Some of the steps we are taking include:

- Making ESG funds the standard building blocks in multi-asset solutions such as model portfolios.
- Strengthening sustainability integration in active portfolios and our investment process.
  - Reducing ESG risk, including by exiting investments with high ESG risk in active portfolios. For example, we are in the process of removing from our discretionary active investment portfolios the public securities (both debt and equity) of companies that generate more than 25% of their revenues from thermal coal production, which we aim to accomplish by the middle of 2020.
- Launching new ESG-oriented investment products, as well as those that screen fossil fuels.
- Strengthening our commitment to sustainability and transparency in our investment stewardship activities.

What does “Sustainable is our Standard in Solutions” mean?

Over the past several years, BlackRock has deepened the integration of sustainable risk management and product choice for clients across the firm. We are now accelerating those efforts consistent with client objectives and preferences. We intend wherever possible to make sustainable funds the standard building blocks in investment solutions that combine different funds to help investors achieve their investment objectives.

What sustainability commitments did BlackRock make in the letters?

We are making sustainability integral to how we invest, manage risk, construct portfolios, build products and engage with companies. Everything we do will be consistent with client objectives and preferences and any applicable regulations.
We believe that in many cases, the risks and opportunities associated with ESG factors, including physical risks associated with climate change and impacts from a transition to a low-carbon economy, are not fully reflected in asset prices. Furthermore, the momentum behind sustainable investing is itself resulting in capital reallocation away from issuers that exhibit negative externalities and that will have an increasingly large impact on asset prices and returns.

You can read more about our research on the implications of physical climate risk here, and our research on how ESG indexes can provide equal or better risk-adjusted returns than traditional indexes here.

7. **Will there be changes to investment processes?**

Currently, every active investment team at BlackRock has articulated its approach to integrating sustainability considerations into its investment process. By the end of 2020, all active portfolios and advisory strategies will be fully ESG integrated – meaning that, at the portfolio level, our portfolio managers will be accountable for appropriately managing exposure to ESG risks and documenting how those considerations have affected investment decisions. This integration will be overseen by BlackRock’s Risk and Quantitative Analysis Group (RQA), which is responsible for evaluating all investment, counterparty, and operational risk at the firm. This integration means BlackRock will consider ESG risk with the same rigor that it analyzes traditional measures such as credit and liquidity risk.

8. **When will any changes take effect?**

All aspects of this transition will be executed over time and in consultation with our clients.

9. **Will there be a change in portfolio managers?**

There are currently no changes in portfolio managers.

10. **Does BlackRock believe that ESG investing can deliver better performance than traditional investing?**

Our investment conviction is that sustainability-integrated portfolios can provide better risk-adjusted returns over time to investors. And with the impact of sustainability on investment returns increasing, we believe that sustainable investments will be a critical foundation for client portfolios going forward.

11. **What is BlackRock’s responsibility with respect to clients when it comes to sustainability?**

Because we believe that sustainability-integrated portfolios can provide better risk-adjusted returns to investors, we believe that it is our responsibility to provide that advice to our clients. The choice, however, is the client’s. The investments we make on their behalf will always represent their preferences, timelines and objectives.

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