

1 April 2020

Corporate Governance Department
Taiwan Stock Exchange Corporation
9F, No.7, Sec.5, Xinyi Rd.
Taipei City 11049, Taiwan (R.O.C.)

Submitted via email to: 1248@twse.com.tw

RE: Consultation Paper on the Revision of Stewardship Principles for Institutional Investors

Dear Sir/Madam,

BlackRock¹ welcomes the opportunity to respond to the “Consultation Paper on the Revision of Stewardship Principles for Institutional Investors” (“Consultation Paper”), issued by the Taiwan Stock Exchange Corporation (“Exchange”) on 2 March 2020.

BlackRock supports a regulatory regime that increases transparency, protects investors, and facilitates responsible growth of capital markets while preserving consumer choice and assessing benefits versus implementation costs. We appreciate this opportunity to comment on the issues raised by this Consultation Paper, and we will continue to contribute in the discussion on the issues that may assist in the final outcome.

Executive summary

We welcome the Exchange’s efforts to raise the standards of stewardship activities for institutional investors investing in Taiwan. BlackRock supports the revision to the Principles to make explicit the importance of considering sustainability issues material to the long-term growth of and mid- to long term value creation by companies, and for this to be integrated into investment management strategies.

BlackRock believes that enhanced stewardship practices, leveraging on each asset manager’s unique strengths and expertise, are a key component of companies’ ability to generate long-term shareholder returns. While we are supportive of the proposals generally, we would like to put forward two items to note in relation to the Stewardship Principles being proposed in this Consultation by the Exchange:

1. Guideline 4-3 regarding collaborative engagement

We agree that, under certain circumstances, it may be beneficial for shareholders to act collectively with other institutional investors or relevant advocacy organizations on material ESG considerations relevant to a company’s business to encourage change in practices at the investee company. BlackRock is a member of many organizations globally and participates in numerous public events, including some convened by the Exchange, to advocate a focus on long-term value by companies and investors.

¹ BlackRock is one of the world’s leading asset management firms. We manage assets on behalf of institutional and individual clients worldwide, across equity, fixed income, liquidity, real estate, alternatives, and multi-asset strategies. Our client base includes pension plans, endowments, foundations, charities, official institutions, insurers and other financial institutions, as well as individuals around the world.

However, we would like to highlight some potential regulatory implications of “acting in concert” regarding collective engagement in different jurisdictions. While engagements and voting decisions do not constitute “acting in concert” under Taiwan regulations, Taiwan companies that have listings abroad are subject to the relevant foreign market regulations. Thus, it is essential for institutional investors to be cognisant of, and adhere to, the regulatory requirements globally when collaborating with other investors.

2. Guidelines 4-4 and 4-5 regarding engagement strategy and outcome

These two new guidelines state that institutional investors should focus on having a positive impact through engagement and use engagement results to inform any subsequent course of action. While Guideline 4-4 appears to be directed primarily at active investors, Guideline 4-5 is directed explicitly to investors using index, or passive, strategies.

We recommend not to differentiate the Stewardship responsibilities of investors pursuing active and index or passive strategies. Engaging on governance issues that have a material impact on sustainable long-term financial performance is the fiduciary duty of all institutional investors regardless of investment strategy. It is equally important for active investors to carry out their fiduciary duty to vote and engage, as engagement outcomes may inform their future investment decisions. It is worth noting that index investors generally take a multi-year engagement approach, using voting together with engagements to prompt potential change at an investee company. It will often take some time for the outcomes of the engagement strategy to materialize. Irrespective of the investment time horizon, the Stewardship responsibilities of all institutional investors in a company are similar, which is to engage with the company to ensure it understands investors’ views on its practices and performance and exercise their voting rights responsibly.

Thank you once again for the opportunity to provide our views. We welcome further discussion on any of the points raised.

Yours faithfully,

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意見徵詢 Consultation

為確保盡職治理守則修正案的目標明確，亦符合機構投資人執行業務之實務，謹邀請相關人士就守則修正草案內容發表意見，或提出任何符合本公開徵詢精神之其他事宜，並填具下表後回傳至 1248@twse.com.tw 信箱：

機構名稱	機構屬性	姓名	聯絡方式
BlackRock	Asset Manager	Tina Chang	Tina.chang@blackrock.com +852 3903 2963
意見係針對守則的哪個部分提出	意見內容		
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個人資料蒐集處理利用告知事項

臺灣證券交易所股份有限公司(以下稱「本公司」)為辦理「機構投資人盡責管理守則」草案意見徵詢，蒐集、處理及利用您的個人資料，為了保障您的權益，請務必詳細閱讀以下各項內容：

一、蒐集之目的：僅使用於本次意見徵詢相關作業事宜。

二、個人資料之類別：C001 辨識個人者。

三、個人資料利用之期間、地區、對象及方式：

(一)、期間：僅在本意見徵詢期間及後續相關事宜就您所提供之個人資料進行處理與利用，並於意見徵詢結束後一年刪除。

(二)、地區：中華民國境內與境外。

(三)、對象：由本公司自行利用，或依法令規定提供予本公司目的事業主管機關或其他第三方。

(四)、方式：本公司將透過數位檔案或實體紙本形式蒐集處理及利用您的個人資料。

四、當事人得行使權利之方式：您可透過電話及親臨本公司等方式行使個人資料保護法第三條當事人權利規定，包含行使個人資料查詢、閱覽、複製本、補充、更正、刪除及停止蒐集、處理或利用之要求。

五、當事人拒絕提供對其權利之影響：基於以上特定目的，若您未能或無法詳實提供以上之個人基本資料，本公司將無法參考您的意見，恕不另行通知。

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