

BlackRock ESG Investment Statement

Effective Date: 27 July 2018

Updated: 29 August 2019

We are an asset manager whose mission is to create better financial futures for our clients. 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. Detailed information about these efforts is included in our [approach to sustainability](#) on blackrock.com.

This statement details our commitment to integrate sustainability insights—often referred to as ESG, or environmental, social and governance, insights—into our investment processes. It explains our ESG integration philosophy, discusses the roles and responsibilities for ESG integration work and the governance structure for these activities, and provides an overview of our approach to ESG integration. This statement applies to all investment divisions and investment teams at the firm, and therefore applies to all assets under management and assets under advisory. The statement is reviewed at least annually and is updated when necessary to reflect changes to our approach or our business.

BlackRock's ESG integration philosophy

At BlackRock, we define ESG integration as the practice of incorporating material environmental, social, and governance (ESG) information into investment decisions in order to enhance risk-adjusted returns. Some of our clients call this responsible investing - to us, integrating ESG information, or sustainability considerations, should be part of any robust investment process and means adapting our research and core investment processes to account for additional sources of risk and return that are explained by ESG information. ESG integration is relevant for all asset classes and styles of portfolio management, public and private markets, and alpha-seeking and index strategies. For index strategies, where BlackRock portfolios aim to track the benchmark index, our engagement with portfolio companies is the mechanism by which we can integrate sustainability insights consistent with our fiduciary role as a long-term investor. In alpha-seeking strategies, we can use ESG information when conducting research and due diligence on new investments, and again when monitoring investments in a portfolio. Of course, ESG information is not the sole consideration for our investment decisions; instead, the firm's investment professionals assess a variety of economic and financial indicators, which can include ESG issues, to make investment decisions appropriate for our clients' objectives. Our approach to ESG integration is to broaden the total amount of information our investment professionals consider in order to improve investment analysis, seeking to meet or exceed economic return and financial risk targets.

Who is responsible for ESG integration at BlackRock

At BlackRock, the people responsible for investment decisions are also responsible for integrating ESG information into the investment analysis that supports those decisions. Including ESG information in our analysis of long-term economic scenarios, secular trends, and industry disruptions helps us better orient investment decisions for our clients, most of whom are investing to meet long-term goals such as retirement. Examining material ESG exposures and sustainability performance allows us to identify additional sources of risk and return, and in understanding those sources of risk, we can better value investments. In short, ESG integration is wise investing.

BlackRock employs dedicated resources to support sustainable investing. The BlackRock Sustainable Investing team, the BlackRock Investment Stewardship team, and individuals across BlackRock's technology and analytics platform work together to advance ESG research and tools to support ESG integration efforts. The Sustainable Investing team seeks to ensure consistency across investment processes, aggregates resources and shares best practices across the firm to help our investment teams integrate material sustainability considerations. BlackRock Sustainable Investing reports on ESG integration progress across investment teams to the Global Executive Committee Investment Sub-Committee at least annually.

In addition, BlackRock investment groups have identified individuals to determine methodologies and processes that are appropriate for their respective teams. Content experts from investment divisions and from BlackRock Sustainable Investing provide insight on ESG integration approaches and data sources most relevant to the asset class and style of portfolio management. Investment division operational leads advocate for process improvement and progress over time within their business units.



BlackRock's ESG integration oversight and governance

BlackRock's Chief Executive Officer and Chairman of the Board is a public proponent of long-term investing, and routinely communicates the value of sustainable investing, investment stewardship, and corporate ESG disclosure.

The Global Head of BlackRock Sustainable Investing oversees the firm's achievement of its sustainable investment objectives on behalf of our clients, including setting sustainable investment standards and procedures and governing their execution.

The Sustainable Investing Team implements the firm's sustainable investment standards and procedures, seeks to ensure consistency and quality in the firm's sustainable investment products and solutions, and coordinates the firm-wide effort to incorporate ESG into all investment processes.

Investment group leadership, including heads of sustainable and responsible investment within investment divisions, oversees ESG integration into the investment processes for their respective businesses.

The Investment Sub-Committee of BlackRock's Global Executive Committee oversees investment process consistency across the firm's investment groups. Members of the Sub-Committee include the global heads or sponsors of all of BlackRock's major investment verticals: ETFs and Index Investments, Global Fixed Income, Active Equities, Multi-Asset Strategies, BlackRock Alternative Investors, Trading & Liquidity Strategies including Cash Management, and Client Portfolio Solutions.

How we approach ESG integration at BlackRock

BlackRock has a consistent yet flexible framework for ESG integration into the investment process. This framework allows for cohesion with the firm's overall ESG integration efforts, while permitting a diversity of approaches across different investment teams. ESG considerations that are material will vary by client objectives, investment style, sector, and market trends.

ESG data are an important source from which BlackRock investment teams derive research and investment insights. Across equity, fixed income, multi-asset, liquidity, and alternative asset classes, and also in our asset allocation and manager selection advisory business, we integrate material ESG information into our investment processes to understand sources of risk and returns. Our goal is to construct portfolios that deliver exposures and outcomes consistent with our clients' objectives. We incorporate sustainability insights and ESG information into our research in pursuit of enhancing returns – especially over the long-term. BlackRock investors carefully consider external and proprietary ESG research from a variety of sources, and we use BlackRock technology and tools to support this integration. We do not make investment decisions based on ESG information in isolation; instead, we assess a variety of economic factors, including risk and valuation metrics, when building and monitoring portfolios.

Fundamental investment teams, when appropriate with the BlackRock Investment Stewardship team, meet with company leadership, project sponsors, and other entities to support investment research, including of material sustainability issues. Systematic investors and index portfolio engineers rely on the BlackRock Investment Stewardship team to conduct engagements with portfolio companies to drive the implementation and oversight of best practices in material sustainability areas to support long-term financial performance.

How data and tools support ESG integration at BlackRock

We use the scale of our investment platform and our proprietary technology to support sophisticated approaches to measuring and assessing sustainability-related risks and opportunities. Our investment teams develop views on the materiality of specific sustainability-related topics by using ESG data from multiple external providers as well as proprietary research sources. 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. This allows portfolio managers using Aladdin technology to efficiently access ESG information for investment analysis and portfolio construction.