bringing a long-term perspective to our work with companies as they grapple with governance and sustainability challenges in their business models that, when addressed, support long-term value creation.

Endnotes
1. The term “compensation” is used as an equivalent to the words “remuneration” or “pay”.
2. Key stakeholders are likely to include employees, business partners (such as suppliers and distributors), clients and consumers, government, and the communities in which companies operate, as well as investors. As we explain in our 2022 Global Principles, it is for each company to determine its key stakeholders based on what is material to its business. To learn more, please also refer to the BIS commentary “Our approach to engagement with companies on their human rights impacts.”
3. In the commentary, we make frequent reference to terminology pertaining to the transition to a low carbon economy. The Intergovernmental Panel on Climate Change provides a helpful glossary for this terminology.
4. The Paris Agreement notes that efforts to transition to a low carbon economy need to take “…into account the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities”. See: https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement.
5. For example, BlackRock’s Capital Markets Assumptions anticipate 25 points of cumulative economic gains over a 20-year period in an orderly transition as compared to the alternative. This better macro environment will support better economic growth, financial stability, job growth, productivity, as well as ecosystem stability and health outcomes.
6. The global aspiration is reflective of aggregated efforts; companies in developed and emerging markets are not equally equipped to transition their business and reduce emissions at the same rate—those in developed markets with the largest market capitalization are better positioned to adapt their business models at an accelerated pace. Government policy and regional targets may be effective of these realities.
7. BIS generally considers short-, medium- and long-term targets to be a range of years, such as 0-5, 5-10, and 10+ years. Our goal is not to set finite timelines, but to understand how companies consider emissions reduction efforts over the years as they transition toward net zero. Consistent with guidance from TCFD, specifying exact timeframes across sectors could hinder organizations’ consideration of climate-related risks and opportunities specific to their businesses. We encourage companies to define their own timeframes according to the life of their assets, the profile of the climate-related risks they face, and the sectors and geographies in which they operate.
8. Our Global Principles underscore our belief that in order to deliver value for shareholders, companies benefit from also considering their other key stakeholders. As described in our commentary on Our approach to engaging companies on their human rights impacts, we ask companies to implement processes to identify, manage, and prevent adverse human rights impacts that are material to their business, and provide robust disclosures on these practices.
10. Our reference to “net zero” refers to “net zero GHG” emission rather than “net zero carbon dioxide” emissions. We are aware that the goal for a net zero GHG economy is technically more ambitious than the current pathways outlined for a 1.5-degree scenario. However, our ambitious focus highlights the urgency of action in order to maintain the opportunity to achieve this goal. In scenarios limiting warming to 1.5 degrees C, carbon dioxide (CO2) needs to reach net-zero between 2044 and 2052, and total GHG emissions must reach net-zero between 2063 and 2068. Reaching net zero earlier in the range avoids a risk of temporarily overshooting 1.5 degrees C. See: https://www.wri.org/insights/net-zero-ghg-emissions-questions-answered.
11. See Endnote 7.
### Appendix

**BIS Engagement Priorities Mapped to the UN Sustainable Development Goals (“SDGs”)**

We believe that there is significant intersection between many of the topics that we discuss with companies and aspects of those SDGs in which the private sector has a role to play. The following shows how our Engagement Priorities align with the SDGs, where relevant to a company’s governance and business practices.

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