

# **Stewardship Code Policy**

**BlackRock Japan**  
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## **(1) Basic Philosophy**

BlackRock Japan Co., Ltd. (henceforth, “BlackRock”), supports the objectives of the “Principles for Responsible Institutional Investors” <Japan’s Stewardship Code>, hence hereby declares the acceptance of all seven principles within the Code.

As a fiduciary asset manager, we will fulfil our stewardship responsibilities by promoting and fostering investee companies’ corporate value and sustainable growth, through an approach described in the Stewardship Code Policy (henceforth, “Our Policy”), focusing on promoting and protecting the interests of our clients. In Our Policy we explain our philosophy on stewardship, our voting policy, our integrated approach to stewardship matters and how we deal with conflicts of interest.

## **(2) Our Policy towards each principle**

**Principle 1. Institutional investors should have a clear policy on how they fulfil their stewardship responsibilities, and publicly disclose it.**

Our Policy is disclosed on our website.

<http://www.blackrock.com/jp/about-us/important-information/stewardship-code>

The policy applies across different asset classes and products as permitted by investment strategies.

**Principle 2. Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.**

BlackRock maintains policies and procedures that are designed to prevent undue influence on our stewardship activities such as engagement and proxy voting that might stem from any relationship between the issuer of a proxy (or any dissident shareholder) and BlackRock Group, BlackRock Group’s affiliates, a Fund (or BlackRock Group’s segregated client) or a Fund’s (or BlackRock Group’s segregated client’s) affiliates. Steps we have taken to prevent conflicts include, but are not limited to:

- BlackRock has adopted a proxy voting oversight structure whereby the Corporate Governance Committee oversees the voting decisions and other activities of the Corporate Governance and Responsible Investment team, particularly its activities with respect to voting based on the Proxy Voting Guidelines (henceforth, “The Guidelines”). The Corporate Governance Committee also provides oversight of constructive engagement (or purposeful dialogue) conducted by the Corporate Governance and Responsible Investment team.
- In certain instances, BlackRock may engage an independent fiduciary to vote proxies as a further safeguard to avoid potential conflict of interest.

**Principle 3. Institutional investors should monitor investee companies so that they can appropriately fulfil their stewardship responsibilities with an orientation towards the sustainable growth of the companies.**

BlackRock’s portfolio managers and the Corporate Governance and Responsible Investment team monitor and, when appropriate engage with investee companies.

**Principle 4. Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.**

Our engagement is designed to promote sustainable growth of investee companies in order to protect the economic interest of long-term shareholders. Our aim is to reach a mutual understanding of the issues with investee companies and this could mean an agreement to disagree. As we approach each engagement individually, our approach will be tailored for the individual company and driven by the particular issues that have led to the decision to engage.

We are also very unlikely to make public statements about our engagements or propose shareholder resolutions. Our preference is to engage privately as we believe it better serves the long-term interests of our clients to establish relationships, and a reputation with companies that enhances rather than hinders dialogue.

Our engagement research is based on publicly disclosed information and we normally do not seek to obtain any undisclosed material facts about the investee company. However, if we were to receive inside information we act in accordance with the policies and processes laid out in our internal policies.

In the course of our engagements, we do not expect to engage in acts that make a significant change in and have a significant impact on business activities of an investee company, often referred to as an "Important Proposed Act". However, if there are concerns of unintentionally being considered by the company or regulators to have engaged in such act, we will take necessary actions in consultation with our Legal and Compliance Department.

**Principle 5. Institutional investors should have a clear policy on voting and disclosure of voting activity. The policy on voting should not be comprised only of a mechanical checklist; it should be designed to contribute to the sustainable growth of investee companies.**

We have in our Guidelines, a clear policy on how we would vote and disclose our proxy voting activity. The guideline is disclosed publicly on our website.

<http://www.blackrock.com/jp/about-us/important-information/voting>

BlackRock's voting policy is designed to promote sustainable growth of investee companies in order to protect the economic interest of long-term shareholders. Our voting is conducted by the Corporate Governance and Responsible Investment team. Voting decisions are taken after a review of research from proxy advisory firms and the team's own research of company materials, broker research, and other publicly available information. We may also consult with our portfolio managers on cases where relevant. We leverage proxy advisor services by requesting them to offer proxy advice based on our internal voting policies, shareholder meeting related research, and administrative work surrounding proxy voting.

BlackRock does not borrow shares solely for the purpose of exercising voting rights. Our investments do involve securities lending. With respect to our stock lending program, we pay due regard to the economic interests of our clients and it is from this perspective that our policy is defined. There is, therefore, no presumption in favour of either continuing to lend securities or recalling on-loan securities to vote. Each situation is analysed based on client agreements and preferences and on the nature of the voting item.

**Principle 6. Institutional investors in principle should report periodically on how they fulfil their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.**

Upon request, we will disclose our voting and engagement activities to our clients and their beneficiaries. We will also publicly disclose proxy voting results on our website once a year. BlackRock group also publishes an annual review which summarises our global activities, which is available on our global website.

**Principle 7. To contribute positively to the sustainable growth of investee companies, institutional investors should have in-depth knowledge of the investee companies and their business environment and skills and resources needed to appropriately engage with the companies and make proper judgments in fulfilling their stewardship activities.**

We view stewardship activities, as one of our most important investment functions and have a dedicated specialist "Corporate Governance and Responsible Investment" team organizationally positioned for the mutual exchange of views across our investment teams. This structure is aimed to facilitate internal communication on stewardship activity matters among a wide range of investment strategies.