BlackRock Mission Statement on Sustainability

We are an asset manager whose objective is to create better financial futures for our clients and the people they serve. We aspire to be an industry leader in how we incorporate sustainability into:

- our investment processes and learning across the firm;
- our stewardship of our clients’ assets;
- our sustainable investment solutions offered to our clients; and
- the operations of our own business.

Integrating sustainability insights into our investment processes

As a fiduciary to our clients, our firm is built to protect and grow the value of our clients’ assets. From BlackRock’s perspective, business-relevant sustainability issues can contribute to a company’s long-term financial performance, and thus further incorporating these considerations into the investment research, portfolio construction, and stewardship process can enhance long-term risk adjusted returns. By expanding access to data, insights and learning on material environmental, social, and governance (ESG) risks and opportunities in investment processes across our diverse platform, we become better overall investors.

Our activities to integrate sustainability considerations into the investment process mirror the diversity of clients we serve, as well as the range of investment strategies and asset classes we offer. Across BlackRock, we provide all of our investment teams with data and insights to keep them well informed of sustainability considerations. BlackRock has integrated issuer-level ESG data into our internal risk management system, Aladdin, which BlackRock investors use to make investment decisions and to monitor portfolios. As a result, BlackRock’s global investors have available to them ESG metrics that can inform the investment processes by identifying long-term risks and value drivers and enabling portfolio reporting and analytics. Armed with the necessary data and tools, our active portfolio managers are able to bring decision-useful ESG information into their investment processes, discounting or emphasizing this information as they would any other financial input. Our framework to incorporate sustainability-related information within BlackRock’s index strategies does not rely on active security-selection, however, as our index portfolio managers do not have the discretion to add or remove a company’s securities to their portfolio as long as that company remains in the relevant index. Therefore, in the context of our traditional index-investment mandates, our direct engagement with companies, including proxy voting, is the mechanism we use to integrate and advance material sustainability-related insights that we believe will enhance long term risk adjusted return. Our investment stewardship efforts benefit from firm-wide data and insights on sustainability-related issues, and our investment teams benefit from the sustainability insights derived from our stewardship activities – a powerful, positive feedback loop.

Engaging with companies as a fiduciary for our clients

We believe that companies with sound corporate governance practices, including how they manage the environmental and social aspects of their operations, better mitigate risk over the long term, and offer better risk-adjusted returns. We engage with companies held in index and active portfolios alike to encourage them to adopt the robust business practices consistent with sustainable long-term performance.

Our Investment Stewardship efforts, including our direct engagement and voting activities, encourage companies to deliver long-term, sustainable growth and returns for our clients. As a large investor, we are able – and feel a responsibility – to monitor the companies in which we invest and to engage with them constructively and privately where we believe that would help protect clients’ interests. As a fiduciary investor, BlackRock evaluates how companies manage the material sustainability-related risks and opportunities within their businesses. Engagement helps build mutual understanding on any issues where we are concerned that a company’s practices fall short of operational excellence. It also helps us assess a company’s approach to governance in the context of its specific circumstances.

Engagement is not a single conversation. We have ongoing private dialogue with companies to explain our views and how we evaluate their actions on relevant ESG issues over time. Where we have concerns that are not addressed by these conversations, we stand ready to vote against proposals from management or the board. Last year, our stewardship program engaged with about 1,600 companies to discuss their governance practices and the sustainability of their
business model. We have committed to double the size of the Investment Stewardship team over the next three years, which will enable BlackRock to significantly increase its engagement activities and foster more effective engagement by building a framework for deeper, more frequent, and more productive conversations.

With an increased level of interest in our Investment Stewardship team’s work, we developed five key engagement priorities for 2017-2018 with the aim of providing more information to clients, companies and others on issues our team is focusing on and how we are engaging companies on these topics. Our engagement focus is on governance, corporate strategy, compensation, climate risk disclosure, and human capital.

**Delivering sustainable investment solutions for our clients**

At BlackRock, we define sustainable investing as the combination of traditional investment approaches with ESG insights to mitigate risk and enhance long-term return. With this in mind, many of our clients turn to Blackrock for sustainable investment solutions. We believe sustainability-related issues – ranging from board composition to human capital management to climate risks and opportunities – have real financial impacts. We are passionate about providing our clients with a clear picture of the relationship between sustainability issues, risk and long-term financial performance. With this picture in focus, we deliver investment solutions that empower our clients to better meet their financial objectives.

BlackRock currently manages a broad suite of dedicated sustainable investment solutions, ranging from green bonds and renewable infrastructure to thematic strategies that allow clients to align their capital with the UN Sustainable Development Goals. BlackRock is the largest provider of sustainable ETFs, including the industry’s largest low-carbon ETF, and we manage one of the largest renewable power funds globally. With deep expertise in alpha-seeking and index strategies, across public equity and debt, private renewable power, commodities and real asset strategies, we are continuing to build scalable products and customized solutions across asset classes. We do not view this as an exercise in trading return for social outcomes. Instead, by identifying scalable, sustainable investment solutions that can enhance long-term returns, we can improve financial outcomes for our clients and accelerate the adoption of sustainable business practices globally.

**Operating BlackRock for the long-term**

To deliver the best long-term outcomes for clients and shareholders, we must operate, and invest in, our business with a focus on the long-term. The execution of this strategy is dependent on a strong corporate governance framework.

**Governance and Board:** We are vocal advocates for the adoption of sound corporate governance policies that include strong Board leadership, prudent management practices and transparency, and have implemented such a framework at BlackRock through a set of principles, guidelines and practices that support sustainable financial performance and long-term value creation for shareholders. We continually review our approach in coordination with the governance philosophy and standards we apply to other companies.

BlackRock’s Board plays an integral role in our governance and long-term sustainability. As BlackRock has evolved, so has our Board’s pursuit of strong corporate governance and standards of excellence. In reviewing Director candidates, the Nominating and Governance Committee considers a candidate’s professional background, gender, race, national origin and age and regularly reviews the overall composition of the Board and its Committees to assess whether it reflects the appropriate mix of skill sets, experience, backgrounds and qualifications that are relevant to BlackRock’s current and future global strategy, business and governance.

**Human Capital:** As an asset manager, the long-term sustainability of our firm is heavily dependent on our people. We deliberately align employee incentives with the risk and performance frameworks of the firm. We are committed to fostering a unifying culture, encouraging innovation, ensuring that we are recruiting, developing, and retaining the best talent and incorporating inclusion and diversity into all levels of our business. We support employees in giving back and volunteering in their local communities and globally for environmental and social efforts that move them.

**Environmental Sustainability:** BlackRock is committed to using our resources responsibly to support the long-term sustainability of our firm and of the global environment in which we and our clients live and operate. We do this, for
example, by investing in LED technology and green buildings, pursuing a high utilization rate of our corporate offices and consolidating our data centers. Two of our largest data centers are now powered by renewable hydropower. Employees are also encouraged to participate in activities which focus on BlackRock’s impact on the environment, including: low carbon travel to work; and video conferencing in lieu of travel. Additionally, we provide opportunities for employees to engage on sustainability-themed initiatives outside of the office.

Public Policy: As an important part of our fiduciary duty to our clients, BlackRock advocates for public policies that we believe are in our clients’ long-term interests. We support the creation of regulatory regimes that increase financial market transparency, protect investors, and facilitate responsible growth of capital markets, while preserving consumer choice and properly balancing benefits versus implementation costs.

Risk Management: Understanding and managing risk is the cornerstone of BlackRock’s approach to responsible investing. Our Risk and Quantitative Analysis (RQA) group promotes BlackRock as a leader in risk management by providing independent top-down and bottom-up oversight to help identify investment, counterparty, operational, regulatory and technology risks. The Board has ultimate responsibility for oversight of BlackRock’s risk management activities.