



# How BlackRock approaches sustainability & the low-carbon transition as a fiduciary

As a fiduciary, we invest on our clients' behalf to help them meet their investment objectives.

Our focus is on understanding and managing investment risk, anticipating our clients' needs, and supporting them in achieving their long-term investment goals.

**Our investment approach is informed by three principles:**

## **Client choice.**

We start with the client.

## **Performance.**

We seek the best risk-adjusted returns within the mandates clients give us.

## **Research.**

We underpin our work with research, data, and analytics.

We apply those same principles to sustainability and the low-carbon transition.

# Client choice.

**We start with the client.**

**Our role is to listen to and deliver choice for our clients.** Our clients choose their investment objectives, and they look to BlackRock to meet their needs. We offer them choices across a wide range of index, active, and whole portfolio solutions.

**Our clients have a variety of goals and preferences.**

Many are asking how to mitigate risk and capture opportunities associated with sustainability-related trends such as the low-carbon transition. Some want to increase their exposure to the transition (*we offer thematic funds, broad exposures, and private markets*); some want to align their portfolios with a net zero pathway (*we offer whole portfolio solutions, product choice, and transparency about measurement and alignment*); and some want to achieve impact or sustainable outcomes in addition to financial return (*we offer impact funds*) or to limit exposure to

specific sectors (*we offer screened funds or bespoke design implementations*). Some choose not to invest in products or strategies that have sustainable investment objectives (*we offer a wide range of solutions across asset classes and investment styles*). For Aladdin® clients, we offer the option to *integrate climate analysis* into their investment and risk management processes, if they choose.

**BlackRock's role** is to offer choice to help meet our clients' objectives, transparency into how those choices could impact portfolios, and our research-based perspective on how structural trends could impact asset prices and investments over time. We continue to innovate for and with clients, responding to client demand. For eligible institutional clients and products, we offer **Voting Choice** so clients can vote shares held in their portfolios, if they choose.

# Performance.

**We seek the best risk-adjusted returns within the mandates clients give us.**

**As a fiduciary, we manage material risks and opportunities that could impact client portfolios.**

To do this, we analyze dozens of investment risks – including credit risk, market risk, and sustainability risks such as climate risk. We assess which of these risks are material – depending on the strategy, investment, and time horizon – and what they could mean for economic growth, financial prospects, and financial markets.

**We evaluate the extent to which these risks are reflected in current market prices.** Structural shifts,

such as the low-carbon transition, can be underappreciated by financial markets and are not always reflected in current prices. This can open up opportunities for investors.

**Our investment decisions are driven by a fiduciary duty to our clients to seek to deliver the best risk-adjusted returns for client portfolios, within the scope of the mandates they give us.**

# Research.

We underpin our work with research, data, and analytics.

**Research informs our investment approach and product innovation.** To seek the best risk-adjusted returns for our clients, we research major structural trends shaping the economy, markets, and asset prices. We assess how these trends could affect long-term value and how they could unfold over time.

**One of the trends we research is the transition to a low-carbon economy.** We research it because we see it having implications for macroeconomic trends, such as inflation, company financial prospects and business models, and portfolios. Physical climate change continues to create financial risk and affect asset prices. Government policy, technological innovation, and consumer and investor preferences are driving a material economic transformation to a lower-carbon world, creating investment risks and opportunities. BlackRock's **research** assessment is that companies positioning themselves to benefit

from these shifts can improve their earnings outlook relative to others over time. And, our **research** shows that an orderly transition would result in higher economic growth compared with no climate actions, and would create a more constructive macro environment for financial returns for our clients overall.

**Carbon-intensive companies play a crucial role in the economy.** The world will need traditional energy sources to meet growing energy demand under any plausible transition path. As the low-carbon transition unfolds, companies that are aligning their business models with decarbonization – particularly in industries such as steel, metals, utilities, and mobility – could offer some of the most attractive investment opportunities in the transition to a low-carbon economy.

**BlackRock is proud of the work we are doing to help our clients achieve their investment objectives. We put our clients' interests first. The money we manage belongs to them.**

## Important information

This material is intended for information purposes only, and does not constitute investment advice, a recommendation or an offer or solicitation to purchase or sell any securities, funds or strategies to any person in any jurisdiction in which an offer, solicitation, purchase or sale would be unlawful under the securities laws of such jurisdiction.

The opinions expressed are subject to change without notice. Reliance upon information in this material is at the sole discretion of the reader. Investing involves risks.

In the UK and Non-European Economic Area (EEA) countries: this is Issued by BlackRock Investment Management (UK) Limited, authorised and regulated by the Financial Conduct Authority. Registered office: 12 Throgmorton Avenue, London, EC2N 2DL. Tel: + 44 (0)20 7743 3000. Registered in England and Wales No. 02020394. For your protection telephone calls are usually recorded. Please refer to the Financial Conduct Authority website for a list of authorised activities conducted by BlackRock.

In the European Economic Area (EEA): this is Issued by BlackRock (Netherlands) B.V. is authorised and regulated by the Netherlands Authority for the Financial Markets. Registered office Amstelplein 1, 1096 HA, Amsterdam, Tel: 020 – 549 5200, Tel: 31-20-549-5200. Trade Register No. 17068311 For your protection telephone calls are usually recorded.

In the U.S. and Canada, this material is intended for public distribution.

In Latin America: No securities regulator has confirmed the accuracy of any information contained herein. The provision of investment management and investment advisory services is a regulated activity in Mexico thus is subject to strict rules. For more information on the Investment Advisory Services offered by BlackRock Mexico please refer to the Investment Services Guide available at [www.blackrock.com/mx](http://www.blackrock.com/mx)

In Singapore, this is issued by BlackRock (Singapore) Limited (Co. registration no. 200010143N). This advertisement or publication has not been reviewed by the Monetary Authority of Singapore.

In Hong Kong, this material is issued by BlackRock Asset Management North Asia Limited and has not been reviewed by the Securities and Futures Commission of Hong Kong.

In South Korea, this is issued by BlackRock Investment Management (Korea) Limited. For information or educational purposes only, not for reuse, redistribution, or any commercial activity, and does not constitute investment advice or an offer or solicitation to purchase or sells in any securities or any investment strategies.

In Taiwan, independently operated by BlackRock Investment Management (Taiwan) Limited. Address: 28F., No. 100, Songren Rd., Xinyi Dist., Taipei City 110, Taiwan. Tel: (02)23261600. In Australia, issued by BlackRock Investment Management (Australia) Limited ABN 13 006 165 975 AFSL 230 523 (BIMAL). The material provides general information only and does not take into account your individual objectives, financial situation, needs or circumstances.

In China, this material is provided for informational or educational purposes in People's Republic of China ("PRC", for such purposes, excluding Hong Kong, Macau and Taiwan) only and does not constitute a solicitation of any securities or BlackRock funds. This material is provided for informational or educational purposes in People's Republic of China ("PRC", for such purposes, excluding Hong Kong, Macau and Taiwan) only and does not constitute a solicitation of any securities or BlackRock funds or any financial services in any jurisdiction in which such solicitation is unlawful or to any person to whom it is unlawful.

©2023 BlackRock, Inc. All Rights Reserved. BLACKROCK is a trademark of BlackRock, Inc., or its subsidiaries in the United States and elsewhere. All other trademarks are those of their respective owners.

# BlackRock®