



**BlackRock**<sup>®</sup>

# Investment Stewardship Annual Report

September 2020

SCROLL





## **We advocate for robust corporate governance and the sound and sustainable business practices core to long-term value creation for our clients.**

This report, part of our commitment to transparency in our investment stewardship activities, complements our July report, [Our approach to sustainability](#). Our goal is to provide clarity and insight to our clients, the companies they are invested in, and our other stakeholders about our approach to investment stewardship and environmental, social, and governance (ESG) issues of focus. These considerations have never been more critical to long-term investors given the challenges societies face in addressing the immediate impacts on communities and the economy from the COVID-19 pandemic, and more deep-seated issues of racial and social equality, climate change, and economic resilience.

Our Annual Report reporting period is July 1, 2019 to June 30, 2020, representing the Securities and Exchange Commission's (SEC) 12-month reporting period for U.S. mutual funds, including iShares.

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# Foreword



## Sandy Boss

Global Head of Investment Stewardship

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“

**BlackRock Investment Stewardship (BIS) plays a fundamental role in the activation of BlackRock’s purpose of helping more and more people experience financial well-being.”**

### **Purpose, sound governance, and strong leadership**

BlackRock Investment Stewardship (BIS) plays a fundamental role in the activation of BlackRock’s purpose of helping more and more people experience financial well-being. Consistent with the firm’s fiduciary duty, we engage with companies to advocate for the sound governance and business practices that drive the sustainable, long-term financial returns that enable our clients to meet their investing goals.

### **Our expectations of boards of directors and executive management are higher than ever**

We are a long-term shareholder in the companies in which our clients are invested. We look to boards and executive management to serve the interests of long-term shareholders and other stakeholders.

Our active and ongoing dialogue with the leaders of these companies gives us a valuable perspective on the business challenges they face and their strategies for overcoming them. This very difficult year has provided the clearest demonstration yet that strong, purposeful leadership is essential to a company’s resilience and ability to recover from shocks and disruptions.

For this reason, we take a firm line in holding accountable the management and boards of directors of these businesses when we do not see sufficient progress on the issues that matter in creating sustainable, long-term value for our clients, who are the ultimate owners of these companies.

This year, BIS opposed the re-election of over 5,100 directors — more than ever before — sending a strong signal of concern when companies did not make sufficient progress on issues that are central to long-term value creation. We raised questions on board quality, taking voting action against directors for lack of independence on the board, insufficient board diversity, and overcommitment. We also held directors to account for not meeting our expectations on climate risk management or disclosures, and for management and compensation policies inconsistent with sustainable long-term financial performance.

### **Engaging corporate leaders has never been more important**

This year BIS had over 3,000 in-depth conversations with corporate leadership — a record number and an increase of more than half over last year. In our more than 1,000 engagements on corporate strategy and 400 engagements on the impact of COVID-19, we found many companies to be fundamentally re-examining their social and economic contract with their stakeholders, placing them at the heart of their recovery strategy. Increasingly, companies share our conviction that a strategy founded upon a clearly articulated purpose will generate sustainable value, and be rewarded by more patient, long-term capital.

### **Our commitment to Investment Stewardship continues to grow even further**

When I arrived at BlackRock as Global Head of Investment Stewardship in May, I joined the largest and most global stewardship team of any asset manager in the world. Over the last few months, I have been working closely — albeit virtually — with my colleagues, as well as spending time meeting with clients and portfolio companies. I have been impressed by the way our team has engaged thoughtfully with company leaders facing unprecedented challenges, while maintaining an unwavering commitment to our fiduciary duty. I am also energized by the team's commitment to constantly improve and expand our stewardship efforts, in order to improve governance standards worldwide and help our clients achieve their long-term investment goals.

A priority for us in 2020, in line with the commitment made to our clients in January, has been to increase transparency around our stewardship work. To this end, I am pleased to report that we published 45 vote bulletins on high profile votes as of August this year, four and a half times as many as in the prior three years combined. Furthermore, we initiated quarterly disclosures of our engagement activity and voting record, and published KPIs for each of our engagement priorities, mapping them to the UN Sustainable Development Goals. We continue to invest in the stewardship capabilities our clients depend upon to look after their interests in the companies in which they are invested. We will keep pushing to drive progress on transparency around stewardship.

### **Investor and societal expectations continue to rise**

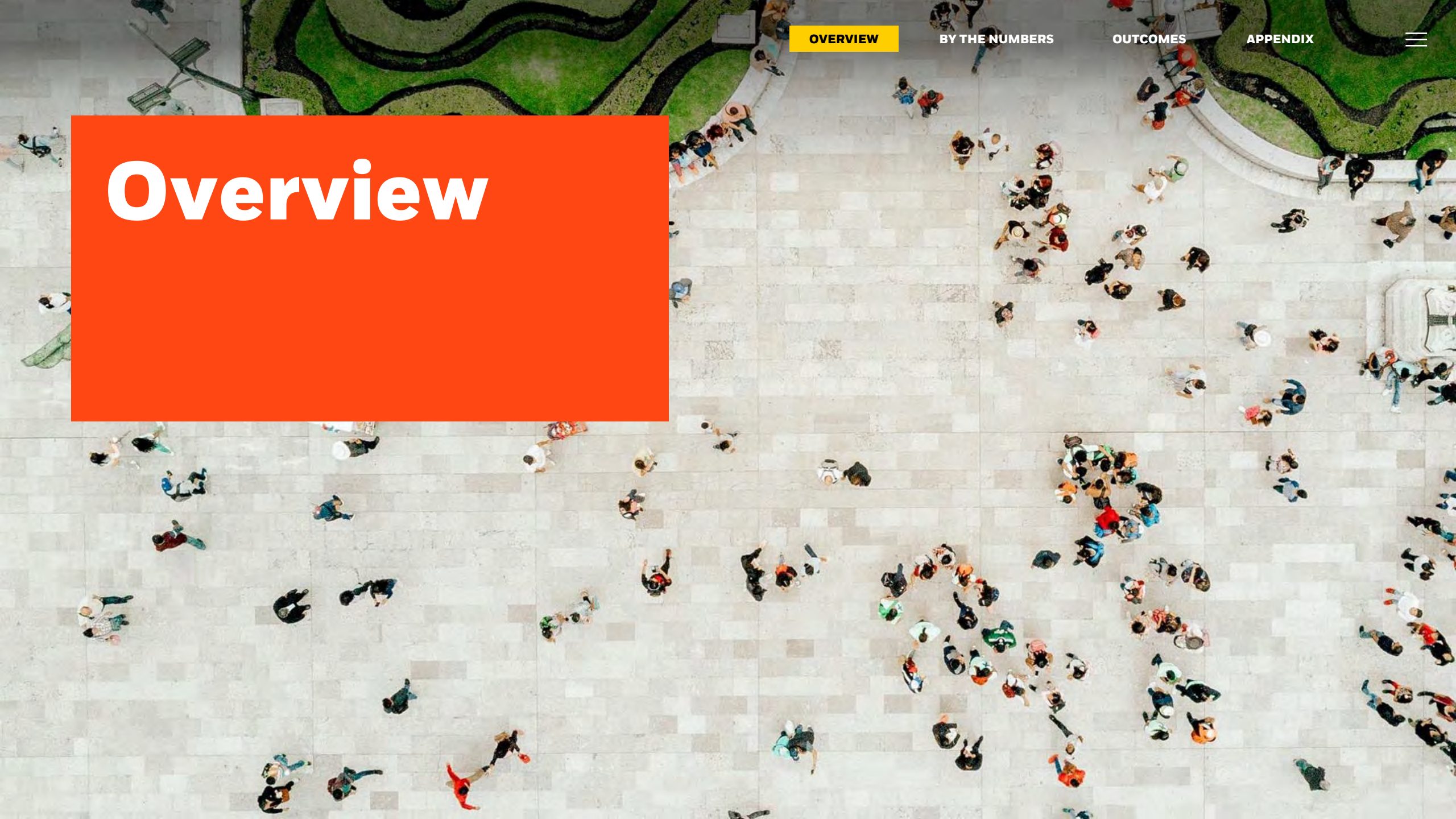
The significant social and economic dislocation caused by COVID-19 has further brought to the fore the need for the private sector to take a more active role in tackling global challenges. Climate change, social and racial equity, and demographic and technological shifts all expose companies to material business risks, which in turn present risks to the long-term value of our clients' investments.

In the year ahead, we anticipate more engagement and voting to be focused on the extent to which companies are addressing these issues within their businesses. We are currently reviewing our engagement priorities and voting guidelines and will provide more detail in the coming months, including how we intend to reflect them in our voting actions in the next proxy season. We will be engaging with corporate leaders on how they plan to adapt their strategies and business practices to enhance their resilience. And we will be looking to companies to explain the difficult choices they have had to make and how they have balanced the interests of their various stakeholders.

We expect a year of continuing disruption and uncertainty. Yet we remain convinced that companies focused on their purpose, with a credible strategy to deliver for all their stakeholders, will be well-positioned to create sustainable, long-term value for our clients.



# Overview





# BlackRock Investment Stewardship

## Our fiduciary responsibility

BlackRock Investment Stewardship's (BIS) activities are a crucial component of our fiduciary duty to our clients. Investment stewardship is how we use our voice as an investor to promote sound corporate governance and business practices to help maximize long-term shareholder value for our clients, the vast majority of whom are investing for long-term goals such as retirement. In addition to direct dialogue with the companies in which our clients invest, we help shape norms in corporate governance, sustainability, and stewardship through active participation in private sector initiatives and the public policy debate. In the reporting year from July 1, 2019 to July 30, 2020, we responded formally to seven policy consultations and spoke at more than 180 events to advance sound governance and sustainable business practices.

Promoting sound corporate governance is at the heart of our stewardship program. We believe that high-quality leadership and business management is essential to delivering sustainable financial performance. That is why we focus on board quality, effectiveness, and accountability across the broad universe of companies globally that our clients are invested in.

Engagement and voting are the two most frequently used instruments in BIS' stewardship toolkit.

### Engagement

is how we build our understanding of a company's approach to governance and sustainable business practices, and how we communicate our views and ensure companies understand our expectations.

### Voting

is how we hold companies accountable when they fall short of our expectations. Our voting takes two forms: we might vote against directors or other management proposals, or we might vote to support a shareholder proposal.

## More engagements with more companies than ever before

In the 2019-20 reporting period, we had more engagements\* with more companies than ever before, covering 61% by value of our clients' equity investments. Where companies fell short of our expectations and were not responsive to our feedback, we voted against key items of business on the shareholder meeting ballot.

As shown in the "By the numbers" section, we held companies accountable for not acting in the interests of long-term shareholders by voting against at least one management proposal at 37% of the approximately 16,200 shareholder meetings at which we voted.

# 61%

of the value of our clients' equity assets engaged

# 37%

of shareholder meetings at which we voted included votes against one or more management recommendations

\*BlackRock counts only direct interaction as an engagement. We also write letters to raise companies' awareness of thematic issues on which we are focused or changes in policy, but this outreach is considered distinct from engagement as it is difficult to monitor the effectiveness of letter writing without direct interaction.

## Maximizing long-term value for shareholders

When we vote against a company, we do so with a singular purpose: maximizing long-term value for shareholders. There are two main categories of our voting actions: we might vote against directors — or other management proposals — or vote to support a shareholder proposal. As we discuss below, we employ votes against directors more frequently since that is a globally available signal of concern. ESG shareholder proposals, while often non-binding and less common outside of the U.S., can garner significant attention and send a strong public signal of disapproval. BIS may support shareholder proposals that address issues material to a company's business model, which need to be remedied urgently and that, once remedied, would help build long-term value. In our assessment, 15% of the 1,087 ESG shareholder proposals on which we voted this year met these criteria and resulted in our support for such proposals.



## The importance of leadership in unprecedented times

The fundamental reshaping of finance that Larry Fink wrote about in his [letter to CEOs](#) in January has been brought front and center by the COVID-19 pandemic. Both climate change and the pandemic have enormous implications for society and the global economy. In the case of the pandemic, the worst impacts are already being borne by the most vulnerable in our communities and by the countries and economies least able to weather them. Climate change, if not managed, threatens to have a similarly disproportionate effect, exacerbating inequality and associated unrest.

For many companies, COVID-19 has created near-term existential challenges. Companies were plunged into an unprecedented test of their operational resilience, focused on ensuring the health and safety of their workforce while managing business continuity challenges and global supply chain disruptions at a scale never imagined. Financial resilience was, and remains, a pressing issue for many companies, with revenues in some industries struggling.

In the immediate response period, we were able to be supportive as companies sought flexibility from investors to weather the initial storm. In the first half of 2020, our Investment Stewardship team had more than 400 engagements where we discussed the impact of COVID-19.

Given the unprecedented circumstances, we aimed to be constructive and support companies on proposals outside our normal governance policies, such as virtual shareholder meetings, supporting poison pills, dividend cuts, off-cycle revision of executive pay, and authorization for additional financing without shareholder approval. Companies will have to justify these difficult choices in their 2020 reporting and explain how they weighed their decisions in relation to balancing the interests of investors, employees, customers, suppliers, and communities.

# 400+

engagements where we discussed the impact of COVID-19

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## Expectations of boards and executive leadership

Our investment stewardship efforts have always started with the board and executive leadership: it is their role to look after the interests of investors and we look to them to meet the expectations we set out. If we are not satisfied with their decisions, we then hold them to account with our vote.

We set out in our market-specific [voting guidelines](#) clear expectations of directors to ensure boards have the diversity, capabilities, and independence to effectively oversee management and help drive long-term value creation. We opposed the re-election of over 5,100 directors due to concerns that these characteristics were lacking or that the actions taken by the board were not aligned with the interests of long-term shareholders.

- We expect boards to have a sufficient degree of director independence to look after the interests of all shareholders and at least one independent non-executive director to be accessible to shareholders. We voted against management more than 1,700 times for lack of director independence, with 1,000 votes against in Asia where controlling state or private shareholders can undermine the independence institutional investors are seeking.
- We have long engaged on board diversity, including directors' personal characteristics and professional experience, as beneficial to good governance and effective decision-making. This year, we voted against management more than 1,500 times for insufficient diversity. We have seen significant improvements in gender diversity in the Russell 1000 and the STOXX 600. Smaller companies and those with more concentrated ownership are lagging, but we expect more progress in the future. We are increasingly looking to companies to consider the ethnic diversity of their boards, as we are convinced from the top matters as companies seek to become more diverse and inclusive.
- We have high expectations for directors to avoid overcommitment and ensure that they have the capacity to fulfill their duties – expectations proven out by the intensification of demands on directors' time during the COVID-19 crisis. Our votes against directors for being overcommitted have increased to over 700 this year, up from 430 two years ago. While sitting CEOs are reducing their non-executive commitments, we need to see more progress and focus from non-executive directors.
- We are increasingly voting against management on executive pay proposals, up from 15% to 16% this year, or nearly 1,100 votes against management. We voted against compensation committee members at more companies in the U.S. and UK than in any other markets. Our votes against proposed equity incentive plans in certain markets have fallen as a result of companies making a stronger connection between rewards and performance. Looking ahead, we are sensitive to the need for compensation committees to reflect stakeholder matters in pay determinations, particularly when companies have received government support.
- Over the past year, we have also voted against management to protect the rights of minority shareholders, such as our clients. In many markets in which BlackRock's clients are invested, it is common to have a controlling shareholder or group of shareholders. These may be founders or their families, government entities or strategically aligned investors.
- The economic interests of the controlling shareholders are sometimes equivalent to the voting rights but often this is not the case. We voted in support of six out of seven shareholder proposals to introduce a one share, one vote standard. Further, we voted against over 300 proposals to approve related party transactions on the grounds that they were not aligned with the interests of minority investors such as BlackRock's clients.

## Enhanced disclosure builds understanding

We asked in January that companies publish reports aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) standards. Consistent with the TCFD's recommendations, this should include a plan for operating under a scenario where global warming is limited to less than two degrees Celsius.

We believe the TCFD framework's four pillars — Governance, Strategy, Risk Management, Metrics and Targets — are applicable to corporate reporting of all business relevant or material environmental and social risks and opportunities. SASB's sector-specific standards inform the metrics pillar of the framework. These reporting tools help companies demonstrate that they have integrated the management of material environmental and social factors into their strategy and operations.

We have been engaging companies about sustainable business practices for many years and believe TCFD- and SASB-aligned reporting will provide the information investors need to take better informed investment and stewardship decisions, supporting more efficient capital markets. We are encouraged by the momentum building behind these two reporting tools and the recognition amongst practitioners — investors, companies and their advisors, and policy makers — of the need for convergence to establish a globally recognized sustainability reporting standard.

Notably, there has been a nearly 140% increase in companies publishing SASB-aligned reports so far in 2020 over calendar year 2019,\* of which 40% are based outside the U.S.

We are committed to being transparent with companies, our clients, and other stakeholders about our investment stewardship activities. We publish our governance principles and voting guidelines to help companies understand our expectations as a long-term shareholder on behalf of our clients. We define engagement priorities each year to alert companies and clients to our areas of focus. As we outline in the following sections, our investment stewardship engagement focuses on companies that we believe may not be acting in the long-term interests of shareholders.

In January, BlackRock wrote to clients about how we are making sustainability central to the way we invest, manage risk, construct portfolios, design products, and execute our stewardship responsibilities. This commitment is based on our conviction that climate risk is investment risk: a changing climate impacts all aspects of society and the economy globally. We believe that sustainable business practices, and sustainability-integrated portfolios, can produce better long-term, risk-adjusted returns.

As a fiduciary, we have a responsibility to our clients to make sure companies are adequately managing and disclosing environmental and social risks and opportunities that can impact their ability to generate long-term financial performance — and to hold them accountable if they are not.

As reported in Our approach to sustainability, we have focused on a universe of 244 companies with significant climate risk inherent in their business models, asking them to demonstrate that they are managing and mitigating that risk. We took voting action against 53 companies for insufficient progress on climate risk management, as assessed from their reporting and through our engagement. We put 191 companies “on watch” and expect them to demonstrate over the coming year that they have taken significant steps to address the business risks they face from climate change. We expect all the companies in this universe to report on their progress on integrating climate risk and other sustainability factors into their business management through disclosures aligned with TCFD and SASB.

\* [https://www.bloomberg.com/news/articles/2020-08-19/corporate-sustainability-reporting-is-growing-up-green-insight?utm\\_source=twitter&utm\\_campaign=socialflow-organic&cmpid=socialflow-twitter-business&utm\\_content=business&utm\\_medium=social](https://www.bloomberg.com/news/articles/2020-08-19/corporate-sustainability-reporting-is-growing-up-green-insight?utm_source=twitter&utm_campaign=socialflow-organic&cmpid=socialflow-twitter-business&utm_content=business&utm_medium=social)

## Stewardship in 2020 and beyond

Looking ahead, our engagements to date indicated how corporate leaders are seeking a longer-term strategic response to the crisis that is more responsive to the expectations of all their stakeholders. We engaged with more than 1,000 companies this year on corporate strategy, an increase of nearly half over the prior year. Companies are responding to an acceleration of strategic trends like digitalization and reshaping of global supply chains with a reallocation of capital, often toward more sustainable business practices. We find increasing recognition among companies of our conviction that those with a credible long-term strategy, founded on a clearly articulated purpose, will generate more long-term value and be rewarded by more patient, long-term capital. We believe that companies that fail to get this right will face increasing market skepticism, and as a result, a higher cost of capital.

We are observing a shift in awareness of the role companies must play in society in order to demonstrate they have earned their social license to operate. We expect scrutiny of companies on their societal impact and commitment to stakeholders to remain high in the coming year. This year, we engaged with just over 640 companies on human capital management issues and a further 125 on other social issues.

We find companies are increasingly attuned to the need to invest in their workforces, and to provide their employees with opportunities for secure and rewarding employment. This interest is extending to the fair treatment of workforces by companies in supply chains, where sourcing companies increasingly expect standards that may be higher than legal requirements in some countries. Attention to health and safety of customers has never been stronger, whether it is dealing with re-opening of retailing in the context of COVID-19 or fundamental issues of product safety.

Ultimately, BIS is committed to advocating for robust corporate governance and business practices that contribute to the ability of companies to deliver the sustainable long-term returns on which our clients depend to meet their financial goals. We hope that this report helps clients, companies, and other stakeholders understand our approach to investment stewardship. We believe that our transparency helps us meet our commitment to continually enhance our policies and practices in order to protect our clients' interests.



# Our stewardship priorities

## Delivering on our fiduciary duty

For 2020, BIS articulated five Engagement Priorities: board quality, environmental risks and opportunities, corporate strategy and capital allocation, human capital management, and compensation to promote long-termism. [Our 2020 Priorities](#) are a continuation from 2019, with each priority now including accompanying key performance indicators for 2020 that align with our expectations for measurable disclosure and action toward creating long-term value for shareholders.

### Board quality

**Board composition, effectiveness, diversity, and accountability is a top priority. We believe that high-quality leadership and business management is essential to delivering sustainable financial performance.**

**1,593** engagements

**1,569**

votes against directors due to lack of board diversity

**728**

votes against overcommitted directors (non-CEOs and CEO-directors)

**1,762**

votes against directors for lack of independence

### Environmental risks and opportunities

**Sound practices in relation to the material environmental factors inherent to a company's business model can be a signal of operational excellence and management quality.**

**1,260** engagements

**55**

votes against management on director-related items for insufficient progress on climate disclosures\*

**6**

votes against management on environmental-related shareholder proposals

\*Director-related items includes management proposals to elect directors or supervisors, as well discharge and election of board chairman proposals.

## Corporate strategy and capital allocation

We expect boards to be fully engaged with management on the development and implementation of the company's strategy.

**1,427** engagements

**303**

votes against management on director-related items to approve related party transactions\*

**12.8%**

proposals to approve capital issuance voted against management

## Human capital management

We view a company's approach to human capital management as a potential competitive advantage.

**750** engagements

**641**

distinct company engagements where we discussed human capital management issues

## Compensation that promotes long-termism

We expect executive pay policies to use performance measures that are closely linked to the company's long-term strategy and goals.

**1,185** engagements

**1,084**

votes against Say on Pay, remuneration reports and remuneration policy proposals

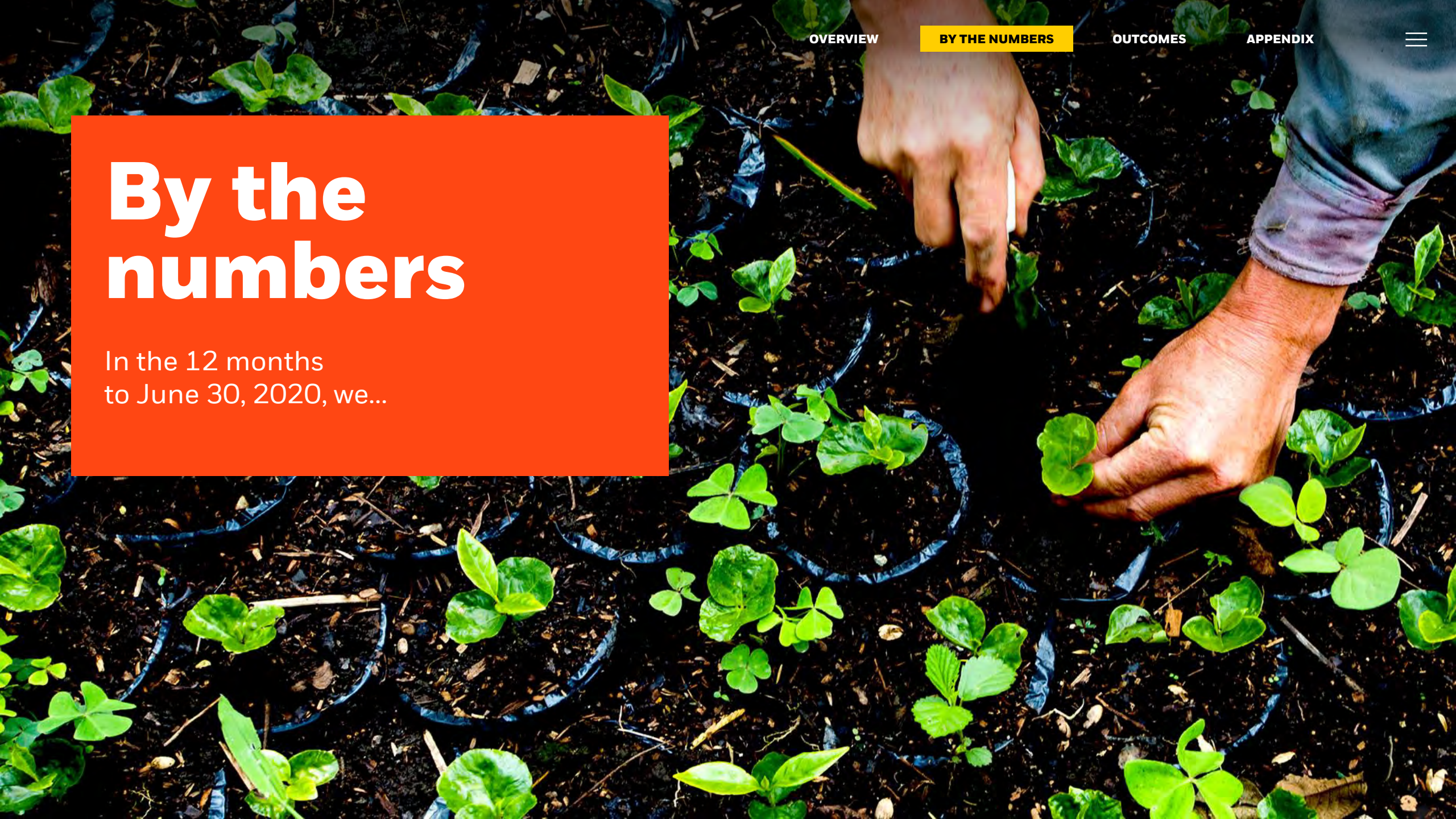
**666**

votes against the re-election of compensation committee directors

\*Stand alone proposals to approve related party transactions.

# By the numbers

In the 12 months to June 30, 2020, we...





# Held companies accountable

**We voted against or withheld votes from more directors this year than ever before**

**16,200**

total meetings voted

**153,000**

total proposals voted

**5,100+**

votes against directors or withheld votes (includes abstentions)

**2,800**

unique companies with one or more votes against directors (includes abstentions)

Numbers have been rounded to the nearest hundred.



## Management proposal votes

	Election of directors and related proposals	Capitalization	Compensation	Mergers, acquisitions and reorganizations
Total number of proposals voted	<b>77,663</b>	<b>14,433</b>	<b>13,414</b>	<b>7,582</b>
Voted against management	<b>8.3%</b>	<b>12.8%</b>	<b>16.1%</b>	<b>13.7%</b>

## Shareholder proposal votes

	Environmental	Social	Governance
Total number of proposals voted	<b>111</b>	<b>118</b>	<b>858</b>
Percent supported (or abstained)	<b>6.3%</b>	<b>6.8%</b>	<b>17.1%</b>

Please refer to [Appendix I](#) for more information and definitions of proposal types.

# Continued emphasis on company accountability and board quality

## Held boards accountable for sound governance and business practices

**5,536**

unique companies with one or more votes against management

**1,762**

votes against management for lack of director independence

**1,084**

votes against management on executive compensation

**69%**

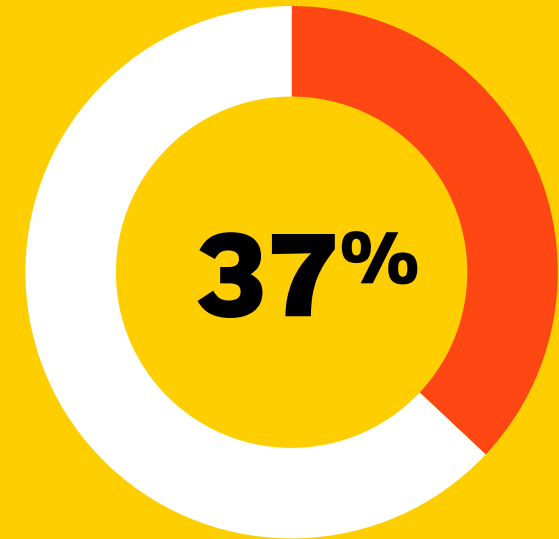
increase in votes against overcommitted directors over 2018 votes

**1,569**

votes against management for insufficient diversity

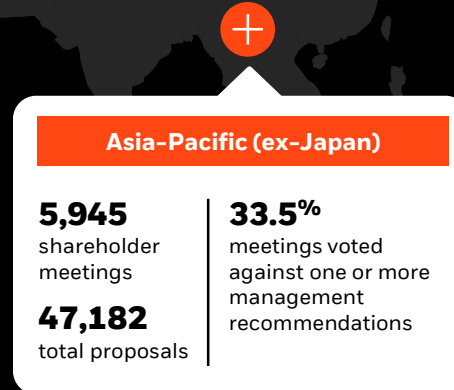
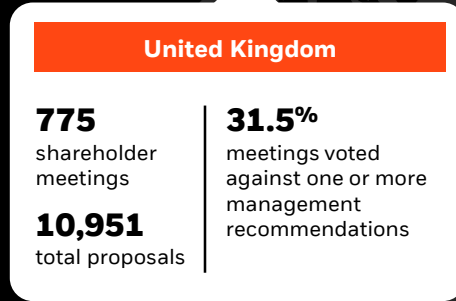
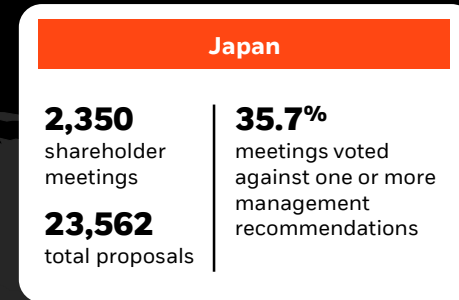
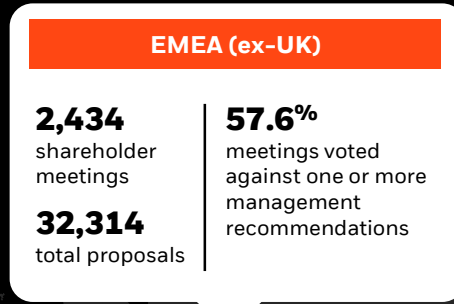
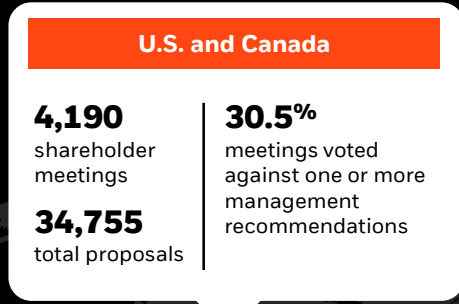
**86%**

supported shareholder proposals on "one share, one vote"



Percent of shareholder meetings we voted against management

# Voting by select market

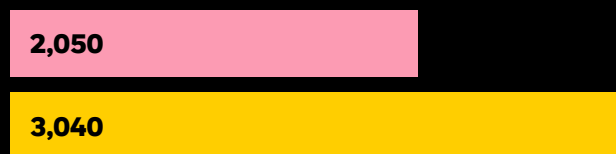


# Expanded the reach of our engagements\*

● 2019 ● 2020

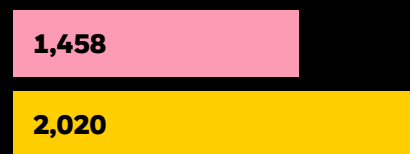
Total engagements

▲ 48% YoY



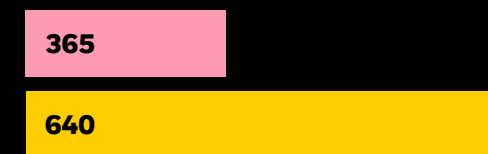
Total companies engaged

▲ 39% YoY



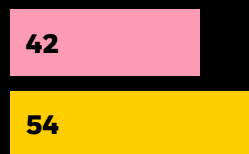
Companies with multiple engagements

▲ 75% YoY



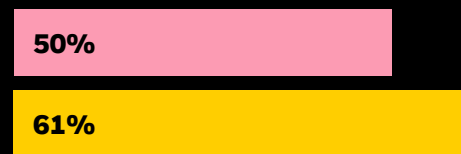
Markets engaged

▲ 29% YoY



Clients' equity assets engaged

▲ 22% YoY



Engagements with companies in Emerging and Frontier markets\*\*

▲ 188% YoY



\*Final 2019 numbers are 12 months to June 30, 2019. Final 2020 numbers are 12 months to June 30, 2020.

\*\*MSCI's definition of Emerging and Frontier markets.

# Topics engaged

● 2019 ● 2020



## Business as (un)usual

Times like these reinforce the importance of sustainable business practices and good governance\*

**52%**

increase in corporate strategy engagements

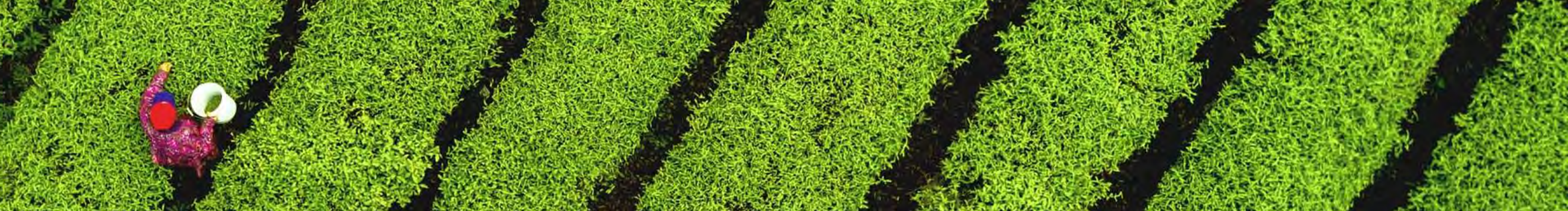
**429**

engagements where we discussed COVID-19

**750**

engagements where we discussed human capital management, nearly **3x more than the previous year**

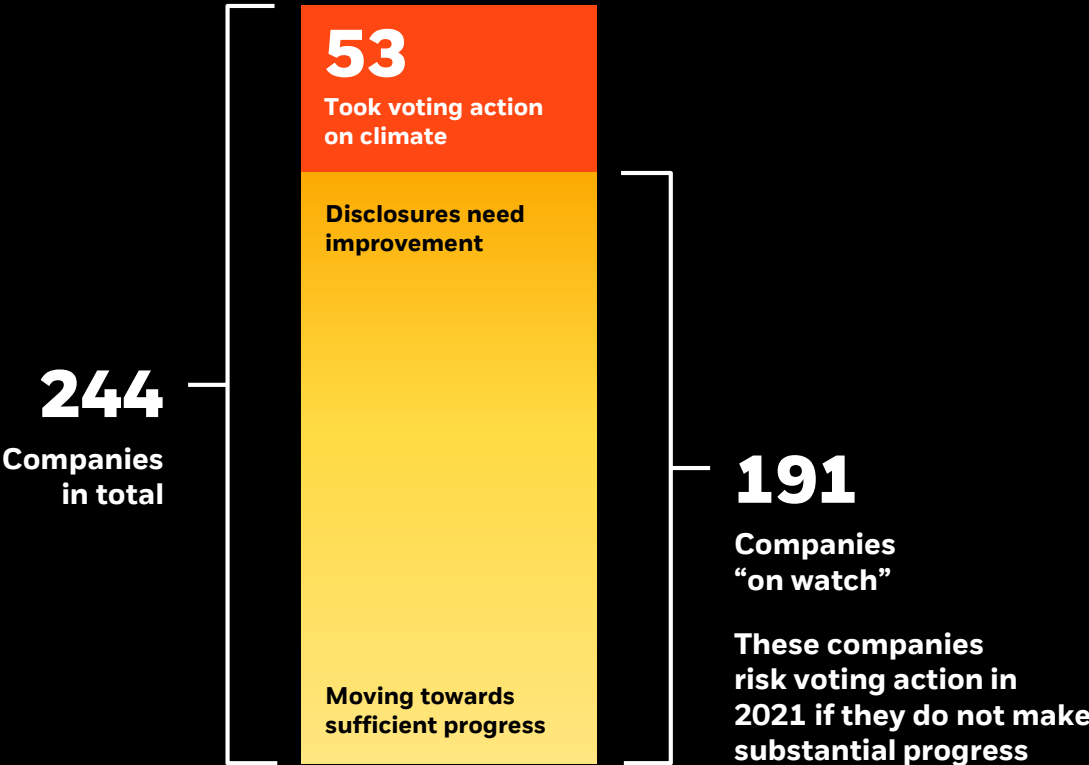
\*Final 2019 numbers are 12 months to June 30, 2019. Final 2020 numbers are 12 months to June 30, 2020.



# Intensified focus and engagement with companies on sustainability

We are seeing measurable results which benefit all shareholders, including **growing momentum on disclosures and enhanced governance practices.**

**SUSTAINABILITY REPORT** →



Source: ISS Proxy Exchange and BlackRock Investment Stewardship, as of July 8, 2020.

# Drove adoption of reporting and better transparency\*

TCFD

**\$12 trillion**

Over 1,000 global organizations have declared support for the TCFD, including private sector organizations with a combined market capitalization of nearly \$12 trillion.

SASB

**▲ 140%**

Nearly 140% increase in companies publishing SASB-aligned reports so far in 2020 over calendar year 2019, of which 40% are based outside the U.S.

Letter to CEOs

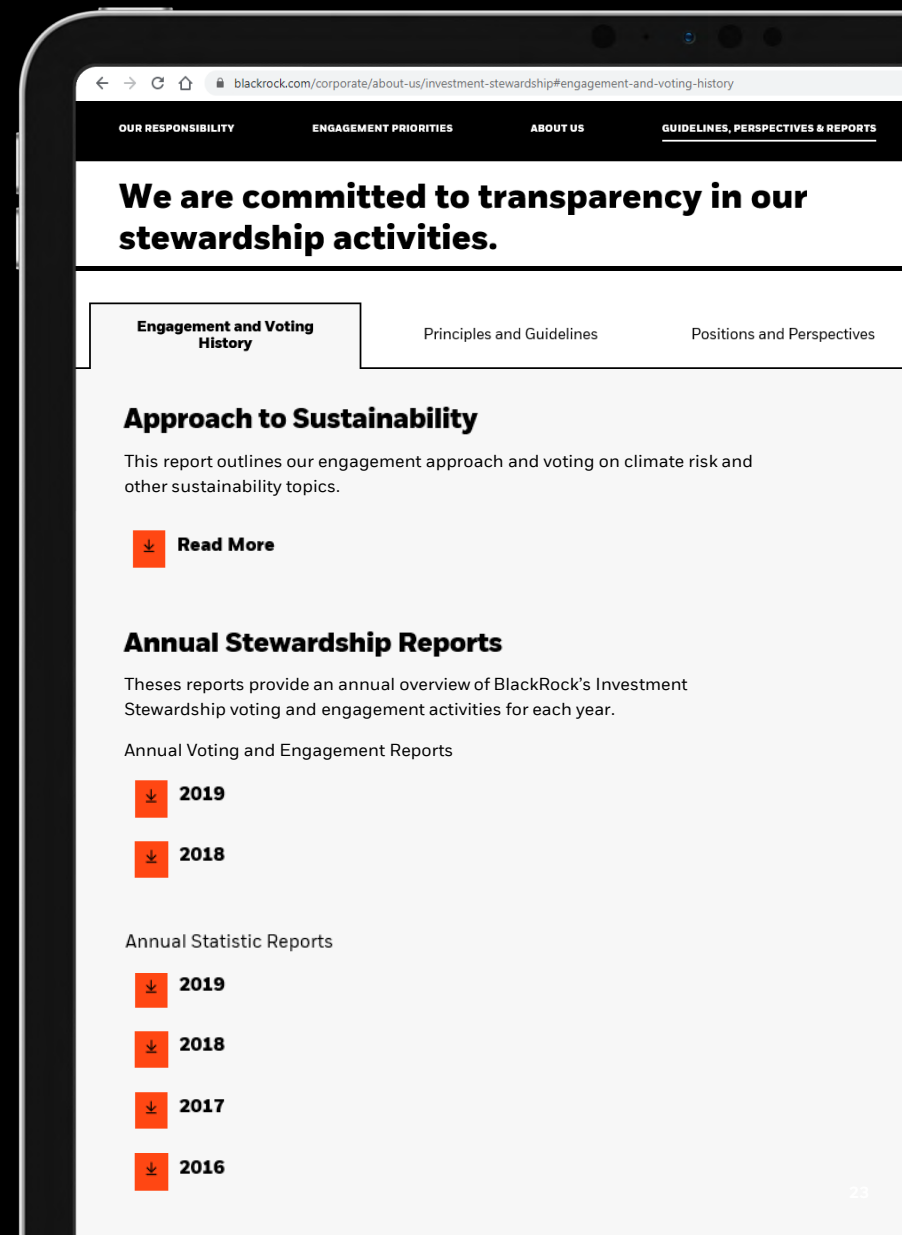
**90%**

In the first half of this year, BIS wrote letters to the CEOs of companies representing 90% of the Asia ex-Japan market to share our expectations for TCFD-and SASB-aligned disclosure.

**13%**

Letters sent to management to communicate BIS views supported by engagement over time have led to better disclosures and enhanced governance practices. For example: As of June 2020, 13% of companies in the Russell 1000 had fewer than two women on their boards, down from approximately 20% in 2019 and 30% in 2018.§

\* We asked in January 2020 that companies publish reports aligned with the recommendations of the Task-Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB). \*\* As of August 10, 2020. § Source: FactSet.



# Enhanced transparency

# 45

Voting bulletins published in 2020\*

## Quarterly reporting

Enhanced our reporting on vote disclosures, issued new global engagement activity summaries detailing companies and topics of engagement, and consolidating our regional reports into a single global stewardship report per quarter.

\*As of August 2020.

ENGAGEMENT AND VOTING HISTORY →

## Quarterly Stewardship Report

2020

BlackRock Investment Stewardship publishes quarterly stewardship reports to demonstrate our approach to corporate governance. For 2020, we have consolidated our regional quarterly reports into a single global report that highlights our perspective on a wide range of global issues as well as regional case studies that illustrate our engagements and voting analyses in a given quarter.

↓ Global: 1st Quarter

↓ Global: 2nd Quarter

↓ Global: 1st Quarter

2019

↓ Americas: 4th Quarter

↓ Asia Pacific: 4th Quarter

↓ Europe, the Middle East & Africa:  
4th Quarter



# Global reach and local presence

## The BlackRock Investment Stewardship team

Our regional teams engage locally with companies, enabling more frequent and better-informed dialogue, often in the local language. Our team members bring diverse skills and life experiences to their work, with professional expertise developed in legal, financial, advisory, corporate, and governance roles.

Situated across seven offices globally, our team has grown steadily from 16 in 2009 to 36 in 2018, and more than 45 today. The continued global growth of the BIS team reflects our commitment to building a strong and talented pool of professionals equipped with the relevant skills and experience to make informed voting decisions and provide constructive feedback to support long-term value creation.



**45+**  
member team

**85**  
voting markets

**17**  
languages

**25**  
professional certifications

**31**  
academic disciplines

**40+**  
organizational affiliations

**Leveraging the global expertise of our:**  
Investment analysts    Specialists  
Researchers            Active investors

Source: BlackRock July 2020.



Engagements and voting outcomes

# Board quality

• **Board quality**

Environmental risks and opportunities

Corporate strategy and capital allocation

Human capital management

Compensation that promotes long-termism

2020 annual engagement and voting statistics

**High-performing boards ensure strong management, which in turn supports sustainable financial performance.**

**That is why board quality – composition, effectiveness, diversity, and accountability – is a top engagement priority.**

BlackRock Investment Stewardship (BIS) considers board quality a top engagement priority. Board composition, effectiveness, diversity, and accountability are focus areas when we engage with companies on behalf of our clients. Companies with committed, diverse, and experienced board directors who actively advise and oversee management have a competitive advantage in delivering sustainable long-term financial returns.\*

In our engagements we seek to understand how boards work with management on corporate governance issues, how board effectiveness and director performance are assessed, and how director succession is managed. In 2019-20, we had 2,882 engagements with 1,970 companies on board governance, performance, composition, and succession.

We take each engagement as an opportunity to share with companies our expectations of directors and boards. These expectations are detailed in our [Global Corporate Governance and Engagement Principles](#) and in each set of [market-specific voting guidelines](#). At a global level, we expect there to be a sufficient number of independent directors on the board to ensure the interests of all shareholders are protected. We ask boards to include a diverse array of individuals who bring their personal characteristics and professional experiences to bear in fostering constructive dialogue on boardroom matters. We also expect directors to limit the number of boards on which they serve to ensure that they have the capacity to fulfill their responsibilities on each board, in times of stress as well as in good times.

When a board does not act in the interests of long-term shareholders, we will vote against the re-election of certain directors to hold them accountable.


This year, we voted against or withheld votes from proposals to elect a director, or slate of directors, 5,130 times at 2,809 companies globally\*\* as a result of concerns about the company's corporate governance. We have voted against more directors this year than ever before. Director accountability to shareholders is a core feature of sound governance practice and we advocate strongly for annual election of directors.

### **Holding directors accountable**

The performance of the board is critical to the success of the company and to the protection of shareholders' interests. For these reasons, BIS focuses on directors in many of our engagements and sees the election of directors as one of our most important responsibilities in the proxy voting context.

**32%**

percent increase in the proportion of directors we voted against from 2018-2020



\*FCLTGlobal. (2019). Data Shows That Diverse Boards Create More Value. Available at: <https://www.fcltglobal.org/resource/data-shows-that-diverse-boards-create-more-value/#0>.

\*\*"Votes against directors or withheld votes" include votes where we abstained.

## The top three board quality issues were lack of director independence, insufficient board diversity, and director overcommitment.

As shown in the table below, these issues manifest differently across regions. Our regional teams apply our global and market-specific policies on these issues taking the local context into consideration. In markets like the U.S. and UK where director independence has been a focus for investors for many years, most boards have a sufficient balance of independence. In Asia, where ownership structures often result in controlling shareholders appointing most of the directors, we are more likely to vote against directors over independence concerns as many directors may meet the letter but not the spirit of our independence criteria.

In the U.S., insufficient progress on board diversity is the predominant reason for our votes against directors. In EMEA, market level initiatives and policies in many countries\* have achieved significant progress on board gender diversity and thus it is less of a voting issue. In most countries in APAC, board diversity is a relatively recent governance issue that we are engaging on and we have yet to prioritize it in our voting.

In Europe, director overcommitment is a key reason for our voting against directors. This is particularly the case in those European markets without specified limits on the number of boards on which a director may serve.

### Top three board quality concerns resulting in votes against directors in 2019-20

Category	Total	Americas	APAC	EMEA
Director independence	1,762	246	1,058	458
Insufficient progress on board diversity	1,569	1,367	24	178
Overcommitted directors (non-CEOs and CEO-directors)	728	202	93	433

\*The Hampton-Alexander Review announced that by February 2020, the FTSE 100 met the target of 33% women on boards. To learn more, access the Hampton-Alexander 2020 Review available at <https://ftsewomenleaders.com/wp-content/uploads/2020/02/HA-Review-PN-Final-1.pdf>

# Board independence

A core component of our evaluation of a company's board quality is the proportion of board members who are independent of the company or any significant shareholders. We expect there to be a sufficient number of independent directors on the board to ensure the protection of the interests of all shareholders.

We expect independent directors to be free from conflicts of interest that could impair their ability to act in the interests of the company and its shareholders. Our [voting guidelines](#) include specific criteria that we use as a benchmark in each key market to assess the likelihood that a director is independent. These reflect local norms and standards so differ slightly across regions. For instance, the U.S. does not have market level restrictions on how long a director can serve on a board and still be considered independent. BIS' guidelines for the U.S. currently reflect an expectation that new directors are regularly brought on board but do not specify term limits in determining independence.

An appropriate level of board independence can also be an important factor in establishing meaningful engagement between companies and their investors. We find that shareholder dialogue with independent board members can be effective in encouraging the adoption of corporate governance best practices. Therefore, we expect at least one independent non-executive director to be accessible to shareholders. Where appropriate, we will hold the most senior non-executive director (e.g., chairman and independent director), accountable for ensuring such a role is identified.

Many publicly traded companies in Asia have a controlling shareholder or block of shareholders who act together. Control is often effective at a declared shareholding of 30% or more of issued share capital, as the largest shareholder will often have aligned but undeclared shareholders that can be counted on to support their interests. Unless required by listing rules or regulation, controlled companies rarely have truly independent directors, and the approach to independence is compliance driven. Given ownership structures, independent directors tend to be more aligned with the controlling shareholders than with the wider shareholder base. As a result, we often have concerns with the balance of independence on boards.

As BlackRock is a minority shareholder in companies on behalf of our clients, BIS is concerned when a board may not be focused on serving the interests of all shareholders. We engage with controlled companies to provide our feedback and to encourage governance mechanisms that afford additional protections for minority shareholders in certain circumstances, such as related party transactions and director elections. We also engage with policy makers and industry associations at the market level to advocate for enhanced governance standards that protect minority shareholders.

**We expect there to be a sufficient number of independent directors on the board to ensure the protection of the interests of all shareholders.**

# Case studies

## **Engagement is a marathon, not a sprint in Asia**

The need for independent expertise and perspective on the board was apparent when we engaged with a controlled manufacturing company. The company was facing scrutiny for an investment in an overseas research and development (R&D) center. We wanted to understand how the investment in the center and the project to develop it aligned with the company's long-term strategy, and whether it was in the best interest of shareholders.

The company's representatives repeatedly asserted that they were planning to move forward with the investment in the center project, regardless of shareholders' views and that they generally considered the governance topics we raised as low-priority issues. We explained our concerns about the poor execution of the project, inadequate strategic rationale, and ineffective board oversight.

The company sold to its founder the questionable R&D center in 2020 at a gain on investment to the listed entity. While we supported the asset disposal, we considered it important to hold certain directors accountable for this strategic misstep. However, since the company's last board election in 2016, no directors have stood for election as the board extended the directors' terms in 2019. We plan to monitor this company closely considering their track record and intend to hold directors accountable in the future.

## **Voting to promote independence at a UK hotel and pub company**

Consistent with the recommendations of the corporate governance code for companies listed on the main market in the UK, we consider directors to no longer be independent once they have served for nine years. We voted against the members of the board's nomination committee at a UK hotel and pub company as the continued presence of two non-executive directors — who had each served on the board for more than nine years — was impairing board independence. Only one of seven directors could be viewed as independent at the time of the company's annual general meeting. We engaged with the company to understand its position but came away unsatisfied with its response. The company said it would appoint new independent directors but would not be majority independent until November 2022. That lack of urgency in addressing a core governance concern indicated a lack of responsiveness to shareholder feedback.

# Board diversity

As explained in our [engagement commentary](#) on board diversity, directors who bring a range of different perspectives and experiences to the board's work contribute to better decision-making and outcomes.\*

We recognize that diversity has multiple dimensions\*\* and that diversity considerations are different around the world. We look to boards to explain their approach to ensure they have sufficient diversity amongst their directors. We will vote against the re-election of members of the committee responsible for nominating directors when a board lacks diversity and credible diversity policies.

This year, we voted against 1,569 directors globally on diversity-related concerns. To date, our focus in our voting has been on gender diversity as this is widely disclosed by companies. However, in our engagement for the past several years we have been advocating for diversity in its fuller definition and encouraged companies to voluntarily disclose more information about the diversity characteristics represented amongst board members and how the board's composition contributes to its effectiveness. We are increasingly looking to companies to consider the ethnic diversity of their boards as we are convinced tone from the top matters as companies seek to become more diverse and inclusive.



\*Russell Reynolds Associates. [Different Is Better: Why Diversity Matters in the Boardroom](#). \*\*Directors' industry experience, areas of specialist expertise, and market knowledge, as well as personal characteristics such as gender, race, ethnicity, and age, contribute to their ability to make a distinctive contribution to board discussions and decision-making.

# Case studies

## In North America and Europe, focus shifts to smaller companies

Following several years of engagement on board diversity in the U.S. and Canada, we have seen gradual improvement at larger companies. A 2019 study on U.S. board diversity trends revealed that more than 90% of S&P 500 boards now have two or more women directors, up from 86% in the previous year and 53% a decade ago.\* But progress outside that segment of the market is still insufficient.

We specified in our voting guidelines in 2018 that we expect at least two women directors on a board, in addition to directors with other diversity characteristics, such as race or ethnicity. Given this expectation, and our engagement to ensure companies were aware of it, we are increasingly inclined to vote against directors where diversity is lacking on a board. As we have seen at larger companies, we expect board diversity and disclosure at smaller companies to improve over the next few years as a result of engagement and votes against directors.

We voted against directors on diversity-related concerns less frequently in Europe, reflecting improved board diversity at larger companies. Government mandated diversity targets and quotas across several European countries have started to drive an improvement in the number of women serving on boards in the region. A 2020 study of STOXX 600 enterprises, which includes leading companies from 17 European countries, revealed that the number of women on boards has increased from an average of 13.9% to 25% over a five-year period.\*\*

Similar to North America, our experience in Europe suggests that board diversity is still a low priority for smaller companies and companies without dispersed ownership. The latter are either controlled by majority shareholders or there is significant voting power in the hands of non-institutional investors (such as families, foundations or strategic individuals). As we noted in our *ViewPoint on Europe's listed companies*, these structures can have profound implications for minority shareholders, such as BlackRock, since companies with controlling shareholders may have reduced incentives to engage with those with a smaller share of votes, and as a result may be less responsive to calls for greater diversity on their boards.

<b>Americas region</b>	2018-19	2019-20
# of votes against on diversity	<b>1,157</b>	<b>1,367</b>
# of companies	<b>634</b>	<b>749</b>
<b>EMEA region</b>		
# of votes against on diversity	<b>196</b>	<b>178</b>
# of companies	<b>97</b>	<b>88</b>

\*Spencer Stuart. 2019. U.S. Spencer Stuart Board Index. Available at: [https://www.spencerstuart.com/-/media/2019/ssbi-2019/us\\_board\\_index\\_2019.pdf](https://www.spencerstuart.com/-/media/2019/ssbi-2019/us_board_index_2019.pdf)

\*\*CFA Institute. 2016. The Current Status of Women on Boards in 2016: A Global Roundup. Available at: <https://blogs.cfainstitute.org/marketintegrity/2016/10/07/the-current-status-of-women-on-boards-in-2016-a-global-roundup/>



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### **Uneven board diversity and composition across Asian markets**

In APAC, gender diversity on boards is an issue we raise mostly with companies in markets with more mature corporate governance practices such as Australia, Japan, Singapore, and Hong Kong. In other markets, we focus more on diversity and relevance of business experience and expertise. It is still predominantly an engagement, rather than voting, matter given the fact that diversity and board composition are relatively recent governance issues in most markets in the region.

In other APAC countries, we are often seeking greater diversity of professional experience on boards. For example, we engaged with two Taiwanese companies – a semiconductor manufacturer and a steel producer – to encourage them to appoint directors with business-relevant expertise as the incumbent independent directors on both boards were academics. Recruiting academics as independent directors is common in Taiwan and APAC in general, because professors are widely respected. While we welcome the perspective they bring, in our view, business professionals have practical experience and knowledge that can contribute to more effective board advice and oversight of management. Both companies were open to our feedback and said they would consider changing their independent director hiring and search practices in the future. We will follow up with both companies by the end of 2020 to assess their progress.



# Overcommitment

The time directors have to commit to their board duties is a major component of our engagements on board effectiveness. Expectations of directors continue to increase. A director needs to have sufficient capacity to dedicate the necessary time and effort to meet their responsibilities to each board on which they serve. This has proven particularly important in times of crisis, such as the COVID-19 pandemic, where company directors are frequently pulled into extraordinary meetings to address existential issues.

Our votes against directors for being overcommitted have increased to 728 this year, up from 430 two years ago. Our proxy voting guidelines provide market-specific limits to the number of boards on which non-CEO directors (who do not hold any chair positions) should serve. We expect sitting CEOs to serve on no more than two boards in total – one board in addition to that of the company they lead.

Our engagements with board directors – and particularly those with whom we have discussed the important role the board plays in supporting a company’s response to the COVID-19 pandemic – suggest that directors are becoming more cognizant of the significant time commitment they need to make to each board on which they serve. Many are reducing the number of boards on which they serve to a level which meets our expectations.

This is particularly true for directors who are also CEOs. In 2017 we put directors, who were also sitting CEOs, on notice,

and encouraged them to reduce their commitments if they served on more than two boards. If they did not, we explained that we would vote against their re-election at the companies where they were not CEOs in subsequent years.

Reporting period	Total global votes against individual CEO-directors on the basis of overcommitment
2017-18	70
2018-19	148
2019-20	116*

We recognize that it may take time for companies and individual directors to make the necessary adjustments, so we will monitor their progress towards orderly transitions. Where this is the case, we would expect our votes against directors due to overcommitment to come down in the future.

\*These 116 votes against individual CEOs on the basis of overcommitment took place at 105 unique companies.

## Advancing governance practices in Latin America

Most companies in the Latin American (LATAM) market are still in the early stages of adopting best-in-class governance practices, as compared to their U.S. and Canadian peers. Therefore, engagement at the market and corporate level is key to raise awareness of investors’ expectations.

BIS engaged with 102 public companies across six LATAM markets this year. We also met with regulators from Brazil, Chile, and Colombia, a number of clients, and fellow investors in the market – including the four largest pension funds in Chile and Colombia, two of the largest pension funds in Mexico, and the largest pension fund in Brazil – to discuss areas where governance practices could be strengthened.

Most of our LATAM engagements focus on board quality, and we are seeing progress in company disclosures and efforts to move towards best-in-class governance practices. A number of companies with which we have engaged made improvements to their board oversight mechanisms, executive compensation disclosures, and sustainability reporting this year.

# Annual election of directors ensures accountability to shareholders

Directors on staggered or classified boards stand for re-election on a rotating basis, with each class of usually three to five directors standing for re-election every three years, on average. This undermines investors' ability to hold boards accountable by voting against the relevant directors when policies or outcomes do not align with the investor's expectations. BIS believes that directors should be re-elected annually on an individual basis so that shareholders can confirm their support for each director's continued service on the board.

In the U.S., many small capitalization companies have staggered boards. This can be problematic because U.S. small capitalization companies often have less robust governance practices than their larger peers. In these cases, we may vote against those directors who happen to stand for re-election in a given year, rather than those who should ideally be held accountable.

Staggered director elections are also a feature in some European and nearly all APAC markets. This can make it difficult to take the most appropriate voting action when we believe certain directors should be held accountable for a board's poor governance practices.

Faced with a situation where the most relevant directors are not standing for re-election means we often signal our concern with a vote against one or more other directors on the basis that the board is jointly responsible for key decisions and outcomes. There are a few markets in which shareholders may vote on the discharge of the board (see sidebar). This provides an alternative way for us to express our concerns when the most relevant directors are not standing for election.

For example, this year, we voted against the discharge of the supervisory board at [Lufthansa](#) that had a staggered board. The company's environmental disclosures were inadequate given the material business risk. We intended to not support the re-election of the most senior supervisory board member as the director most accountable for the issues. However, that board member was not standing for re-election because of the staggered board structure. Our only option to hold the company to account was to vote against the discharge of the entire supervisory board.

## Board discharge in EMEA

The vote to discharge the board is a unique governance feature in some European markets, most notably Denmark, Germany, the Netherlands, Sweden, and Switzerland. Depending on each market's legal framework, the discharge can either be a vote to release the directors from liability to the company, or a vote of confidence on the management and/or the board's actions over the fiscal year. This year we voted against the discharge of 49 directors at 28 companies in EMEA where we deemed that management had not addressed issues that were likely to impair the company's ability to deliver long-term sustainable financial returns.



Engagements and voting outcomes

# Environmental risks and opportunities

- Board quality
- **Environmental risks and opportunities**
- Corporate strategy and capital allocation
- Human capital management
- Compensation that promotes long-termism
- 2020 annual engagement and voting statistics



**Management of environment-related risks and opportunities is increasingly a defining factor in many companies' ability to generate sustainable value. For this reason, we ask companies to disclose how environmental risks are assessed and mitigated, and opportunities realized.**

We advocate for reporting aligned with the Task Force on Climate-related Financial Disclosures (TCFD) framework and the Sustainability Accounting Standards Board (SASB) standards to help us make more informed engagement and voting decisions in support of companies delivering sustainable long-term shareholder value.

As explained in [Our approach to sustainability](#), the environmental risks and opportunities companies face, particularly those associated with climate change, remain a key focus for BlackRock Investment Stewardship (BIS). We believe that sound practices in relation to the material environmental factors inherent to a company's business model can be a signal of operational excellence and

management quality. Where companies have failed to consider and manage material environmental risks, they also have failed to recognize other key business risks. Moreover, companies that do not adequately manage these risks may impair their social license to operate, undermining their ability to generate superior risk-adjusted returns for shareholders over the long-term.

In 2020, [we identified](#) 244 companies that were making insufficient progress integrating climate risk into their business models or disclosures. Of these companies, we took voting action against 53, or 22%. We have put the remaining 191 companies "on watch." Those that do not make significant progress risk voting action against management in 2021.

This year, we had more than 1,200 engagements with companies on environmental topics (including climate risk), nearly four times the number in the prior year. These engagements spanned topics including board oversight of climate risk management, adaptation strategies for the transition to a low-carbon economy, climate-related disclosure frameworks, environmental impact management, and operational sustainability (e.g., waste, water, energy use and efficiency, packaging, product life-cycle management, supply chain-related environmental impacts, and deforestation risks).

## **Climate risks and opportunities**

A key component of our focus on environmental risks and opportunities is the impact of climate change on companies' business models and strategies over time. As discussed in a [letter to clients](#) in January, BlackRock believes that climate risk is an investment risk.

[Our approach on climate](#) is to focus our efforts on sectors and companies where climate change poses the greatest material risk to our clients' investments. Climate risk may include a company's ability to compete in a world that has transitioned to a low-carbon economy (transition risk), for example, or the way climate change could impact its physical assets or the areas where it operates (physical climate risk).

Increasing evidence shows that climate change is a material risk for most economic sectors, impacting all companies to some degree.\* These risks are creating challenges that can fundamentally shape the outlook of companies, their operations, and the potential for long-term, sustainable value creation. As we detail in our commentary, [Emissions, Engagement, and Transition to a Low-Carbon Economy](#), companies that are not measuring, managing, and considering necessary investment to reduce their greenhouse gas (GHG) emissions and environmental footprint are not, in our view, critically evaluating their long-term business risks and opportunities.

**BlackRock believes that climate risk is an investment risk.**

\*McKinsey and Company. Climate risk and response: Physical hazards and socioeconomic impacts. Available at: <https://www.mckinsey.com/business-functions/sustainability/our-insights/climate-risk-and-response-physical-hazards-and-socioeconomic-impacts> and The United Nations Intergovernmental Panel on Climate Change Global Warming of 1.5 degrees C. Available at: <https://www.ipcc.ch/sr15/>.

# Climate disclosures aligned with globally recognized frameworks and standards

BIS believes that companies must demonstrate in their reporting that they have assessed how climate change may impact operations over time and have an appropriate business strategy in light of that assessment.\* As we describe in our commentary on our [approach to engagement on climate risk](#), we expect robust disclosures of climate-related risks and opportunities, so investors can assess how well positioned companies are to manage those risks and transition to a low-carbon economy. Robust disclosures include a clear narrative about a company's approach to risk assessment and mitigation, supported by data and financially material and business-relevant metrics. In the absence of robust disclosures, investors are likely to conclude that companies are not adequately managing risk nor planning for possible future scenarios in line with a global transition to a low-carbon economy.

For the past few years, we have focused on engaging with companies, particularly those in carbon intensive industries, regarding the need to enhance disclosures on climate risk and the business practices underlying them. In January, we publicly requested that companies report in line with the recommendations of the TCFD and SASB.

Our expectations are explained in detail in our commentary, [BlackRock Investment Stewardship's approach to engagement on the TCFD and the SASB aligned reporting](#). Both TCFD and SASB consider the physical, liability, and transition risks associated with climate change and provide guidance to companies for disclosing material, decision-useful information that is comparable within each industry. We note increased attention from policy makers in many markets and growing support for sustainability reporting aligned with a globally recognized framework and set of standards.

**The increase in SASB-aligned reporting is a positive indication that companies are seeking to effectively communicate material sustainability performance to investors. Notably, there has been a nearly 140% increase in companies publishing SASB-aligned reports so far in 2020 over calendar year 2019, of which 40% are based outside the U.S.\*\* Major investors are also incorporating the SASB standards in their engagement activity and investment decisions. SASB reported that 150 investors are using its metrics globally.\*\* Moreover, over 1,000 global organizations have declared support for the TCFD, including private sector organizations with a combined market capitalization of nearly \$12 trillion.‡**

\*SASB. Climate Risk-Technical Bulletin. Available at: <https://www.sasb.org/knowledge-hub/climate-risk-technical-bulletin/>.

\*\*Chasan, E. 2020. Bloomberg. Corporate Sustainability Reporting is Growing Up. Available at: <https://www.bloomberg.com/news/articles/2020-08-19/corporate-sustainability-reporting-is-growing-up-green-insight>.

‡ See TCFD press release from February 12, 2020. Available at: [https://www.fsb-tcfid.org/wp-content/uploads/2020/02/PR-TCFD-1000-Supporters\\_FINAL.pdf](https://www.fsb-tcfid.org/wp-content/uploads/2020/02/PR-TCFD-1000-Supporters_FINAL.pdf).

## Climate Action 100+

This past January, BlackRock joined Climate Action 100+ (CA 100+), a natural progression in our work to advance sustainable business practices aligned with TCFD. CA 100+ is a group of investors that engages with companies to improve climate disclosure and align business strategy with the goals of the Paris Agreement.



# TCFD disclosure recommendations

The TCFD provides an overarching four-part framework applicable regardless of sector, to help investors understand a firm’s governance and business practices related to the specific topic of climate risk.

<b>Governance</b> Disclose the organization’s governance around climate-related risks and opportunities.	<b>Strategy</b> Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material.	<b>Risk management</b> Disclose how the organization identifies, assesses, and manages climate-related risks.	<b>Metrics and targets</b> Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
Describe the board’s oversight of climate-related risks and opportunities.  Describe management’s role in assessing and managing climate-related risks and opportunities.	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long-term.  Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.  Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Describe the organization’s processes for identifying and assessing climate-related risks.  Describe the organization’s process for managing climate-related risks.  Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.  Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.  Describe the targets used by the organization to manage climate-related risks and opportunities to perform against targets.

## We engaged with 600 companies on TCFD and more than 540 on SASB

BIS engaged with hundreds of companies this year on how to enhance their existing climate disclosures. Following our engagements, a number of companies informed us that they had conducted materiality assessments and decided to provide more information on their sustainability efforts, the governance associated with these efforts, and their impact on society.

# Case study

## Engagement results in enhanced disclosure

BIS engaged several times this year with Verizon Wireless, a major U.S. telecommunications company, where we discussed key governance and sustainability issues for the company, including energy management and product end-of-life management. The company has pledged to reduce its carbon intensity by 50% by 2025 from 2016 levels and has committed to carbon neutrality by 2035. We generally regard the company as a governance leader in the telecommunications sector with strong disclosures and a high level of responsiveness to shareholder feedback. To further improve its disclosures, we encouraged the company to align its reporting with the recommendations of the TCFD and SASB. In April 2020, the company published its first TCFD report which demonstrates a best-in-class integrated approach across strategy and risk management with board oversight, a third-party assured scenario analysis, as well as metrics and targets. In May 2020, the company published its first index to SASB in its 2019 ESG report, providing investors with greater transparency into their performance against material sustainability risks to their business model.

In advance of this year's annual meeting at Sanderson Farms, the third largest poultry producer in the U.S. we engaged twice with members of the company's board and management to discuss a range of material issues driving long-term shareholder value, including sustainability topics such as energy conservation efforts, waste management, GHG emissions, water stewardship, and human rights. Based on our analysis and engagement with the company, we voted against two sustainability-related shareholder proposals given the company's current level of sustainability disclosures and its willingness to improve its reporting by aligning it with the SASB framework. We discussed our rationale in a vote bulletin. Following its annual meeting, the company issued a press release detailing its commitment to integrate SASB reporting standards into its ESG disclosures by the end of fiscal 2020. The company noted that the decision was made following engagements with its largest shareholders, which includes BlackRock.

BIS engaged with U.S. mining company, Newmont Corporation, as part of a materiality assessment conducted by the company to help inform its approach to its annual sustainability report. The company was very receptive to our feedback and insights regarding disclosure, and ultimately incorporated it into their 2019 report, published in June. Along with downloadable ESG data tables, the report is aligned with the SASB Mining & Metals sector standards while also incorporating SASB mapping. The company has also committed to publishing a detailed TCFD-aligned report in 2021 on its 2020 activities. We view this as a best-in-class example for a U.S. mining company.

**For more on our climate-related efforts, please see our 2020 report "Our approach to sustainability"**

**SUSTAINABILITY REPORT** →



# Climate risk and the 2020 proxy season

We took voting action against [53 companies](#) for their failure to make sufficient progress regarding climate risk disclosure or management.\*

## Holding directors accountable on climate

We voted against director-related items **55 times at 49 companies** for insufficient progress on climate disclosures.\*\*

\*Voting action includes votes against director-related items (such as director elections and board discharge proposals) as well as supporting certain climate-related shareholder proposals. \*\*Director-related items includes management proposals to elect directors or supervisors, as well as discharge and election of board chairman proposals.

## Climate shareholder proposals

We voted against management on six non-binding climate-related shareholder proposals globally out of a total of 56.‡

Company	Shareholder proposal	BIS vote rationale	
Chevron Corporation	Report on Climate Lobbying Aligned with Paris Agreement Goals	We voted FOR the proposal as enhanced disclosure will help investors better understand the company's political activities in the context of policy that supports the transition to a lower carbon economy.	<a href="#">Voting Bulletin</a> →
ExxonMobil Corporation	Require Independent Board Chair	Since there was not a relevant shareholder proposal on climate risk disclosure, the best path to express our disapproval was voting action against directors and vote FOR the Independent Chair proposal. We believe that the board would benefit from a more robust independent leadership structure.	<a href="#">Voting Bulletin</a> →
iA Financial Corporation Inc.	Analyze Climate Risk and Report the Results of its Analysis	We voted FOR this proposal to signal our view that additional disclosure is needed.	
Ovintiv, Inc.	Report on Climate Change	We voted FOR this proposal given the materiality of climate risk to the company's business model and uncertainty regarding the company's near-term timeframe for setting GHG emissions reduction targets.	<a href="#">Voting Bulletin</a> →
TransDigm Group, Inc.	Adopt Quantitative Company-wide GHG Goals	We voted FOR this proposal as we believe it is in the best interests of shareholders to have access to greater disclosure on this issue.	<a href="#">Voting Bulletin</a> →
Fortum Oyj	Include Paris Agreement 1.5-degree Celsius Target in Articles of Association	We ABSTAINED as while we agreed with the proposal on substance, it was too prescriptive and not the most suitable tool to address climate related matters.	<a href="#">Voting Bulletin</a> →

‡ Based on the ISS categorization which includes proposals that explicitly reference climate change, emissions, climate lobbying, stranded assets/extractive activities, and coal operations.

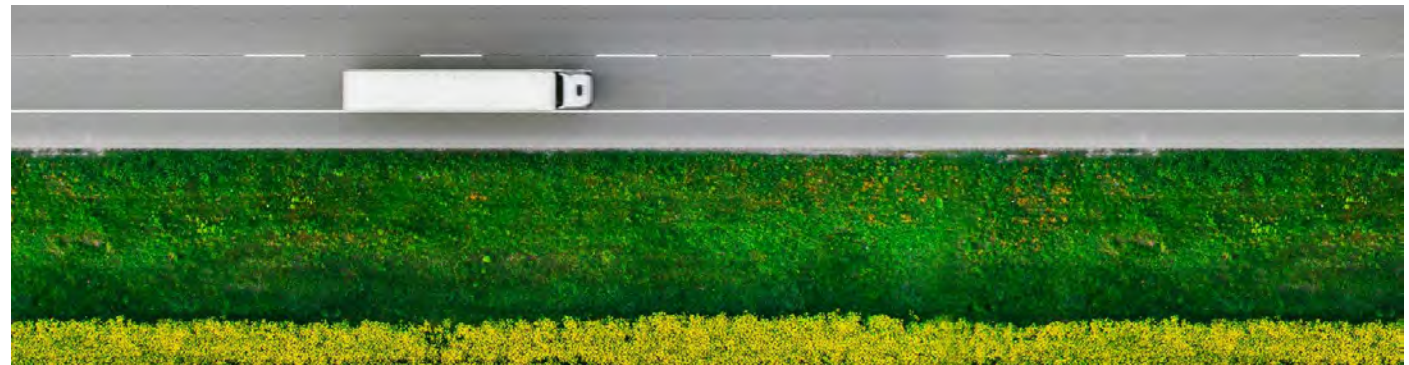
# Case study

## **BIS' differentiated approach to shareholder proposals with engagement**

BIS has had continuous engagement with J.B. Hunt (JBHT), a transportation and logistics company, to discuss the board and management team's oversight of risks related to climate change and political spending and to advocate for more robust reporting. As a logistics and transportation provider, the company faces heightened scrutiny and pressure to consider and disclose GHG emissions. While the company had historically lagged its peers with regard to climate risk reporting, over the past year the company has made significant progress advancing its sustainability initiatives and improving its public disclosures, including a more detailed articulation of management oversight, reporting frequency, and strategy integration. At this year's annual shareholder meeting, we did not support a shareholder proposal requesting disclosure of the company's climate change initiatives as we felt that

the evolution of JBHT's policies and practices, as well as its recent actions and commitment to provide investors with more robust reporting, represented significant year-over-year progress. This voting decision as well as additional analysis of our engagements with the company is discussed in detail in our [voting bulletin](#).

Earlier this year, the company committed to integrating SASB reporting standards and to improving its existing disclosures. Recently, the company delivered on that commitment and published [a report](#) disclosing key climate-risk related metrics aligned with the SASB framework. JBHT's receptivity to SASB's recommendations is a positive indication of the company's willingness to effectively communicate its material sustainability initiatives. We believe this outcome demonstrates the value of building long-term, constructive relationships through engagement. We will continue to work with management with the expectation that they will continue to enhance their reporting.



# Key themes in 2019-20

Environmental factors can vary across sectors and regions, though the risks for companies, including reputational, regulatory, and legal risks, are becoming increasingly universal. This is in large part due to the fast movement of information, higher awareness amongst consumers of the impact of companies' activities on the environment, and rising expectations that corporate leaders will minimize the negative impacts of their business operations, which all must be adequately managed in order to maintain the company's license to operate. The most common environmental factors that may be material to a company's operational resilience and long-term financial performance include natural resource access and management, energy use or production, supply-chain related environmental risks, water, and waste management.

## Theme 1

### **Sustainable agriculture and deforestation risks**

Several prominent themes related to environmental issues emerged in our engagement this year. One was sustainable agribusiness and the environmental, ecological, and social pressures stemming from the industrial agricultural system. In particular, poor practices in the agricultural sector can lead to environmental degradation from improper land use and management, including deforestation, climate risks, water stress, and negative biodiversity impacts. As discussed in our commentary, BIS' [approach to engagement with agribusiness companies on sustainable business practices](#), companies with agribusiness interests – either through direct operations or significant supply chain connectivity – are increasingly scrutinized for their practices as they relate to land management, biodiversity and human rights, among others. Shifts in consumer demand also factor into the long-term sustainability of these companies and the returns that they provide to their shareholders. Expectations for the sector are likely to increase as more, and more efficient, agricultural production and land and water use is needed to provide for a growing global population and improving standards of living.



BIS' assessment of companies and sustainable agricultural business practices begins with board oversight of management policies and practices, operational resilience, and disclosures that help investors understand the risks and opportunities for the business that impact long-term sustainable performance.

Agribusiness companies with a footprint in the Amazon Basin have been under intensifying scrutiny in recent years. Global focus on the Amazon has been increasing in the wake of historic deforestation-driven fires, particularly in Brazil. Attention more recently has grown given investor pressure on the Brazilian government to take specific measures to address deforestation in the Amazon. We believe companies with business interests in the region – either through direct operations or significant supply chain connectivity – could face increased regulatory, operational or reputational risk unless they can demonstrate the highest standards of operating practices and risk management.

We engaged with five Brazil-based agribusiness companies to discuss their policies and practices on issues specific to operating in the Amazon Basin, such as land use and supply chain management, and to hear their views on the long-term climate-related risks for the agricultural industry associated with accelerated deforestation. The companies affirmed that their business operations were not the cause of, or directly impacted by, the recent fires, and each noted their strict adherence to zero deforestation policies as well as their independently validated operating policies. This was cited as a requirement to supply products to certain markets, particularly in Europe.

Since those engagements in Q3 2019, we have continued to closely monitor these companies to assess their operational standards and progress, including the implementation of their sustainable land use policies. In subsequent engagements with two of the companies, we discussed each of their commitments to eliminate deforestation from their global supply chains. With one company we also discussed its ongoing efforts to eradicate deforestation throughout its supply chain after the company provided an update on these efforts and progress of its advanced monitoring capabilities of supplier farms in the Amazon. While encouraged by those improvements, we are closely monitoring progress and disclosures, particularly as the company faces public scrutiny regarding operations tied to deforestation in Brazil. The second company published a deforestation progress report in the second quarter. The report provides an update on issues such as the number of farms monitored and the company's traceability efforts for both direct and indirect sources of supply in their supply chains. The report reaffirms the company's stated commitment to deforestation-free supply chains globally, as well as its concern about the forest fires in the Amazon Basin. In response, the company has blocked over 400 farms related to illegal deforestation in Brazil.

## Theme 2

### Natural resources, water, and waste management

The sustainable use of natural resources and management of waste by companies signals both effective management of a systemic business risk and operational excellence. There is growing consensus that higher waste efficiency and recycling rates can mitigate risks and lead to cost savings through operational gains and reduced disposal fees, among other savings. In addition, when companies improve the efficiency of existing operations through water use, or waste output, invest in new technologies, or signal management's willingness to commit to low-carbon pathways, investors gain confidence in their ability to mitigate risk in certain transition scenarios. As such, another prominent environmental theme this year during our engagements was the management of natural resources, water, and waste.

In 2020, BIS engaged with an Asia-based mining company to discuss the company's progress on managing the environmental impacts of its operations. The company had previously been criticized by some NGOs and media reports for past practices in which it harmed local communities by discharging contaminated wastewater containing heavy metals from copper mines. In recent years, the company made significant changes to its practices to minimize the environmental impacts of its operations, including the installation of wastewater treatment equipment and ecological restoration of affected mining areas. In addition to these operational improvements, the company strengthened direct oversight from the executive chairman and CEO.



While there have been incremental improvements in disclosure in the past three years, we remain concerned about the significant gaps in the company's sustainability reporting and question whether the situation with affected local communities has been resolved. The company was responsive to our feedback to improve its reporting and hired an international external consultant to assist in preparing a 2019 sustainability report. It confirmed that the sustainability report will be reviewed by the board, in line with the new ESG guidelines which make sustainability disclosures a board-level responsibility. As a result, we believe the company is moving in the right direction. We believe an enhanced strategy, a standardized disclosure framework, and continued engagement with stakeholders will allow management to enhance their business practices and support better financial performance.

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### **Our engagement and the UN Sustainable Development Goals (SDGs)**

We believe there is strong alignment between many of the topics we discuss with companies and aspects of those SDGs in which the private sector has a role to play. We mapped our engagement priorities to the SDGs where relevant to a company's governance and business practices.

## **Theme 3**

### **Sustainability and elements of circularity in business models**

Some companies have begun to address the impact of their operations on the environment and society by integrating circularity into their business models, largely through enhanced product design and processing to reduce waste, byproducts, or to repurpose a product at the end of its useful life via recycling.\* In doing so, companies can potentially improve operational efficiencies, reduce costs, better manage environmental risk and opportunities, and enhance their long-term sustainability.

BIS has had a multi-year engagements with Ball Corporation, a major aluminum beverage cans producer, best known for its historic production of glass jars, lids, and related products for home canning. The company transitioned its business away from glass and plastics to focus solely on aluminum cans — a product that is “infinitely recyclable.”\*\* In 2019, it created the first ever widely distributed aluminum cup as a replacement to the traditional, plastic disposable cup. The company expects increased near term demand given the heightened focus on waste accumulated by the proliferation of single-use plastic in the beverage industry.\*\* The company is also a leader among its peers in sustainability reporting, disclosing material business risks and opportunities, with accompanying goals and key performance indicators to measure progress.



After sharing our positive view of the company's leading corporate governance practices and sustainable business model with BlackRock's Fundamental Active Equity (FAE) team, we held a series of joint engagements with members of the company's board and management team. The company continued to demonstrate value add from an ESG and long-term value potential. As a result, the FAE team invested in the company given their assessment of the potential for future growth.

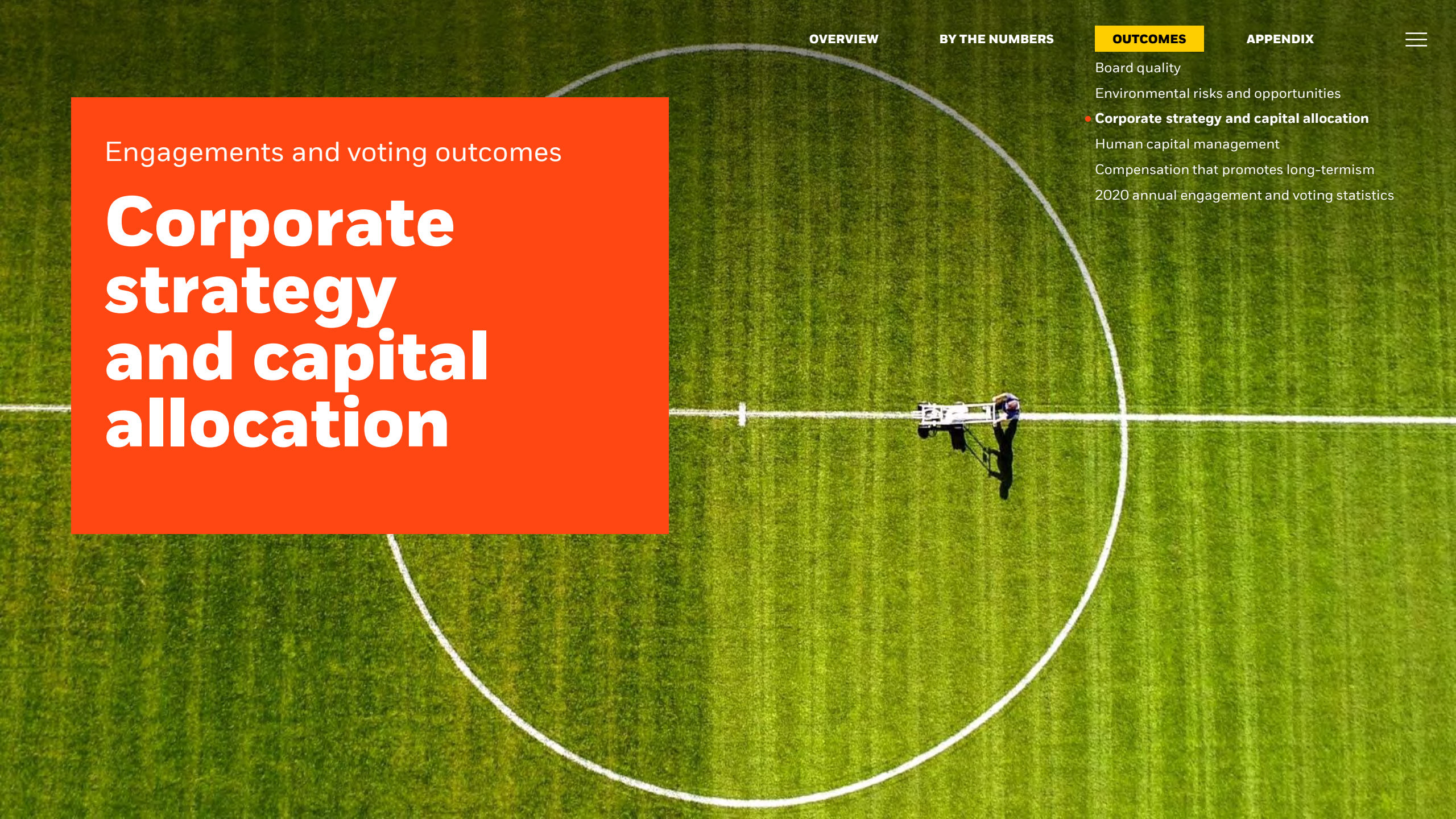
\*For more information about the circular economy concept, please see: [https://www.ellenmacarthurfoundation.org/circular-economy/what-is-the-circular-economy?gclid=EAlaQobChMIpp\\_Y2bDP6glVGed3ChONwQQIEAAYAiAAEgLjRPD\\_BwE](https://www.ellenmacarthurfoundation.org/circular-economy/what-is-the-circular-economy?gclid=EAlaQobChMIpp_Y2bDP6glVGed3ChONwQQIEAAYAiAAEgLjRPD_BwE). \*\*See Ball Corporation's 2020 Sustainability Report, available at: [https://www.ball.com/Ball/media/Ball/Global/Infographics/Ball-SR20-Web\\_FINAL.pdf](https://www.ball.com/Ball/media/Ball/Global/Infographics/Ball-SR20-Web_FINAL.pdf).



Engagements and voting outcomes

# Corporate strategy and capital allocation

- Board quality
- Environmental risks and opportunities
- **Corporate strategy and capital allocation**
- Human capital management
- Compensation that promotes long-termism
- 2020 annual engagement and voting statistics



**A clear articulation of corporate strategy – founded on purpose – helps investors assess a company’s long-term strategic goals, the milestones that demonstrate progress, and steps taken in response to challenges. Companies should also demonstrate that capital allocation decisions support the delivery of the long-term strategy. In light of evolving circumstances, having a clear sense of the direction a company is taking informs investors about potential long-term value creation.**

BlackRock Investment Stewardship (BIS) believes that aligning purpose, strategy, and culture is key to a company’s ability to create value for all its stakeholders. A strong sense of purpose builds business confidence, aligns employees with management’s strategy, creates loyal customers,\* and informs other stakeholders. Culture is also critical, because how a company operates clearly has a strong influence on what it achieves. Indeed, the COVID-19 pandemic has amplified the importance of these three factors – purpose, strategy, and culture – to a company’s long-term success.

Even before the pandemic, we observed an evolution from traditional practices that relied substantially – if not entirely – on conventional financial metrics to a purpose-driven approach to corporate strategy. Notable examples of this shift include the Business Roundtable’s Statement on the Purpose of a Corporation\*\* and studies that report the rising importance of companies’ participation in finding solutions to issues such as training for the jobs of the future, automation, income inequality, diversity, and climate change, among others.<sup>5</sup>

**1,427** engagements

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with companies on topics related to corporate strategy, purpose, and culture held this year

**▲ 52%** increase

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of engagements on topics related to corporate strategy, purpose, or culture from 2018-19

\*According to McKinsey and Company, purpose can generate topline growth (or serve as an insurance policy against revenue slippage) by creating more loyal customers, fostering trust, and preserving a company’s customer base at a time when 47 percent of consumers disappointed with a brand’s stance on a social issue stop buying its products – and 17 percent will never return. See Purpose: Shifting from Why to How to learn more. Available at: <https://www.mckinsey.com/business-functions/organization/our-insights/purpose-shifting-from-why-to-how>.

\*\*In August 2019, the Business Roundtable (BRT) published an updated Statement on the Purpose of a Corporation. 181 CEOs signed the Statement and committed to leading their companies for the benefit of all stakeholders – customers, employees, suppliers, communities and shareholders. The full statement is available at <https://opportunity.businessroundtable.org/wp-content/uploads/2019/08/BRT-Statement-on-the-Purpose-of-a-Corporation-with-Signatures.pdf>. 592% of respondents to the Edelman Trust Barometer 2020 Global Report said that it is important that their employer’s CEO speak out on one or more of these issues. 74% said that CEOs should take the lead on change rather than waiting for government to impose it.



Our engagements confirm this transition, as more and more companies have conveyed they see themselves playing a role in solving these issues and have accelerated their efforts as a result. Nonetheless, there are commentators who question the legitimacy of the private sector addressing issues traditionally the responsibility of government, and others who doubt corporate leaders' conviction to balance the interests of their stakeholders. That is why we believe the onus is on companies to report on how they are adapting in response to changing economic, regulatory, and societal conditions, and how the decisions they take as they adapt align to the company's purpose and strategic framework to serve their stakeholders and deliver long-term value creation.

To that end, in our engagements, we encourage companies to report publicly how material risks and opportunities are integrated into their long-term business strategy. Enhanced reporting should provide investors with a good understanding of the direction in which management intends to take the company and the milestones against which performance can be assessed. This, in turn, can provide investors a foundation to potentially support management even when events, such as the COVID-19 pandemic and evolving megatrends,\* result in a company missing projected targets and having to deviate or modify implementation plans. Additionally, because boards have a critical role in strategic planning, we expect them to be fully engaged with and to assess how effective management is at aligning purpose, strategy, and culture in practice. Investors rely on boards to ensure that reporting reflects reality.

We also ask companies to explain how capital allocation decisions align with their long-term strategy. Given the current environment, we recognize that companies must face tough choices in order to balance shareholder returns with business and human capital investments. Looking ahead, these actions will likely be scrutinized intensely. That is why we intend to assess companies in the context of other decisions management teams have made around how they treat their employees, suppliers, customers, and communities, and continue to advocate for sustainable business practices that foster operational resilience.



\*Megatrends are powerful, transformative forces that can change the trajectory of the global economy by shifting the priorities of societies, driving innovation and redefining business models. To learn more, consult BlackRock's report *Megatrends: The forces shaping our future*. Available at: <https://www.blackrock.com/sg/en/literature/whitepaper/megatrend-hk-sg-whitepaper.pdf>.

# Case studies

## **Italian bank launches new business plan emphasizing company purpose, culture, and values**

BIS engaged with the CEO of one of Italy's largest banks to understand his views on the culture and purpose of the bank, and how such vision filters through to strategy and cascades throughout the organization.

We learned that one of the CEO's priorities is to follow a "do the right thing" approach to generate sustainable long-term results. The CEO also shared the work the bank has been doing to review its culture and values, and the importance of instilling a "lead by example" mindset across the company, starting with senior management. We welcomed the emphasis on the company's purpose, culture, and values in its new business plan announced at the end of 2019.

BIS continued to engage with the bank to monitor its response to COVID-19, as the virus hit Italy particularly hard. The bank explained its decisive action of continuing to deliver efficient customer service while protecting the well-being of all stakeholders. In partnership with central banks, government, and regulators, the bank also supported clients and communities to implement

measures that included: early deployment of personal protective equipment (PPE), extension of group healthcare coverage to include COVID-19, provision of loans, and donations to numerous health-related and non-profit organizations. We were encouraged by this demonstrated commitment to holistic business leadership. We will continue to engage with management to monitor the evolution and implementation of the business plan as the company adapts to the new circumstances, while staying aligned with its "do the right thing" approach.

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## **Taiwanese cement company aligns long-term corporate strategy with ESG factors**

BIS engaged with a Taiwanese construction materials company to provide the feedback it sought on its disclosure of ESG-related risks and its corporate sustainability strategy. BIS asked how the company plans to manage business risks as the cement industry transitions to a low-carbon economy. We learned that management considers ESG performance as key to the corporate strategy, central to the company's valuation, and a long-term differentiator for the business. The CEO has shared his views with the

board that sustainability is core to the company's long-term performance. The company has made significant progress in disclosing ESG-related risks. In 2018, the company became the first among its peers to support the TCFD framework. In December 2019, the company committed to setting science-based emissions reduction targets in alignment with the Science Based Targets initiative (SBTi) and the Paris Agreement. These targets were submitted for approval by SBTi in April 2020.

The company also informed BIS that it has invested in upgrading its technology to decrease carbon emissions and enhance its risk-management systems, and how it plans to expand operations in targeted markets in EMEA to strengthen its product offerings and diversify its revenue stream beyond the Greater China region.

We welcome the company's efforts to communicate how sustainability risks and opportunities are integrated into its long-term business strategy to shareholders and other stakeholders. As a next step, we will seek to engage with members of the company's board of directors to understand how it is overseeing management's plan to transition to a low-carbon business model.

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## Capital allocation, activism, and shareholder rights plans in the context of COVID-19

In response to market volatility due to the COVID-19 pandemic, we observed an increase in the number of U.S. and Canadian companies that adopted shareholder rights plans (poison pills). Poison pills deter potential takeover bids or shareholder activism by allowing existing shareholders to purchase shares at a discount, substantially diluting any group that acquires ownership of a company without prior board approval. Between March and June 2020, more than 60 S&P 1500 companies adopted poison pills, compared to only 25 that had poison pills in place at the end of calendar year 2019.\*

We believe that companies forced into difficult choices need to make prudent, balanced capital allocation decisions. That is why we assess poison pills on a case-by-case basis, considering factors ranging from the company's rationale, the triggering threshold, and its duration.

\*BIS analysis, FactSet.

We expect companies to explain and justify why a poison pill was deployed and why doing so is in the economic interests of long-term shareholders.

Strategic opportunities for activist shareholders, industry consolidation, and portfolio re-alignment in the months ahead, are likely to emerge as the impacts of the market dislocation resulting from the COVID-19 crisis become apparent. Shareholder activism seemed relatively muted this year as it was more difficult for activists to make a case for strategic reviews in a time of significant uncertainty. We supported directors nominated by activist shareholders 33% of the time in the 15 campaigns, primarily in the U.S., that went to a vote. This is in line with our past voting in activist situations. As a long-term shareholder, we evaluate each situation on a case-by-case basis to make informed voting decisions that are aligned with the economic interests of our clients.





Engagements and voting outcomes

# Human capital management

- Board quality
- Environmental risks and opportunities
- Corporate strategy and capital allocation
- **Human capital management**
- Compensation that promotes long-termism
- 2020 annual engagement and voting statistics



**How a company balances the needs of its stakeholders in relation to issues such as inclusion and diversity, health and safety, labor relations, customer satisfaction, and community relations, can either support or jeopardize its ability to deliver sustainable long-term, risk-adjusted returns.**

**As long-term investors, BIS seeks to understand how companies are making prudent decisions that benefit the stakeholders on which they depend.**

BlackRock Investment Stewardship (BIS) has long held the conviction that a company’s approach to human capital management (HCM) is a critical factor in ensuring business continuity and success, as well-supported and engaged employees are more likely to help create sustainable long-term value.

This year, we held 750 engagements with companies on topics related to HCM, an increase of 187% from the same period a year before. In our engagements, we seek to understand how a company’s board and management considers issues such as inclusion and diversity, employee development and retention, labor practices, safe working conditions, customer welfare and satisfaction, and community relations.

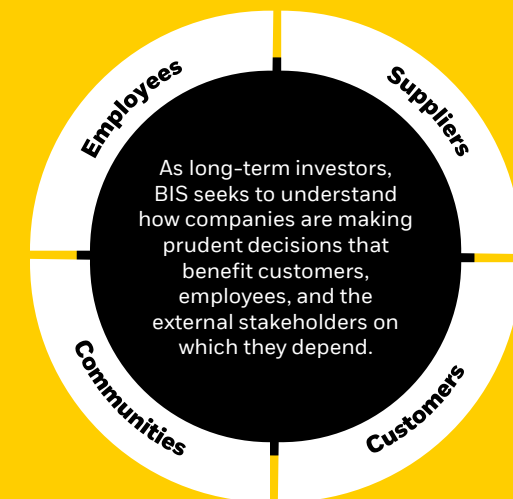
We also refer to SASB’s materiality framework as a helpful tool for companies considering enhancing their disclosures on industry-specific human capital metrics to describe a company’s culture, long-term operational risk management practices and, more broadly, the quality of the board’s oversight.

Currently, we are participating in SASB’s consultation\* to enhance its human capital reporting standards and remain committed to contributing to efforts to improve industry standards and incorporate evolving market views. BIS also hosted two roundtables on emerging social issues such as disability inclusion and human rights.

**Creating sustainable long-term value via multiple stakeholders**

We believe that to deliver value for shareholders, companies must also meet the needs of other stakeholders — employees, suppliers, customers, and the communities in which they operate.

As Larry Fink pointed out in this year’s letter to CEOs, “Each company’s prospects for growth are inextricable from its ability to operate sustainably and serve its full set of stakeholders.”



\*More information on SASB’s consultation is available at <https://www.sasb.org/standard-setting-process/current-projects/human-capital/>.

## Employees

### Evaluating workforce diversity practices in the U.S.

Our approach to HCM focuses on the board and management's effectiveness in overseeing how a company meets the expectations of its workforce. As such, we have been evaluating companies' efforts to create a diverse and inclusive workforce for many years.

We continue to believe that clear and consistent reporting on these matters is critical. In 2019-20, we conducted numerous engagements in the U.S. on diversity in the workplace and supported shareholder proposals that addressed issues such as the gender pay gap, inclusion and diversity, and LGBTQ+ rights:

- We supported a shareholder proposal at CorVel that requested information regarding the risks associated with omitting sexual orientation and gender identity from its written equal employment opportunity (EEO) policy. After careful analysis, we determined the company did not provide a sufficient rationale for failing to provide these disclosures to shareholders and other stakeholders.
- For the second consecutive year, we supported a shareholder proposal at Oracle that called for more robust reporting on whether a gender pay gap exists among its employees, as we believe the company's current disclosures lag its peers.
- At Genuine Parts Company, we supported a shareholder proposal that called for SASB-aligned reporting on human capital risks and opportunities after concluding that management had not demonstrated adequate responsiveness to shareholders' concerns.
- We also supported a shareholder proposal at Fortinet that demanded greater disclosure around the company's diversity and inclusion efforts after determining that management had made insufficient progress with respect to reporting on this topic.

Over the past few months, many companies have made public statements of intent regarding diversity targets and racial equity. As Larry Fink [communicated](#) in June 2020, "To better serve our clients, we will focus on racial equity and social justice in our investment and stewardship activities." We are committed to advocating for more robust disclosures to better understand how companies are working deliberately to deliver an inclusive and diverse work environment. We look to boards to assess a company's progress on this goal and to hold executive leadership accountable if they fall short in supporting the needs and meeting the expectations of their employees.

## Customers

### **Lack of board oversight jeopardizes customer safety and welfare**

Over the past few years, the Boeing Company has faced intense criticism and scrutiny after two fatal crashes involving the 737 MAX model in October 2018 and March 2019. The company ultimately suspended production of the MAX model in January 2020, impacting several of Boeing's suppliers, as well as airlines that have had to cancel prior orders for the MAX model.

In addition, a preliminary Congressional report highlighted a "culture of concealment" that led Boeing to withhold crucial information from pilots, airlines, and the Federal Aviation Administration (FAA), and downplay safety precautions. We engaged extensively with members of Boeing's board and management team to better understand board oversight, risk mitigation, and remediation of the 737 MAX crisis.

Based on our analysis and engagement conversations, we voted against the re-election of four board members — all of whom were on the board at the time strategic decisions were made regarding the design of the 737 MAX model — due to the board's failure to exercise sufficient oversight of management strategy and corporate culture, which contributed to the fatal crashes.

**We voted against the re-election of four board members due to the board's failure to exercise sufficient oversight of management strategy and corporate culture, which contributed to the fatal 737 MAX crashes.**

## Communities

### Encouraging sustainable practices in South Korea and Indonesia

BIS has been conducting multi-year engagements with a South Korean trading and resource development company to address a range of ESG issues, including the E&S impacts of its palm oil operations in Indonesia, its sustainability reporting practices, as well as the governance structure in place to ensure adequate oversight and management of material ESG risks. BIS has also been engaging with its parent company, a South Korean steelmaker.

Both companies have demonstrated some level of improvement in their corporate governance practices and took a series of measures to address our concerns. In March 2019, the parent company launched a Corporate Citizen Committee to provide advice on corporate citizenship strategies and global ESG trends. During the first half of 2020, the parent company expanded the committee across the corporate structure and established an ESG Secretariat in each subsidiary. The company also became the first Korean business to unveil a No Deforestation, No Peat, No Exploitation (NDPE) policy for its palm oil operations and is taking the appropriate steps to become a Roundtable on Sustainable Palm Oil (RSPO) certified producer.

In light of a recent complaint placed by four NGOs against the trading company's Indonesian subsidiary and two of its local lenders for violations of the OECD Guidelines for Multinational Enterprises, BIS engaged with the trading company to understand the issues.\* The NGOs attribute adverse environmental impacts, specifically, deforestation and loss of biodiversity, to the subsidiary's oil palm plantation. The NGOs also claim the company did not carry out human rights due diligence nor obtain Free, Prior and Informed Consent (FPIC), infringing the rights of indigenous peoples and local communities' access to water.

BIS expressed our concern, and as detailed in our [approach to engagement with the palm oil industry](#), we reiterated how we expect companies to disclose E&S factors relevant to their long-term economic performance, including how their governance framework fully integrates the handling of grievances submitted by employees, communities, and other industry and company stakeholders. We also recommended that both companies, including key subsidiaries, further improve their carbon emissions disclosures by integrating the TCFD framework and SASB standards into their annual sustainability reports.† We will monitor the situation as it develops and will continue to evaluate the company's progress on ESG-related risks disclosures at the group, company and subsidiary level.

\*The OECD grievance mechanism procedure consists of five stages and is handled by the country's OECD National Contact Point (NCP). Through our engagements, BIS was notified that the complaint has reached stage three and that the Korean NCP is currently working towards setting up a round of discussions between all parties involved. \*\*The parent company published its sustainability report for FY2019 in July this year, mapping material ESG risks to SASB and TCFD metrics. The trading subsidiary released an abridged ESG report in August and shared that it will publish its full sustainability report in Q3 2020, also mapping material ESG risks to SASB and TCFD.



## Suppliers

### **Engaging across a global supply chain to advocate for improved labor processes and disclosures**

Multinational companies have become increasingly dependent on global supply chains that are subject to varying in-country regulations. Operators in these supply chains often have varying standards of commercial practices. At the same time, these companies are facing greater scrutiny of how they address operational, legal, financial, and reputational risks that could arise when they fail to manage the direct and indirect impacts their business practices may have on people they employ directly and through their supply chains. As a long-term investor, we believe that having a better understanding of how companies are overseeing, mitigating, and remediating those risks is an important component of our ability to steward our clients' assets.

Earlier this year, we engaged with a multinational automobile corporation to assess how the company was effectively implementing its human rights policy. The company adopted a supplier code of conduct to ensure that its suppliers and business partners complied with its human rights policy and code of conduct, among other policies. However, in advance of this year's annual meeting, shareholders filed a proposal requesting more information regarding how the company was ensuring compliance, monitoring performance, and remediating potential or actual adverse impacts within its supply chain.

The BIS team supported management after the company said it was willing to address the situation, was in the process of enhancing its reporting and committed to conducting greater human rights due diligence.

BIS also engaged with the supplier in question, an electronics device manufacturer, following allegations that it was in violation of labor practices. According to a third-party report, the supplier has been limiting the rights of its workers since 2017. We shared our concerns about these allegations and our expectations of companies in terms of employment practices. We learned from the company that a number of its global clients have been conducting annual on-site audits and certification on workplace safety and employee welfare. The supplier also informed BIS that it was starting to engage with investors on this topic and expressed its willingness to maintain an ongoing dialogue.

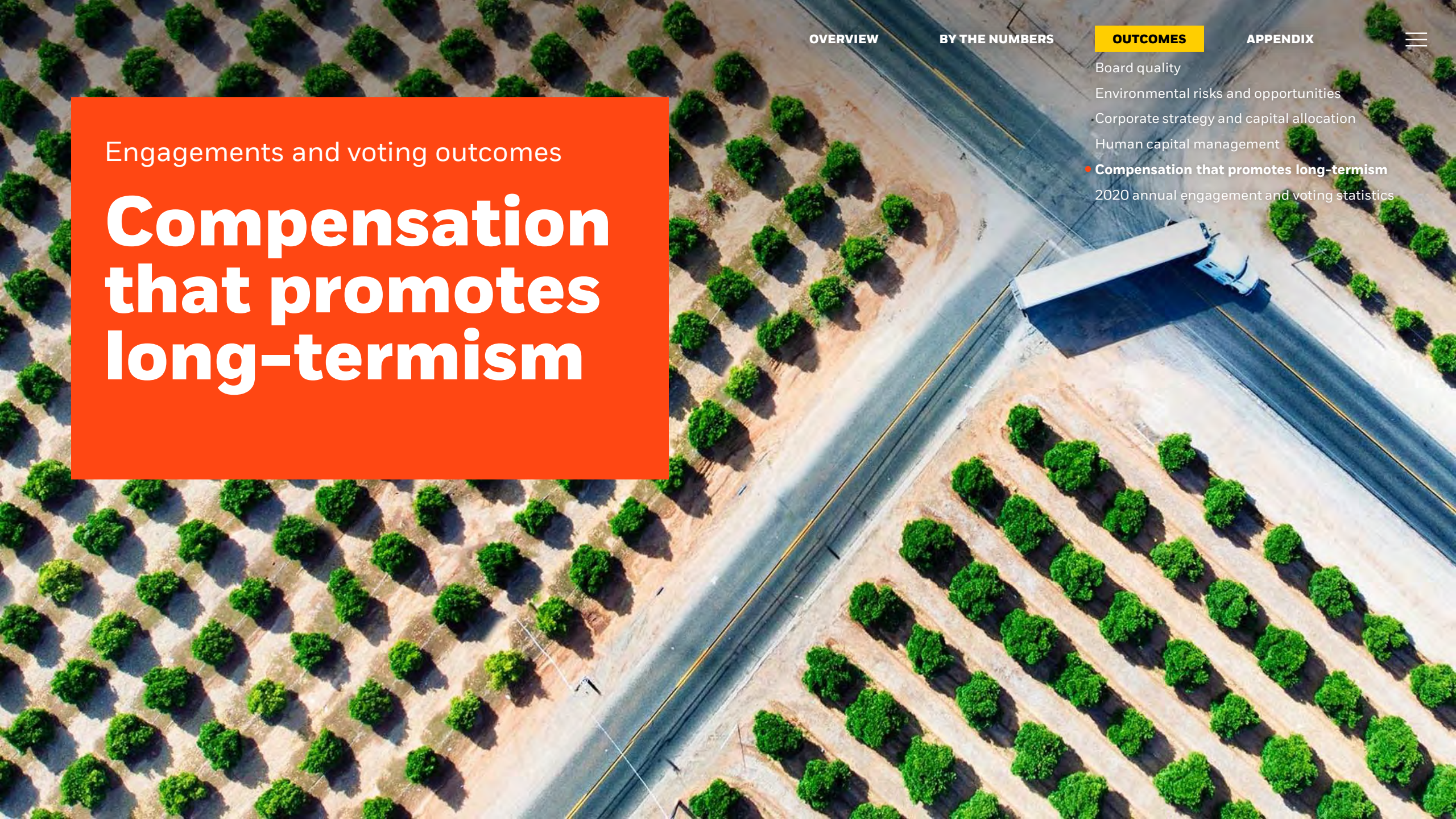
Following these engagements, the automaker published additional disclosures in its sustainability report, stating that it had audited the supplier, and subsequently cancelled its contract in response to the allegations. We are closely monitoring these developments and will continue to evaluate progress and engage with both companies to encourage practices that benefit shareholders and stakeholders over the long-term.



Engagements and voting outcomes

# Compensation that promotes long-termism

- Board quality
- Environmental risks and opportunities
- Corporate strategy and capital allocation
- Human capital management
- **Compensation that promotes long-termism**
- 2020 annual engagement and voting statistics



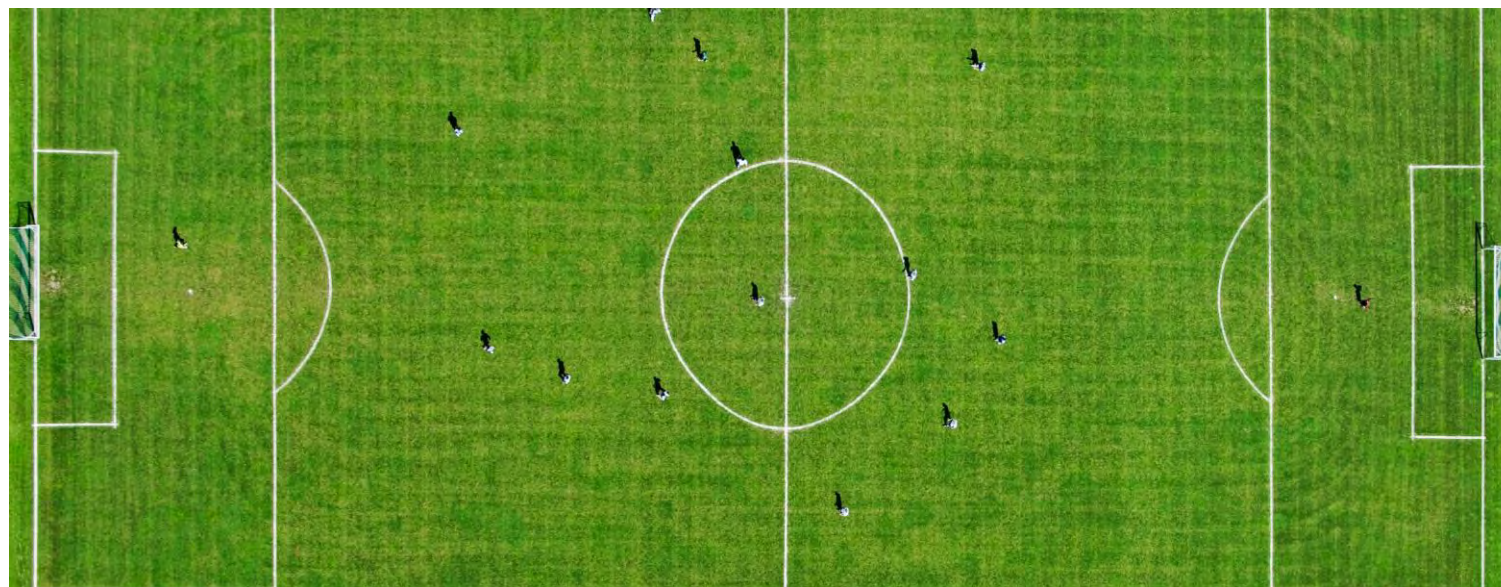
**In our engagements, we seek to understand how a specific pay program appropriately incentivizes executives to deliver on strategic and operational objectives, consistent with sustainable long-term financial performance.**

Executive compensation continues to garner significant attention. Company executive pay proposals range from non-binding Say on Pay proposals in the U.S., to compensation reports and compensation policy proposals in EMEA\* and Australia\*\* as well as new share plans or revisions to existing ones. These plans are central to how companies attract, reward, and retain key personnel. In developing executive compensation plans, companies must balance pay and performance while ensuring that rewards to executives are not disconnected from the returns to shareholders and compensation for employees.

BlackRock Investment Stewardship (BIS) explains in [our approach to executive compensation](#) our expectations and analysis framework, as well as our approach to engagement and voting on this complex board issue. In general, we expect a meaningful portion of executive pay to be tied to the long-term

performance of the company, as opposed to short-term increases in the stock price. The metrics used to trigger payments under incentive plans should be explained and justified in the context of a company's business model and long-term strategy.

This year, we had nearly 1,200 engagements with just over 950 companies — or about 40% of our total engagements for the year — on executive compensation practices. In these engagements, we seek to understand how a specific pay program appropriately incentivizes executives to deliver on strategic and operational objectives, consistent with sustainable financial performance. These conversations also help us better understand any unique challenges companies face, how management responded, and how compensation committees incorporate such evolving factors into their decisions on pay policies and outcomes.

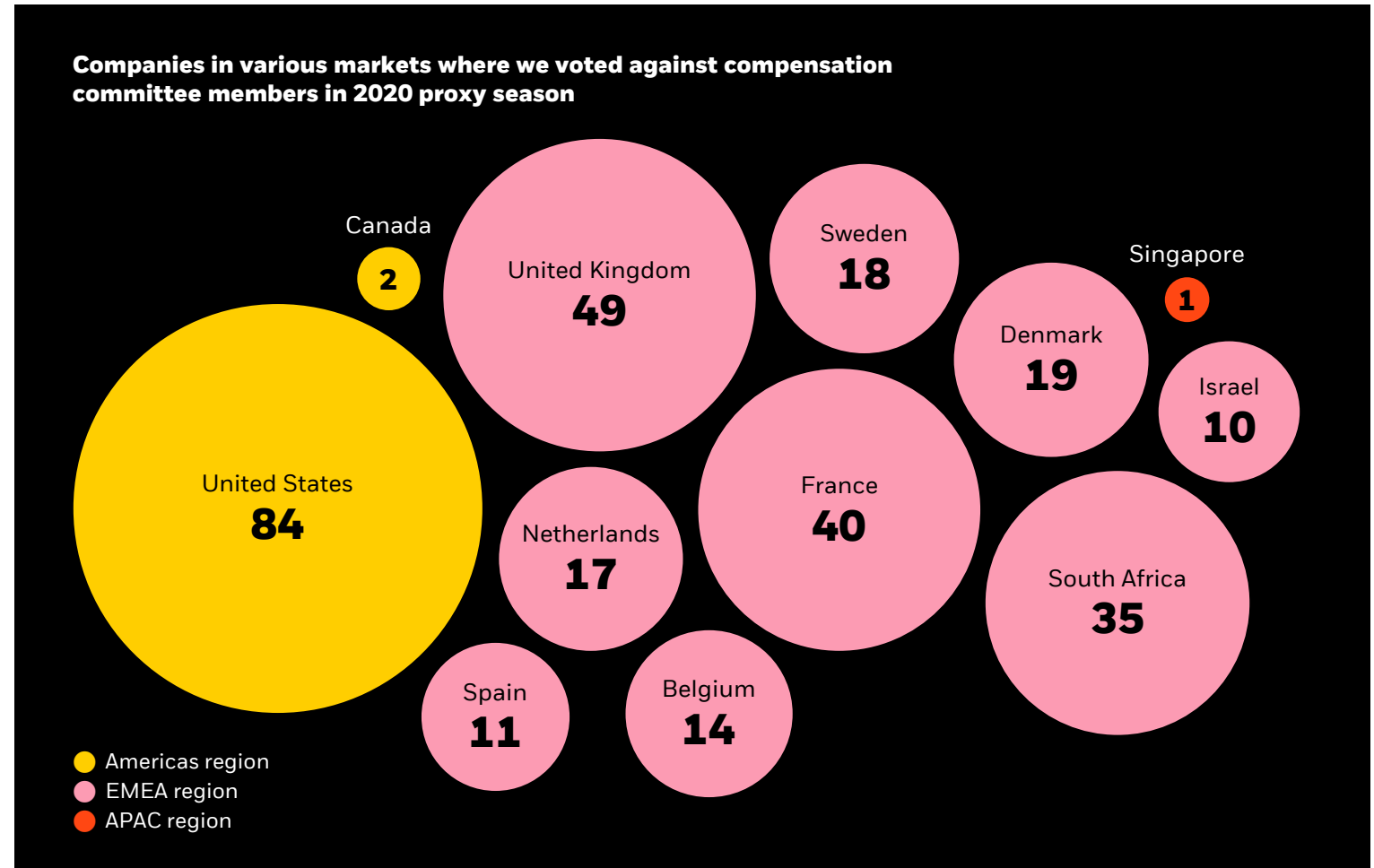


\*Many of these EMEA compensation proposals may be binding. \*\*For consistency, in this report we refer to all EMEA and Australia agenda items relating to 'remuneration' as 'compensation.'

# Director accountability for poor pay practices

We voted against the re-election of over 660 compensation committee directors responsible for setting executive pay at 337 companies across 28 markets globally. That is similar to last year when we voted against 741 compensation committee directors at 342 companies across 26 markets. These votes against compensation committee members are attributable to concerns that executive pay policies or outcomes are not aligned with the interests of long-term shareholders. We will typically vote against both the proposals on pay policies or specific plans and against the directors on the compensation committee responsible for them when we have such concerns.\*

For the second consecutive year, our votes against compensation committee members were highest at U.S. companies. We held directors accountable for poor pay practices at 84 different companies this year. This figure is up from the prior two reporting years when we voted against committee members at 74 and 60 U.S. companies, respectively. Other markets where companies received relatively high votes against directors due to pay concerns were the UK (49), France (40), and South Africa (35).



\*In some markets, shareholders may also be asked to vote on a proposal seeking approval of a company's compensation policies or new or amended share-based incentive plans.

# Lens into executive compensation voting

Globally, we voted against management recommendations on 16% of executive pay proposals (includes Say on Pay – also known as remuneration reports – and remuneration policy proposals) compared with 15% in the previous year. Our votes reflect the substantial disparities in the quality of

disclosure across markets in which Say on Pay is a regular agenda item at the shareholder meeting. In the U.S., Australia, and the UK, where companies' compensation disclosures are typically more advanced as a result of market expectations and longer established rules, we voted against management on

approximately 4%, 5%, and 8%, respectively, of the proposals to approve executive pay practices.\* Companies in those markets tend to have a stronger track record in linking pay to performance or explaining and justifying any apparent misalignments.

\*In our analysis for our voting on executive compensation, we include our votes for non-binding advisory votes on Say on Pay proposals in the U.S., as well as compensation reports and compensation policy proposals typically voted on in the EMEA region and Australia.

## Case study

### Sustainability and executive compensation

In recent years, we have expressed our concerns relating to Swedish retailer H&M Hennes & Mauritz's board governance and executive compensation by voting against management. This year we supported a shareholder proposal seeking sustainability targets in pay. We did so because the company's own compensation guidelines indicated that it uses sustainability targets in setting executive pay, yet little was disclosed. In this case, having clarity into how H&M incorporates sustainability into executive pay plans helps shareholders understand how management is incentivized to deliver this aspect of the company's strategy. Encouragingly, in our subsequent engagement with the company, the board recognized that now was a good time (particularly, as we noted to them, following the implementation of the Shareholder Rights Directive (SRD II) which we discuss further in the next section) to seek investor feedback and consider where additional transparency could be provided.



# SRD II should improve practices in Europe

The Shareholder Rights Directive II (SRD II) is an amended European Union (EU) directive. Implemented as national state law this year, the directive focuses on enhancing the oversight of companies through a strengthening of the relationship between companies and their shareholders. Two of the most notable changes expected to result from SRD II are:

- enhanced engagement between issuers and investors, promoted through rules requiring investors to establish engagement policies; and
- greater scrutiny of proposed executive compensation arrangements leading to improved disclosures and practices. Companies must meet enhanced executive compensation disclosure requirements in their reporting, which may vary across the EU depending on how Member States implement the directive.

This year, our engagement and voting on executive compensation in Europe were shaped, to an extent, by the implementation process for SRD II. Because of delayed implementation in some markets, notably Germany, we have had only limited engagement with companies, as new compensation policies were not required to be put to a shareholder vote.

This meant that we started voting on companies' policies in some markets in 2020. Nonetheless, the requirements of SRD II have been in the public domain for some time before implementation and we made our expectations in relation to executive compensation clear over the past few years in our [regional proxy voting guidelines](#). For this reason, we expected companies to demonstrate strong pay practices as well as levels of transparency. In many cases, however, companies did not meet this standard, so we voted against a significant number of proposals in Denmark, Sweden, and the Netherlands.

A number of companies did engage with us to seek our views on the enhancements they are considering to their current disclosures. A German healthcare company and a Dutch retailer both shared with us that they were either making substantial overhauls to their executive pay plan or enhancing their compensation policy documents. In markets like France and the UK – where shareholder votes on compensation policies and reports have been a feature for some time – we see an improving picture, with a lower percentage of votes against this year compared with the year before.

**Our policies align with the SRD II's disclosure expectations on executive pay. We anticipate that more detailed disclosures will lead to higher levels of votes against pay near term, as pay practices, and reporting on them, develop.**

# Compensation developments in Australia

The 2019 Financial Services Royal Commission findings continued to reverberate through compensation practices and reports. No discussion on the topic would be complete without reference to the Australian Prudential Regulation Authority (APRA) consultation. The APRA consultation sought input on a draft prudential standard aimed at clarifying and strengthening compensation requirements in APRA-regulated entities. In it, APRA proposed creating a new prudential standard (CPS 511) to better align compensation frameworks with the long-term interests of entities and their stakeholders, including customers and shareholders.

In principle, BlackRock agreed with the intent of the APRA proposal. However, one component that received quite a bit of dissent – and echoed concerns that BlackRock expressed – centered around the prescriptive demarcation of financial and non-financial risks.

In the wake of the consultation and the 2018 proxy season (which is October to December in Australia), where three large financial institutions received first strikes, i.e. a significant vote against on pay,\* financial institutions were cautious in setting their 2019 compensation. Our engagements concentrated on companies increasing accountability, improving disclosure, and enhancing culture and governance.

For example, one large financial institution that had received a strike in 2019, adopted a conservative approach and reverted to a previously approved scheme that featured a long-term incentive, as well as awarded zero short-term incentives. The deferral and performance period for the performance rights were also extended from three years to four years and became subject to malus provisions. Prior, we had abstained from the vote on compensation in 2018 and engaged with the company extensively leading into the 2019 shareholder meeting, at which we supported the pay proposal.

Another financial institution responded to a compensation strike in 2019 by enhancing its accountability and consequence framework. The 2019 compensation report disclosed additional statistics on the enforcement of accountabilities, including: number of employees terminated, number of employees who received a formal disciplinary outcome, which included impacts on compensation outcomes, and the number of employees who had consequences applied for code of conduct breaches.

## Consultation responses

As markets across the region look to enhance their governance, stewardship codes, and shareholder rights policies, we saw a wave of consultations, particularly in APAC. A significant amount of time and effort goes into BIS' responses to consultations and statements of adherence on stewardship. During the 2020 reporting period, in addition to the APRA consultation we provided responses to two consultations in Hong Kong on ESG disclosure and corporate weighted voting rights, stewardship codes in Taiwan and Japan, and a consultation on proxy advisors in India. Our responses can be found on our website.

In addition, BIS has been invited to participate in various soft consultations and informal discussions with regulators and policy makers to provide market feedback and raise issues that regulatory standards could address. These are generally before public consultations are launched and help shape the evolution of the regulatory environment.

\*A strike is when a company gets a vote against of 25% or more on its proposal to approve the compensation report. The two-strikes rule was introduced in 2011. Under the rule, if shareholders representing 25% or more of a company's share register vote against a company's executive pay package in two consecutive years, the board, excluding the CEO, may be required to stand for special re-election and could potentially be voted out of office.

## Common drivers for a BIS vote against management on executive compensation

- Poor disclosure or the lack of rigor of performance measures compared to industry standards that can lead to the above-target payouts under either short- and long-term incentive plans
- Above-median pay benchmarking and significantly larger companies in peer group
- Poor disclosure of goals under its incentive plans or of the vesting conditions for performance-based awards granted under the long-term incentive plans
- Awarding discretionary awards not linked to performance and without robust rationale
- Accelerated timing and payout of certain performance share units
- Sizable and unjustified perquisites

## Case study

### Persistent engagement and vote escalation on compensation can yield positive outcomes

A UK self-storage company showed a willingness to improve its compensation practices this year having had a string of votes against management on executive pay dating back to 2017. Following these votes and our multi-year engagements with the company, including prior to the 2020 shareholder meeting, the company announced it would make changes to its compensation practices. These changes were reflected in the management's updated compensation policy and long-term incentive plan, which we supported; both received nearly 98% shareholder support. This example affirms BIS' view that our persistence in providing our feedback through engagements, coupled with voting against pay when a company does not align pay with performance, can lead to improved executive pay practices.





# Votes against equity plans over the past three years

We voted against 18% of management proposals to introduce new equity pay plans or amend existing ones at companies globally this year. In the Americas region, our votes against equity compensation plans have averaged 13% over the past three years. We noted in last year's annual report that in the Americas, we tend to vote against such plans more frequently at smaller capitalization companies. This confirms a general trend that we see in corporate governance practices, namely that smaller capitalization companies tend to still be developing their governance and compensation policies in pursuit of best practices.

As the table below shows, on a global basis, we have supported more equity pay plans year-over-year. This increase is largely attributable to supporting more equity plans in the APAC region. We voted against 37% of equity plans in APAC in 2018, 29% in 2019, and 18% in 2020. The single biggest driver of this downward trend was improved disclosures by companies in China, particularly on the alignment between the awards to management and company performance. In EMEA, we observed an overall decline in votes against equity plans from 32% in 2018-19 to 30% in 2019-20. We find that we are voting against equity plans at a higher rate in France, Italy, Denmark, and the Netherlands – which reflects a similar voting outcome to executive compensation. By contrast, in the Americas region, our votes against equity plans remained steady, ranging from 14% in 2018-19 to 12% in 2019-20.

Reporting period	Number of equity plan votes globally	Votes against equity plans	% of votes against
2017-18	2,351	633	27%
2018-19	2,455	577	24%
2019-20	2,431	428	18%

Engagements and voting outcomes

# 2020 annual engagement and voting statistics

- Board quality
- Environmental risks and opportunities
- Corporate strategy and capital allocation
- Human capital management
- Compensation that promotes long-termism
- **2020 annual engagement and voting statistics**



**These data tables provide summary statistics of BlackRock Investment Stewardship's (BIS) engagements with companies and voting at shareholder meetings.**

Our reporting period is July 1, 2019 to June 30, 2020, representing the Securities and Exchange Commission's (SEC) 12-month reporting period for U.S. mutual funds, including iShares. We file a record of our proxy votes with the SEC each year ended for BlackRock's funds. Our voting record for that period can also be found on the BlackRock [website](#).

We organize the proposals on which shareholders are asked to vote into key categories. The vast majority of proposals are routine and relate to the election of directors and board governance matters, reflective of the important role played by directors in representing and protecting shareholder interests. The proposals on which BlackRock votes against management vary from market-to-market but tend to be related to executive pay, director elections, takeover protections, and capitalization. We may also support certain shareholder proposals seeking improvements in corporate governance and business practices.

**Annual engagement statistics**

Engagement for current year: July 1, 2019-June 30, 2020\*

Region	Total	Focus of engagement**		
		Environmental	Social	Governance
Americas	1,484	729	571	1,410
United Kingdom	277	63	51	265
EMEA (ex-UK)	378	130	82	354
Japan	446	109	97	436
Asia-Pacific (ex-Japan)	458	229	164	417
<b>Total</b>	<b>3,043</b>	<b>1,260</b>	<b>965</b>	<b>2,882</b>

Engagement for past year: July 1, 2018-June 30, 2019\*

Region	Total	Focus of engagement**		
		Environmental	Social	Governance
Americas	855	146	117	775
United Kingdom	260	16	36	251
EMEA (ex-UK)	300	47	56	284
Japan	397	55	75	394
Asia-Pacific (ex-Japan)	238	52	69	227
<b>Total</b>	<b>2,050</b>	<b>316</b>	<b>353</b>	<b>1,931</b>

\*The 12-month period represents the SEC reporting period for U.S. mutual funds, including iShares. \*\*Most engagement conversations cover multiple topics and therefore the ESG columns may not add up to the total column. Our engagement statistics reflect the primary topics discussed during the meeting.

## Annual voting statistics

Voting for current year: July 1, 2019-June 30, 2020

Region	Total number of meetings voted	Total number of proposals voted	% of proposals voted against management recommendation	% of meetings voted against one or more management recommendations
United States	3,781	30,492	7%	30%
Americas (ex-U.S.)	916	8,500	10%	48%
United Kingdom	775	10,951	5%	31%
EMEA (ex-UK)	2,434	32,314	13%	58%
Japan	2,350	23,562	6%	36%
Asia-Pacific (ex-Japan)	5,945	47,182	9%	34%
<b>Total</b>	<b>16,201</b>	<b>153,001</b>	<b>9%</b>	<b>37%</b>

Voting for past year: July 1, 2018-June 30, 2019

Region	Total number of meetings voted	Total number of proposals voted	% of proposals voted against management recommendation	% of meetings voted against one or more management recommendations
United States	3,896	31,570	7%	34%
Americas (ex-U.S.)	1,070	10,147	10%	49%
United Kingdom	840	11,672	5%	30%
EMEA (ex-UK)	2,507	34,926	11%	53%
Japan	2,164	22,465	5%	37%
Asia-Pacific (ex-Japan)	5,647	44,351	9%	36%
<b>Total</b>	<b>16,124</b>	<b>155,131</b>	<b>8%</b>	<b>39%</b>

## Proposals by type

Votes against management items and votes in support of shareholder proposals by type for the current year: July 1, 2019 – June 30, 2020

Region		United States	Americas (ex-U.S.)	United Kingdom	EMEA (ex-UK)	Japan	Asia-Pacific (ex-Japan)	Grand total
<b>Management proposals (with percentage of votes against management)</b>								
Anti-takeover and related proposals	Total number of proposals	452	36	429	105	98	59	<b>1,179</b>
	% voted against management	8%	3%	0%	40%	92%	2%	<b>15%</b>
Capitalization	Total number of proposals	436	257	2,337	3,177	46	8,180	<b>14,433</b>
	% voted against management	7%	7%	2%	13%	4%	16%	<b>13%</b>
Compensation	Total number of proposals	4,292	538	1,052	3,842	942	2,748	<b>13,414</b>
	% voted against management	6%	8%	8%	32%	13%	16%	<b>16%</b>
Election of directors and related proposals	Total number of proposals	21,032	5,170	4,373	12,582	20,058	14,448	<b>77,663</b>
	% voted against management	8%	7%	9%	12%	6%	8%	<b>8%</b>
Mergers, acquisitions, and reorganization	Total number of proposals	249	132	115	954	558	5,574	<b>7,582</b>
	% voted against management	2%	5%	2%	11%	5%	16%	<b>14%</b>
Routine business	Total number of proposals	3,500	2,269	2,627	10,874	1,587	13,948	<b>34,805</b>
	% voted against management	1%	19%	2%	9%	0%	3%	<b>5%</b>
<b>Shareholder proposals (with percentage of proposals supported including abstentions)</b>								
Environmental	Total number of proposals	27	7	2	13	49	13	<b>111</b>
	% support	19%	14%	0%	8%	0%	0%	<b>6%</b>
Governance	Total number of proposals	369	16	13	268	145	47	<b>858</b>
	% support	14%	13%	0%	25%	5%	36%	<b>17%</b>
Social	Total number of proposals	84	20	1	3		10	<b>118</b>
	% support	8%	0%	0%	33%		0%	<b>7%</b>
Other	Total number of proposals	51	55	2	496	79	2,155	<b>2,838</b>

Percentages are rounded down to the nearest whole number.

"Other" proposals include management items and procedural shareholder proposals. Please refer to [Appendix I](#) for proposal terminology.

Votes against management items and votes in support of shareholder proposals by type for the current year: July 1, 2018 – June 30, 2019

Region		United States	Americas (ex-U.S.)	United Kingdom	EMEA (ex-UK)	Japan	Asia-Pacific (ex-Japan)	Grand total
<b>Management proposals (with percentage of votes against management)</b>								
Anti-takeover and related proposals	Total number of proposals	441	48	433	82	76	49	<b>1,129</b>
	% voted against management	7%	6%	0%	49%	92%	2%	<b>13%</b>
Capitalization	Total number of proposals	388	263	2,414	3,182	34	7,819	<b>14,100</b>
	% voted against management	5%	7%	1%	11%	9%	14%	<b>11%</b>
Compensation	Total number of proposals	4,292	571	929	3,401	1,152	2,842	<b>13,187</b>
	% voted against management	6%	11%	11%	31%	14%	19%	<b>17%</b>
Directors related	Total number of proposals	21,954	5,908	4,441	12,352	22,476	13,610	<b>80,741</b>
	% voted against management	8%	6%	10%	12%	6%	8%	<b>8%</b>
Mergers, acquisitions, and reorganization	Total number of proposals	273	216	112	938	707	5,428	<b>7,674</b>
	% voted against management	1%	11%	1%	8%	4%	13%	<b>11%</b>
Routine business/Misc.	Total number of proposals	3,545	2,421	2,774	11,451	1,798	12,410	<b>34,399</b>
	% voted against management	1%	20%	0%	7%	1%	4%	<b>5%</b>
<b>Shareholder proposals (with percentage of proposals supported including abstentions)</b>								
Environmental	Total number of proposals	25	9	3	12	43	7	<b>99</b>
	% support	24%	0%	33%	0%	0%	0%	<b>7%</b>
Governance	Total number of proposals	354	45	10	204	91	55	<b>759</b>
	% support	19%	13%	0%	42%	8%	31%	<b>24%</b>
Social	Total number of proposals	79	9		3	1	3	<b>95</b>
	% support	5%	0%		0%	0%	0%	<b>4%</b>
Other	Total number of proposals	24	97	16	312	31	1,735	<b>2,215</b>

Percentages are rounded down to the nearest whole number.

"Other" proposals include management items and procedural shareholder proposals. Please refer to [Appendix I](#) for proposal terminology.

Total number of 2018-19 proposals by type vary from annual voting statistics due to updated categorization.



# Appendix

# Appendix I

## Proposal terminology explained

### Management proposals

**Capitalization** — generally involves authorizations for stock issuances, private placements, stock splits, and conversions of securities.

**Election of Directors and Related Proposals** — a broad category which includes the election of directors, supervisory board matters, declassification of boards, implementation of majority voting, among others.

**Mergers, Acquisitions, and Reorganizations** — involves significant transactions requiring shareholder approval like spin-offs and asset sales, as well as changes to company jurisdiction or structure.

### Shareholder proposals

**Governance** — generally involves key corporate governance matters affecting shareholder rights including governance mechanisms and related article/bylaw amendments, as well as proposals on compensation, political spending, and lobbying policies.

**Environmental** — covers shareholder proposals relating to reports on climate risk, energy efficiency, recycling, community environmental impacts, and environmental policies.

**Social** — includes shareholder proposals relating to a range of social issues such as reports on pay disparity, requests for enhanced anti-bias policies, or reports on human rights policies.

**Other** — includes a number of shareholder proposals that fall outside the categories that most shareholders would view as ESG proposals. These resolutions include (but are not limited to) electing directors in contested situations, appointing internal statutory auditor(s) nominated by shareholders, amending articles/bylaws/charters, and approving the allocation of income/income distribution policy. Additionally, there are a substantial number of shareholder proposals in Greater China relative to other markets. This is due to the China Securities Regulatory Commission (CSRC) requiring companies that have a foreign listing to submit their proposals 45 days prior to the meeting (which applies to all Chinese companies that have an A share listing in China together with H-shares listed in Hong Kong). However, the CSRC allows shareholder proposals for these companies to be included up to 10 days prior to the meeting. The result is that many shareholder proposals are submitted by controlling shareholders and are, in effect, late agenda items from management.



# Appendix II

## Overview of key publications

In early 2020, we updated [Engagement Priorities for 2020](#) and, for the first time, we introduced key performance indicators for each priority, which detail how we will hold boards accountable for progress on these important long-term issues. In addition, we mapped our Priorities to the [United Nations Sustainable Development Goals](#) (UN SDGs) to enable interested clients to see how our areas of focus align with and may contribute to the realization of the UN SDGs.

### Approach to sustainability

As part of our commitment to greater transparency in our investment stewardship activities, in July 2020 we published this [special report](#) on our approach to voting on climate risk and other sustainability topics.

### Global quarterly stewardship report

BIS publishes [quarterly stewardship reports](#) to demonstrate our approach to corporate governance. For 2020, we have consolidated our regional quarterly reports into a single global report that highlights our perspective on a wide range of issues as well regional case studies that illustrate our engagements and voting analyses in a given quarter.

### Global quarterly engagement activity

A new, topic-level [summary](#) that for the first time names the company we engaged with during each quarter as well as the topics of engagement.

### Global vote disclosure

BIS' vote instructions for individual meetings globally. This [record](#) reflects votes at meetings held from July 1st through June 30th of the following year. It is updated quarterly until June 30th each year, when it is superseded by BlackRock's annual Form N-PX filing.

### Vote bulletins

Where we believe it will be beneficial to various stakeholders to articulate our voting decisions at certain shareholder meetings, we publish a [Voting Bulletin](#) explaining the rationale for how we have voted on select proposals, and (where relevant) provide information around our engagement with the issuer. We have published 45 bulletins between January 1st and August 31st, 2020.

[Air Liquide](#)

[Alphabet](#)

[Amazon](#)

[Barclays](#)

[Boeing](#)

[CEZ](#)

[Cheniere](#)

[Chevron](#)

[Daimler AG](#)

[Danske Bank](#)

[Delta Air Lines](#)

[Disney](#)

[Equinor](#)

[Evraz](#)

[Exxon Mobil](#)

[Facebook](#)

[First Pacific](#)

[Fortum](#)

[H&M Hennes & Mauritz AB](#)

[HeidelbergCement](#)

[ICBP](#)

[JB Hunt](#)

[Lufthansa](#)

[Maersk](#)

[Mizuho](#)

[National Fuel Gas](#)

[Ocado](#)

[Overstock.com](#)

[Ovintiv](#)

[PGE](#)

[Qualcomm](#)

[Royal Dutch Shell](#)

[Sanderson Farms](#)

[Santander](#)

[Consumer Holdings](#)

[Santos](#)

[Siemens](#)

[Swedbank](#)

[Toshiba Machine](#)

[Total SA](#)

[TransDigm](#)

[Uniper](#)

[Volvo AB](#)

[Walmart](#)

[Wheelock](#)

[Woodside](#)

### Position papers

We have continued to add to our library of position papers, explaining our approach to engagement with companies on a number of sustainability issues, including:

- [Our approach to engagement on climate risk](#)
- [Our approach to engagement on TCFD-and SASB-aligned reporting](#)
- [Our approach to engagement with agribusiness companies on sustainability](#)
- [Emissions, engagement, and the transition to a low-carbon economy](#)
- [Best practices when using an independent fiduciary in proxy voting](#)
- [Securities lending viewed through the sustainability lens](#)
- [Europe's listed companies: their governance, shareholders and votes cast](#)

These publications reflect our commitment to enhanced transparency and our focus on sustainability issues in our stewardship activities.

### Enhanced client reporting

We implemented a new capability through Aladdin® to deliver portfolio-specific company engagement reports for our clients.

# Appendix III

## BlackRock's 2020 PRI assessment report and score

BlackRock has been a signatory to the United Nations supported Principles for Responsible Investment (PRI) since 2008. The six aspirational statements of PRI provide a framework in which ESG issues can be taken into account in investment decision-making and engagement with investee companies, clients and other stakeholders. As a signatory, BlackRock commits to uphold all six principles, including Principle 6: We will each report on our activities and progress towards implementing the principles. To that end, BlackRock has submitted a 2020 PRI Transparency Report and has received PRI's Assessment of that report. A copy of our [2020 PRI Transparency Report](#) can be found on BlackRock's corporate website.

In 2020, as in 2019, PRI assessed BlackRock's ESG integration capabilities to be at or above median scores in each of the reporting segments.

In 2020, our Investment Stewardship function received A+ scores in Strategy & Governance and Listed Equity Active Ownership. Notably, our score in Listed Equity Incorporation improved year-over-year from A to A+. We are pleased to see these continuing strong results against a backdrop of rising median peer group scores, most notably across fixed income sectors.

PRI's assessment methodology can be found [here](#) and a companion document explaining the assessment of each indicator can be found [here](#). Whether we receive strong or improving scores, we are committed to developing our ESG integration capabilities, and we work continuously to enhance our existing programs.

### Summary PRI assessment scores for BlackRock

		2019 BLK score	2020 BLK score	2020 median
	Strategy & Governance	A+	A+	A
Managed by BlackRock	Listed Equity Incorporation	A	A+	A
	Listed Equity Active Ownership	A+	A+	B
	Fixed Income SSA	A	A+	B
	Fixed Income Corporate Financial	A	A+	B
	Fixed Income Corporate Non-Financial	A	A+	B
	Fixed Income Securitized	B	A	B
	Private Equity	A	A+	A
	Property	A	A+	B
	Infrastructure	A	A+	A
	Advisory	Listed Equity Incorporation	A	A
Fixed Income SSA		A	A	B
Fixed Income Corporate Financial		A	A	A
Fixed Income Corporate Non-Financial		A	A	A
Fixed Income Securitized		A	A	A
Private Equity		A	A+	A
	Infrastructure		A+	A

Source: PRI Data Portal, as of 7/31/2020.

# Appendix IV

## Engagements

BIS had substantive interaction with the companies listed on the following pages. This list does not include companies where we engaged solely via letter. Our team engages companies for various reasons including: 1) to ensure that we can make well-informed voting decisions, 2) to explain our voting and governance guidelines, and 3) to convey our thinking on long-term value creation and sound governance practices.

### Americas

1212771 BC LTD  
3M Company  
Abbott Laboratories  
AbbVie, Inc.  
ACADIA Pharmaceuticals, Inc.  
Acadia Realty Trust  
ACCO Brands Corporation  
Accillion Pharmaceuticals, Inc.  
Actinium Pharmaceuticals, Inc.  
Activision Blizzard, Inc.  
Acuity Brands, Inc.  
Adial Pharmaceuticals, Inc.  
Adtalem Global Education, Inc.  
Advanced Energy Industries, Inc.  
Advanced Micro Devices, Inc.  
AECOM  
Aerojet Rocketdyne Holdings, Inc.  
AES Corporation  
AES Gener S.A.  
AES Tiete Energia SA  
Affiliated Managers Group, Inc.  
Aflac Incorporated  
AGCO Corporation  
Agiros Pharmaceuticals, Inc.  
AGNC Investment Corp.  
Air Lease Corporation  
Aircastle Limited  
Alamo Group, Inc.  
Alamos Gold, Inc.  
Alaska Air Group, Inc.  
Albemarle Corporation  
Alcoa Corp.  
Alexion Pharmaceuticals, Inc.  
Allegheny Technologies Incorporated  
Allegiant Travel Company  
Allstate Corporation  
Almacenes Exito SA  
Alphabet, Inc.  
Alsea, S.A.B. de C.V.  
Altimmune, Inc.  
Altria Group, Inc.  
AMAG Pharmaceuticals, Inc.  
Amazon.com, Inc.  
Ambac Financial Group, Inc.  
Ambev SA  
AMC Networks, Inc.  
Ameren Corporation  
America Movil SAB de CV  
American Airlines Group, Inc.  
American Axle & Manufacturing Holdings, Inc.  
American Eagle Outfitters, Inc.  
American Electric Power Company, Inc.  
American Express Company  
American International Group, Inc.  
American Woodmark Corporation  
Ameriprise Financial, Inc.  
Amgen Inc.  
Amicus Therapeutics, Inc.  
AMN Healthcare Services, Inc.  
Amneal Pharmaceuticals, Inc.  
Amphastar Pharmaceuticals, Inc.  
Amphenol Corporation  
Analog Devices, Inc.  
ANI Pharmaceuticals, Inc.  
Anika Therapeutics, Inc.  
Anima Holding SA  
Anixa Biosciences, Inc.  
Annaly Capital Management, Inc.  
Apache Corporation  
Apartment Investment & Management Co  
Apple, Inc.  
Applied Materials, Inc.  
Applied Optoelectronics, Inc.  
Aramark  
Arca Continental SAB de CV  
Arch Capital Group Ltd.  
Archer-Daniels-Midland Company  
Arcosa, Inc.  
Argan, Inc.  
Argo Group International Holdings, Ltd.  
Arista Networks, Inc.  
Arlo Technologies, Inc.  
Arrow Electronics, Inc.  
Arrowhead Pharmaceuticals, Inc.  
Arthur J. Gallagher & Co.  
ASGN Inc  
Ashford Hospitality Trust, Inc.  
Ashford Inc.  
Assertio Holdings, Inc.  
Assurant, Inc.  
Assured Guaranty Ltd.  
Asta Funding, Inc.  
At Home Group, Inc.  
AT&T Inc.  
Athene Holding Ltd.  
Atlantic Power Corporation  
Atlas Air Worldwide Holdings, Inc.  
Atmos Energy Corporation  
Aurinia Pharmaceuticals Inc.  
Automatic Data Processing, Inc.  
AutoNation, Inc.  
AutoZone, Inc.

## Americas cont.

Avangrid, Inc.  
Avanos Medical, Inc.  
Avantor, Inc.  
Avery Dennison Corporation  
Avient Corporation  
Avis Budget Group, Inc.  
Avista Corporation  
Avnet, Inc.  
AVROBIO, Inc.  
Axcelis Technologies, Inc.  
Axis Capital Holdings Limited  
Axos Financial, Inc.  
Aytu BioScience Inc  
Azul SA Pfd Registered Shs  
AzurRx BioPharma, Inc.  
AZZ, Inc.  
B2Gold Corp.  
B3 SA - Brasil, Bolsa, Balcao  
Badger Meter, Inc.  
Baker Hughes Company  
Ball Corporation  
Banco Bradesco SA  
Banco Do Brasil S.A.  
Banco Santander Mexico SA  
Banco Santander-Chile  
Bancolombia SA  
Bank of America Corp  
Bank of Marin Bancorp  
Bank of Montreal  
Bank of New York Mellon Corporation  
Bank of Nova Scotia  
Bank of Princeton  
BankUnited, Inc.  
Barnes Group, Inc.  
Barnwell Industries, Inc.  
Barrick Gold Corporation  
Baxter International, Inc.  
BB Seguridade Participacoes SA  
Beacon Holdings, Inc.  
Beclé Sab De Cv  
Bed Bath & Beyond, Inc.  
Berkshire Hills Bancorp, Inc.  
Big Lots, Inc.  
Biohaven Pharmaceutical Holding Company Ltd.  
BioMarin Pharmaceutical Inc.  
BioSpecifics Technologies Corp.  
Beacon Holdings Inc.  
BK Technologies Corp.  
Blackstone Group Inc.  
Bloom Energy Corporation  
Bloomin' Brands, Inc.  
bluebird bio, Inc.  
Blueprint Medicines Corp.  
Boeing Company  
Bolsa Mexicana de Valores SAB de CV  
Bombardier Inc.  
Booz Allen Hamilton Holding Corporation  
BorgWarner Inc.  
Boston Beer Company, Inc.  
Box, Inc.  
BR Malls Participacoes S.A.  
BR Properties S.A.  
Braemar Hotels & Resorts, Inc.  
BRF SA  
Brickell Biotech, Inc.  
Brighthouse Financial, Inc.  
Brinker International, Inc.  
Brink's Company  
Bristol-Myers Squibb Company  
Bristow Group, Inc.  
Broadcom Inc.  
Brookfield Asset Management Inc.  
Brooks Automation, Inc.  
Bunge Limited  
BWX Technologies, Inc.  
Cable One, Inc.  
Cabot Microelectronics Corporation  
Cadence Bancorporation  
Cadence Design Systems, Inc.  
CalAmp Corp.  
Calavo Growers, Inc.  
California Resources Corp  
Calithera Biosciences, Inc.  
Callaway Golf Company  
Callon Petroleum Company  
Cambrex Corporation  
Camil Alimentos SA  
Canadian Solar, Inc.  
Cannae Holdings, Inc.  
Capital One Financial Corporation  
Cardinal Health, Inc.  
Care.com, Inc.  
Castlight Health, Inc.  
Caterpillar, Inc.  
Cato Corporation  
Cboe Global Markets Inc  
CCR S.A.  
Celanese Corporation  
CEL-SCI Corporation  
Cemex SAB de CV  
Centene Corporation  
CenterPoint Energy, Inc.  
Centerra Gold Inc.  
Central Valley Community Bancorp  
Centro De Imagem Diagnosticos SA  
Century Aluminum Company  
CenturyLink, Inc.  
CEVA, Inc.  
CF Industries Holdings, Inc.  
Charles Schwab Corporation  
Chart Industries, Inc.  
Charter Communications, Inc.  
Chase Corporation  
Cheesecake Factory Incorporated  
Chemours Co.  
Cheniere Energy, Inc.  
Chevron Corporation  
Children's Place, Inc.  
Chipotle Mexican Grill, Inc.  
Church & Dwight Co., Inc.  
Churchill Downs Incorporated  
Chuy's Holdings, Inc.  
Ciena Corporation  
Cigna Corporation  
Cincinnati Financial Corporation  
CIRCOR International, Inc.  
Cirrus Logic, Inc.  
Cisco Systems, Inc.  
CIT Group, Inc.  
Citigroup, Inc.  
Citizens Financial Corporation  
Citizens Financial Group, Inc.  
Citizens, Inc.  
Citrix Systems, Inc.  
Clearway Energy, Inc.  
Clorox Company  
CME Group Inc.  
CMS Energy Corporation  
CNO Financial Group, Inc.  
Coca-Cola Company  
Coeur Mining, Inc.  
Cogent Communications Holdings Inc  
Cognex Corporation  
Coherus Biosciences, Inc.  
Colgate-Palmolive Company  
Colony Bankcorp, Inc.  
Colony Capital, Inc.  
Colony Credit Real Estate, Inc.  
Comcast Corporation  
Comerica Incorporated  
Comfort Systems USA, Inc.  
CommScope Holding Co., Inc.  
Companhia Brasileira de Distribuicao  
Companhia de Locacao das Americas  
Companhia de Saneamento de Minas Gerais  
Companhia Energetica de Minas Gerais SA  
comScore, Inc.  
Concentradora Fibra Danhos SA De CV  
Concho Resources Inc.  
Conn's, Inc.

## Americas cont.

ConocoPhillips  
CONSOL Energy, Inc.  
Consolidated Communications Holdings, Inc.  
Constellation Brands, Inc.  
Corcept Therapeutics Incorporated  
CorMedix, Inc.  
Corning, Inc.  
Corteva, Inc.  
Cosan S.A.  
Costco Wholesale Corporation  
Coty, Inc.  
Cowen, Inc.  
Cracker Barrel Old Country Store, Inc.  
Crane Co.  
Cray Inc.  
Credicorp Ltd.  
Credito Real S.A. de C.V.  
Crescent Point Energy Corp.  
Crown Holdings, Inc.  
CSX Corporation  
Cubic Corporation  
Cummins Inc.  
CVS Health Corporation  
CymaBay Therapeutics, Inc.  
Cypress Semiconductor Corporation  
CyrusOne, Inc.  
Cytokinetics Incorporated  
CytomX Therapeutics, Inc.  
CytRx Corporation  
D.R. Horton, Inc.  
Danaher Corporation  
Darling Ingredients Inc.  
Dave & Buster's Entertainment, Inc.  
DaVita Inc.  
Deere & Company  
Dell Technologies Inc  
Delta Air Lines, Inc.  
Delta Apparel, Inc.  
Designer Brands Inc.  
Destination XL Group, Inc.

Devon Energy Corporation  
DHI Group, Inc.  
Diamondback Energy, Inc.  
Diebold Nixdorf Incorporated  
Diodes Incorporated  
Discover Financial Services  
Discovery, Inc.  
Diversified Gas & Oil PLC  
Document Security Systems, Inc.  
Dolby Laboratories, Inc.  
Dollar General Corporation  
Dollar Tree, Inc.  
Dominion Energy Inc  
Dommo Energia S.A.  
Donnelley Financial Solutions, Inc.  
Dorman Products, Inc.  
Dover Corporation  
Dow, Inc.  
DTE Energy Company  
Duke Energy Corporation  
DuPont De Nemours, Inc.  
Dynavax Technologies Corporation  
Eagle Bancorp, Inc.  
Eagle Pharmaceuticals, Inc.  
Easterly Government Properties, Inc.  
eBay Inc.  
Ecolab Inc.  
Ecopetrol SA  
EcoRodovias Infraestrutura e Logistica S.A.  
Edison International  
Editas Medicine, Inc.  
Edwards Lifesciences Corporation  
eHealth, Inc.  
Eidos Therapeutics Inc  
Elanco Animal Health, Inc.  
Electronic Arts Inc.  
Electronics For Imaging, Inc.  
Element Solutions, Inc.  
Eli Lilly and Company  
Embraer S.A.

Emerson Electric Co.  
Empire State Realty Trust, Inc.  
Enbridge Inc.  
Enel Americas S.A.  
Energizer Holdings Inc  
Energous Corp.  
Enerpac Tool Group Corp  
Enova International Inc  
Enphase Energy, Inc.  
EnPro Industries, Inc.  
Entegra Financial Corp.  
Entergy Corporation  
Enterprise Products Partners L.P.  
Enzo Biochem, Inc.  
EOG Resources, Inc.  
ePlus, Inc..  
EQT Corporation  
Equatorial Energia S.A.  
Equifax Inc.  
Equitable Holdings, Inc.  
Equity Commonwealth  
ESCO Technologies Inc.  
Evercore Inc  
Everest Re Group, Ltd.  
Every, Inc.  
Eversource Energy  
EVERTEC, Inc.  
Exelixis Inc.  
Exelon Corporation  
Expedia Group, Inc.  
Expeditors International of Washington, Inc.  
Exxon Mobil Corporation  
F.N.B Corporation  
Facebook, Inc.  
FARO Technologies, Inc.  
Fastenal Company  
FBL Financial Group, Inc..  
Federal Agricultural Mortgage Corporation  
FedEx Corporation  
FedNat Holding Company

Fidelity National Financial, Inc.  
Financial Institutions, Inc.  
First Hawaiian, Inc.  
First Industrial Realty Trust, Inc.  
First Midwest Bancorp, Inc.  
First Northwest Bancorp  
First United Corporation  
FirstEnergy Corp.  
Five9, Inc.  
Flexion Therapeutics, Inc.  
Flowers Foods, Inc.  
Flowserve Corporation  
Fluor Corporation  
FMC Corporation  
Fomento Economico Mexicano SAB de CV  
Ford Motor Company  
FormFactor, Inc.  
Fortinet, Inc.  
Fortive Corp.  
Fox Corporation  
Franco-Nevada Corporation  
Franklin Financial Network, Inc.  
Freeport-McMoRan, Inc.  
Freshpet Inc  
Frontdoor, Inc.  
Frontera Energy Corporation  
Gafisa SA  
GameStop Corp.  
Gannett Co., Inc.  
Gap, Inc.  
GCP Applied Technologies, Inc.  
General Dynamics Corporation  
General Electric Company  
General Mills, Inc.  
General Motors Company  
Genuine Parts Company  
Genworth Financial, Inc.  
GEO Group Inc  
Geospace Technologies Corporation  
Geron Corporation

## Americas cont.

G-III Apparel Group, Ltd.  
Gilead Sciences, Inc.  
Glaukos Corp  
Global Blood Therapeutics Inc  
GNC Holdings, Inc.  
Gogo Inc.  
Goldman Sachs Group, Inc.  
Goodyear Tire & Rubber Company  
Graham Corporation  
Grana y Montero SAA  
Great Lakes Dredge & Dock Corporation  
Greenbrier Companies, Inc.  
Greif  
Grendene S.A.  
Grid Dynamics Holdings, Inc.  
Griffon Corporation  
Groupon, Inc.  
Grubhub, Inc.  
Gruma SAB de CV  
Grupo Aeroportuario del Centro Norte SAB de CV  
Grupo Aeroportuario del Pacifico SAB de CV  
Grupo De Inversiones Suramericana S.A.  
Grupo Elektra SAB de CV  
Grupo Financiero Banorte SAB de CV  
Grupo GICSA SA de CV  
Grupo Gigante SAB de CV  
Grupo Herdez SAB de CV  
Grupo Hotelero Santa Fe SAB de CV  
Grupo LALA SAB de CV  
Grupo Mexico S.A.B. de C.V.  
Grupo Rotoplas SAB de CV  
Grupo Security S.A.  
Grupo Sports World SAB de CV  
Grupo Televisa, S.A.B.  
Gulf Keystone Petroleum Limited  
Gulfport Energy Corporation  
H.B. Fuller Company  
Haemonetics Corporation  
Halliburton Company  
Harley-Davidson, Inc.

Hartford Financial Services Group, Inc.  
Hasbro, Inc.  
Hawaiian Electric Industries, Inc.  
Hawaiian Holdings, Inc.  
Healthpeak Properties, Inc.  
Heat Biologics, Inc.  
Hecla Mining Company  
HEICO Corporation  
Helbor Empreendimentos S.A.  
Herbalife Nutrition Ltd.  
Heritage Financial Corporation  
Heritage Insurance Holdings, Inc.  
Heritage-Crystal Clean, Inc.  
Hershey Company  
Hess Corporation  
Hewlett Packard Enterprise Co.  
Hexcel Corporation  
HEXO Corp.  
HighPoint Resources Corp.  
Hilton Worldwide Holdings Inc  
Hiscox Ltd  
Histogen Inc.  
Hologic, Inc.  
Home Depot, Inc.  
HomeStreet, Inc.  
Honeywell International, Inc.  
Howmet Aerospace, Inc.  
HP, Inc.  
Hub Group, Inc.  
Hubbell Incorporated  
Hudson's Bay Company  
Huntington Bancshares Incorporated  
Huntington Ingalls Industries, Inc.  
Huntsman Corporation  
Hurco Companies, Inc.  
Huron Consulting Group Inc.  
iA Financial Corporation Inc.  
IAC/InterActiveCorp.  
Ichor Holdings, Ltd.  
IDACORP, Inc.

Iguatemi Empresa de Shopping Centers S.A  
Illinois Tool Works, Inc.  
Illumina, Inc.  
Immersion Corporation  
ImmunoGen, Inc.  
Immunomedics, Inc.  
Incyte Corporation  
Industrias Penoles SAB de CV  
INmune Bio, Inc.  
Innospec, Inc.  
Inphi Corporation  
Instructure, Inc.  
Intel Corporation  
Intellia Therapeutics, Inc.  
Interactive Brokers Group, Inc.  
Intercept Pharmaceuticals, Inc.  
Intercontinental Exchange, Inc.  
InterDigital, Inc.  
Intersect ENT, Inc.  
inTEST Corporation  
Intevac, Inc.  
Intra-Cellular Therapies, Inc.  
Intrepid Potash, Inc.  
Intuit, Inc.  
Intuitive Surgical, Inc.  
Invacare Corporation  
Invesco Ltd.  
Invitation Homes, Inc.  
IPG Photonics Corporation  
IQVIA Holdings, Inc.  
IRB Brasil Resseguros SA  
Iridium Communications, Inc.  
iStar, Inc.  
Itau Unibanco Holding SA  
Itausa - Investimentos Itau SA  
Iteris, Inc.  
Itron, Inc.  
ITT, Inc.  
IVERIC bio, Inc.  
J. C. Penney Company, Inc.

J.B. Hunt Transport Services, Inc.  
J2 Global, Inc.  
James River Group Holdings Ltd  
Japan Gold Corp  
JBS S.A.  
Jefferies Financial Group, Inc.  
JetBlue Airways Corporation  
JHSF Participacoes S.A.  
John Bean Technologies Corporation  
Johnson & Johnson  
JPMorgan Chase & Co.  
Juniper Networks, Inc.  
K12, Inc.  
Kaiser Aluminum Corporation  
Kaman Corporation  
Kansas City Southern  
Kellogg Company  
KeyCorp  
Kilroy Realty Corporation  
Kimball International, Inc.  
Kimco Realty Corporation  
Kinder Morgan, Inc.  
Kingstone Companies, Inc.  
Kinsale Capital Group, Inc.  
Kirkland Lake Gold Ltd.  
Klabin SA  
Knowles Corp.  
Kohl's Corporation  
Kosmos Energy Ltd.  
Kraft Heinz Company  
Kraton Corporation  
Kroger Co.  
La Comer SAB de CV  
La Jolla Pharmaceutical Company  
Lam Research Corporation  
Lamb Weston Holdings, Inc.  
Lannett Company, Inc.  
Lantheus Holdings, Inc.  
Laredo Petroleum, Inc.  
Lattice Semiconductor Corporation

## Americas cont.

Laurentian Bank of Canada  
Lawson Products, Inc.  
Lazard Ltd  
LaZBoy Incorporated  
LCI Industries  
Legg Mason, Inc.  
LendingClub Corp  
Level One Bancorp, Inc.  
Liberty Oilfield Services, Inc.  
Lincoln National Corporation  
Linx SA  
Lions Gate Entertainment Corp  
Liquidity Services, Inc.  
LKQ Corporation  
Loblaw Companies Limited  
Localiza Rent A Car S.A.  
Lockheed Martin Corporation  
Loews Corporation  
Lojas Renner S.A.  
Loma Negra Compania Industrial Argentina SA  
Lowe's Companies, Inc.  
Lululemon Athletica, Inc.  
Lumentum Holdings, Inc.  
Luminex Corp  
M. Dias Branco SA Industria e Comercio de Alimentos  
M.D.C. Holdings, Inc.  
Macerich Company  
Mack-Cali Realty Corporation  
Macquarie Infrastructure Corporation  
MacroGenics, Inc.  
Madison Square Garden Sports Corp.  
MAG Silver Corp.  
Magazine Luiza S.A.  
Magenta Therapeutics, Inc.  
Manitowoc Company, Inc.  
Manulife Financial Corporation  
Marathon Petroleum Corporation  
Marfrig Global Foods SA  
Marisa Lojas S.A.  
Markel Corporation  
MarketAxess Holdings Inc.  
Marlin Business Services Corp.  
Marriott International, Inc.  
Marsh & McLennan Companies, Inc.  
Masco Corporation  
Masimo Corporation  
Mastercraft Boat Holdings, Inc.  
Match Group, Inc.  
Matinas BioPharma Holdings, Inc.  
Matson, Inc.  
Mattel, Inc.  
Matthews International Corporation  
MAXIMUS, Inc.  
McDonald's Corporation  
McKesson Corporation  
MDU Resources Group, Inc.  
Medical Properties Trust, Inc.  
Medifast, Inc.  
Medpace Holdings, Inc.  
MercadoLibre, Inc.  
Merck & Co., Inc.  
Merrimack Pharmaceuticals, Inc.  
Meta Financial Group, Inc.  
Methanex Corporation  
Methode Electronics, Inc.  
MetLife, Inc.  
Mettler-Toledo International, Inc.  
MGE Energy, Inc.  
MGIC Investment Corporation  
MGM Resorts International  
Microbot Medical Inc  
Microchip Technology Incorporated  
MicroVision, Inc.  
Middleby Corporation  
Midland States Bancorp, Inc.  
MIND Technology, Inc.  
Minerals Tech, Inc.  
Miragen Therapeutics, Inc.  
MKS Instruments, Inc.  
Mobile Mini, Inc.  
Model N, Inc.  
Molson Coors Beverage Company  
Momenta Pharmaceuticals, Inc.  
Mondelez International, Inc.  
Monmouth Real Estate Investment Corporation  
Monolithic Power Systems, Inc.  
Monro, Inc.  
Moody's Corporation  
Morgan Stanley  
Motorcar Parts of America, Inc.  
Motorola Solutions, Inc.  
Mr. Cooper Group, Inc.  
MSCI, Inc.  
MSG Networks, Inc.  
MVB Financial Corp.  
Myriad Genetics, Inc.  
Nabors Industries Ltd.  
Nasdaq, Inc.  
National Bank Holdings Corporation  
National Fuel Gas Company  
National Instruments Corporation  
National Vision Holdings, Inc.  
NCR Corporation  
Nektar Therapeutics  
Neoenergia SA  
Neogen Corporation  
NeoGenomics, Inc.  
Neptune Wellness Solutions, Inc.  
Netflix, Inc.  
NETGEAR, Inc.  
Neurocrine Biosciences, Inc.  
Nevro Corp.  
New Home Co., Inc.  
New Mountain Finance Corporation  
New York Community Bancorp, Inc.  
New York Times Company  
Newell Brands, Inc.  
Newmont Corporation  
News Corporation  
NextEra Energy, Inc.  
NextGen Healthcare, Inc.  
NI Holdings, Inc.  
Nicolet Bankshares, Inc.  
NMI Holdings, Inc.  
Noble Energy, Inc.  
Nordstrom, Inc.  
Norfolk Southern Corporation  
Northern Dynasty Minerals Ltd.  
Northern Trust Corporation  
Northrop Grumman Corporation  
NorthWestern Corporation  
Notre Dame Intermedica Participacoes SA  
NOW Inc.  
Nuance Communications, Inc.  
Nucor Corporation  
NVIDIA Corporation  
NVR, Inc.  
Occidental Petroleum Corporation  
Oceaneering International, Inc.  
Ocwen Financial Corporation  
ODP Corporation  
OGE Energy Corp.  
O-I Glass, Inc.  
Oil States International, Inc.  
Olympic Steel, Inc.  
Omega Geracao SA  
Omnicom Group, Inc.  
On Deck Capital, Inc.  
OncoSec Medical Incorporated  
One Stop Systems, Inc.  
ONEOK, Inc.  
Opus Bank  
Oracle Corporation  
Orbia Advance Corp. SAB de CV  
Orbital Energy Group, Inc.  
O'Reilly Automotive, Inc.  
Organizacion Soriana SAB de CV  
Organovo Holdings, Inc.  
Origin Bancorp, Inc.  
Ormat Technologies, Inc.

## Americas cont.

Orrstown Financial Services, Inc.  
Osisko Gold Royalties Ltd  
Otelco, Inc.  
Overstock.com, Inc.  
Ovintiv, Inc.  
Owens Corning  
Oxford Square Capital Corp.  
PACCAR, Inc.  
Pacific Mercantile Bancorp  
PacWest Bancorp  
PAR Technology Corporation  
Pareteum Corporation  
Parker-Hannifin Corporation  
Parsley Energy, Inc.  
Pattern Energy Group, Inc.  
PDC Energy, Inc.  
PDL BioPharma, Inc.  
Peabody Energy Corporation  
Penns Woods Bancorp, Inc.  
PepsiCo, Inc.  
Perdoceo Education Corporation  
Perma-Fix Environmental Services, Inc.  
PetMed Express, Inc.  
Petro Rio SA  
Petroleo Brasileiro SA  
Pfizer Inc.  
PG&E Corporation  
Phillips 66  
Phio Pharmaceuticals Corp.  
Photronics, Inc.  
Pieris Pharmaceuticals, Inc.  
Pilgrim's Pride Corporation  
Pinnacle West Capital Corporation  
Pioneer Natural Resources Company  
Piper Sandler Companies  
Pitney Bowes, Inc.  
PJT Partners, Inc.  
PlayAGS, Inc.  
Plug Power, Inc.  
PNM Resources, Inc.

Popular, Inc.  
Portland General Electric Company  
Post Holdings, Inc.  
Potbelly Corp.  
Power Financial Corporation  
Power Integrations, Inc.  
PPG Industries, Inc.  
PPL Corporation  
Prestige Consumer Healthcare, Inc.  
Primerica, Inc.  
Primoris Services Corporation  
Principal Financial Group, Inc.  
Procter & Gamble Company  
Progenics Pharmaceuticals, Inc.  
Prologis Property Mexico, S.A. de C.V.  
Prologis, Inc.  
Promigas SA ESP  
Promotora Y Operadora De Infraestructura SA  
Proofpoint, Inc.  
PROS Holdings, Inc.  
Prudential Financial, Inc.  
PTC Inc.  
Public Service Enterprise Group Inc.  
Pulte Group, Inc.  
QEP Resources, Inc.  
Qorvo, Inc.  
QUALCOMM Incorporated  
Qualicorp Consultoria e Corretora de Seguros S.A.  
Quanta Services, Inc..  
Quanterix Corporation  
Quotient Technology Incorporated  
R.R. Donnelley & Sons Company  
Raia Drogasil S.A.  
Ralph Lauren Corporation  
Rambus Inc.  
Range Resources Corporation  
Rapid7 Inc  
Rayonier Advanced Materials, Inc.  
Raytheon Company  
Raytheon Technologies Corporation

Reata Pharmaceuticals, Inc.  
Redwood Trust, Inc.  
Regeneron Pharmaceuticals, Inc.  
Regional Management Corp.  
Regis Corporation  
Reinsurance Group of America, Inc.  
RenaissanceRe Holdings Ltd.  
Repligen Corporation  
Republic Services, Inc.  
Resideo Technologies, Inc.  
ResMed, Inc.  
Restaurant Brands International, Inc.  
Retrophin, Inc.  
Revance Therapeutics, Inc.  
RH  
Rhythm Pharmaceuticals, Inc.  
Richardson Electronics Ltd.  
RigNet, Inc.  
RioCan Real Estate Investment Trust  
Rite Aid Corporation  
RLI Corp.  
RLJ Lodging Trust  
Rockwell Automation, Inc.  
Rogers Corporation  
Rumo SA  
Ruth's Hospitality Group, Inc.  
Ryman Hospitality Properties, Inc.  
S&P Global, Inc.  
SAGE Therapeutics, Inc.  
Sanderson Farms, Inc.  
Sanmina Corporation  
Santander Consumer USA Holdings, Inc.  
Saputo, Inc.  
Sarepta Therapeutics, Inc.  
SBA Communications Corp.  
ScanSource, Inc.  
Schlumberger NV  
Schnitzer Steel Industries, Inc.  
Sculptor Capital Management, Inc.  
Seattle Genetics, Inc.

SeaWorld Entertainment, Inc.  
Sempra Energy  
Service Corporation International  
Shake Shack, Inc.  
Shutterfly, Inc.  
SI-BONE, Inc.  
Signature Bank  
Signet Jewelers Limited  
Simply Good Foods Co.  
Simpson Manufacturing Co., Inc.  
Six Flags Entertainment Corporation  
SJW Group  
Skechers U.S.A., Inc.  
Skyline Champion Corp.  
Smiles Fidelidade SA  
Smith & Wesson Brands, Inc.  
Sonic Automotive, Inc.  
Sonoco Products Company  
Sorrento Therapeutics, Inc.  
Southern Company  
Southwest Airlines Co.  
Southwestern Energy Company  
Spectrum Brands Holdings, Inc.  
Spok Holdings, Inc.  
Sprouts Farmers Markets, Inc.  
Standex International Corporation  
Stanley Black & Decker, Inc.  
Starbucks Corporation  
Starwood Property Trust, Inc.  
State Street Corporation  
Steel Dynamics, Inc.  
Stericycle, Inc.  
Stewart Information Services Corporation  
Stoneridge, Inc.  
STRATTEC SECURITY CORPORATION  
Strongbridge Biopharma plc  
Summit State Bank  
Sunrun, Inc.  
Sunstone Hotel Investors, Inc.  
SunTrust Banks, Inc.



## Americas cont.

Super Micro Computer, Inc.  
Superior Industries International, Inc.  
Suzano S.A.  
Synalloy Corporation  
Synaptics Incorporated  
SYNNEX Corporation  
Synovus Financial Corp.  
Synthetic Biologics, Inc.  
Sysco Corporation  
Tailored Brands, Inc.  
Take-Two Interactive Software, Inc.  
Targa Resources Corp.  
Taubman Centers, Inc.  
TC Energy Corporation  
TCF Financial Corporation  
Tech Data Corporation  
TEGNA, Inc.  
Telephone And Data Systems, Inc.  
Tempur Sealy International, Inc.  
Tenet Healthcare Corporation  
Tenneco, Inc.  
Tesla, Inc.  
Tetra Tech, Inc.  
TETRA Technologies, Inc.  
Texas Capital Bancshares, Inc.  
Texas Instruments Incorporated  
Textron, Inc.  
Thermo Fisher Scientific, Inc.  
Thermon Group Holdings, Inc.  
Third Point Reinsurance Ltd.  
Thomson Reuters Corporation  
Tidewater, Inc.  
TIM Participacoes S.A.  
Timken Company  
Titan Pharmaceuticals, Inc.  
TJX Companies, Inc.  
Toll Brothers, Inc.  
Toronto-Dominion Bank  
TOTVS S.A.  
TPG RE Finance Trust, Inc.

TransDigm Group Incorporated  
Travelers Companies, Inc.  
Tredgar Corporation  
Treehouse Foods, Inc.  
Triumph Bancorp, Inc.  
Tronox Holdings Plc  
TrustCo Bank Corp NY  
Twist Bioscience Corp.  
Twitter, Inc.  
Tyler Technologies, Inc.  
Tyme Technologies, Inc.  
Tyson Foods, Inc.  
U.S. Bancorp  
U.S. Physical Therapy, Inc.  
Uber Technologies, Inc.  
Ultrapar Participacoes S.A.  
Umpqua Holdings Corporation  
Unifin Financiera SAB de CV  
UniFirst Corporation  
Union Pacific Corporation  
Unisys Corporation  
United Continental Holdings, Inc.  
United Natural Foods, Inc.  
United Parcel Service, Inc.  
United Rentals, Inc.  
United States Steel Corporation  
United Therapeutics Corporation  
UnitedHealth Group Incorporated  
Univar Solutions, Inc.  
Universal Display Corporation  
Universal Health Realty Income Trust  
Universal Insurance Holdings, Inc.  
Unum Group  
Uranium Energy Corp.  
V.F. Corporation  
VAALCO Energy, Inc.  
Vale S.A.  
Valero Energy Corporation  
Valley National Bancorp  
Valmont Industries, Inc.

Vanda Pharmaceuticals Inc.  
Varonis Systems, Inc.  
Vector Group Ltd.  
Veeco Instruments, Inc.  
Vera Bradley, Inc.  
Vericel Corporation  
Verint Systems Inc.  
Veritiv Corp.  
Verizon Communications, Inc.  
Verso Corp.  
Vertex Pharmaceuticals Incorporated  
Via Varejo S.A.  
ViacomCBS Inc.  
ViaSat, Inc.  
Viavi Solutions, Inc.  
VICI Properties, Inc.  
Vina Concha Y Toro S.A.  
Virgin Galactic Holdings, Inc.  
Virtus Investment Partners, Inc.  
Virtusa Corporation  
Visa, Inc.  
Vista Outdoor, Inc.  
Vistra Corp.  
Vivara Participacoes SA  
Vocera Communications, Inc.  
Vonage Holdings Corp.  
Vulcan Materials Company  
W. R. Berkley Corporation  
W.W. Grainger, Inc.  
Wabash National Corporation  
Walgreens Boots Alliance, Inc.  
Walker & Dunlop, Inc.  
Wal-Mart de Mexico SAB de CV  
Walmart Inc.  
Walt Disney Company  
Warrior Met Coal, Inc.  
Waste Management, Inc.  
WEC Energy Group, Inc.  
Wells Fargo & Company  
West Bancorporation, Inc.

Westell Technologies, Inc.  
Western Digital Corporation  
WestRock Company  
White Mountains Insurance Group Ltd  
Whitestone REIT  
Williams Companies, Inc.  
Williams-Sonoma, Inc.  
Wingstop, Inc.  
Winnebago Industries, Inc.  
Workhorse Group, Inc.  
WW International, Inc.  
Wyndham Destinations, Inc.  
Xcel Energy, Inc.  
Xencor, Inc.  
Xerox Holdings Corporation  
Xperi Holding Corporation  
XPO Logistics, Inc.  
Yamana Gold, Inc.  
Yelp, Inc.  
YPF SA  
Yum! Brands, Inc.  
Zebra Technologies Corporation  
Zimmer Biomet Holdings, Inc.  
Zoetis, Inc.

## Asia-Pacific

77 Bank, Ltd.	Axiata Group Bhd.	China International Capital Corp., Ltd.	CRRC Corporation Limited
Adani Enterprises Limited	Azbil Corporation	China Life Insurance Co., Ltd.	CSL Limited
Advanex, Inc.	Bank Of East Asia Ltd.	China Mengniu Dairy Co., Ltd.	CSPC Pharmaceutical Group Limited
Advantest Corp.	Bank Of Queensland Limited	China Merchants Bank Co., Ltd.	CSSC Offshore & Marine Engineering (Group) Company Limited
AEON Co., Ltd.	Beach Energy Limited	China Merchants Port Holdings Co., Ltd.	Daelim Industrial Co., Ltd.
AGL Energy Limited	Beijing Capital International Airport Co., Ltd.	China Mobile Limited	Dai Nippon Printing Co., Ltd.
Agricultural Bank of China Limited	Beijing Enterprises Water Group Limited	China Molybdenum Co., Ltd.	Daicel Corporation
Aichi Bank Ltd.	Beijing Tong Ren Tang Chinese Medicine Co., Ltd.	China National Building Material Co., Ltd.	Daifuku Co., Ltd.
Ajinomoto Co., Inc.	Bendigo & Adelaide Bank Ltd.	China Oilfield Services Limited	Dai-ichi Life Holdings, Inc.
Alfresa Holdings Corporation	Bengo4.com, Inc.	China Overseas Land & Investment Limited	DAIKIN INDUSTRIES, LTD.
Alps Alpine Co., Ltd.	Bharti Airtel Limited	China Pacific Insurance (Group) Co., Ltd.	Daio Paper Corporation
ALS Ltd.	BHP Group Ltd.	China Petrochemical Development Corporation	Daito Trust Construction Co., Ltd.
Aluminum Corporation of China Limited	Bloomberry Resorts Corporation	China Petroleum & Chemical Corporation	Daiwa House Industry Co., Ltd.
AMADA Co., Ltd.	Bluescope Steel Limited	China Resources Land Limited	Daiwa Securities Group Inc.
Amorepacific Corp.	BOC Aviation Ltd	China Resources Medical Holdings Co., Ltd.	Datang International Power Generation Co., Ltd.
AMP Limited	BOC Hong Kong (Holdings) Limited	China Shenhua Energy Co. Ltd.	DBS Group Holdings Ltd.
Ampol Limited	Boral Limited	China Southern Airlines Company Limited	DeNA Co., Ltd.
ANA Holdings, Inc.	Bravura Solutions Limited	China Steel Corporation	Denka Co., Ltd.
ARA Asset Management Limited	Brickworks Ltd.	China Unicom (Hong Kong) Limited	Dentsu Group Inc.
Arisawa Mfg.Co., Ltd.	BROCCOLI Co., Ltd.	China Yangtze Power Co., Ltd.	DiGi.Com Bhd
Aristocrat Leisure Limited	Budweiser Brewing Co. APAC Ltd.	Chipbond Technology Corporation	DKK Co.,Ltd.
Arq Group Ltd	Cafe De Coral Holdings Ltd.	Chubu Electric Power Company Incorporated	D-Link Corporation
Asahi Group Holdings, Ltd.	Canon, Inc.	CITIC Securities Co. Ltd.	Domino's Pizza Enterprises Limited
Asahi Intecc Co., Ltd.	Capcom Co., Ltd.	City Developments Limited	Dowa Holdings Co., Ltd.
Asahi Kasei Corporation	CapitaLand Limited	CK Hutchison Holdings Ltd.	Dr. Reddy's Laboratories Ltd.
Asanuma Corporation	CapitaLand Retail China Trust	CK Infrastructure Holdings Limited	DTS Corporation
Asics Corporation	CAR Inc.	CLP Holdings Limited	Duskin Co., Ltd.
ASKUL Corporation	Carsales.Com Limited	CNOOC Limited	DyDo Group Holdings, Inc.
ASM Pacific Technology Limited	Casio Computer Co, Ltd.	Coca-cola Amatil Limited	E.SUN Financial Holding Co., Ltd.
Asmedia Technology, Inc.	Cedar Woods Properties Limited	Coles Group Ltd.	East Jap Railway Company
ASX Limited	Celltrion, Inc.	Collins Foods Limited	Ebara Corporation
Asymchem Laboratories (Tianjin) Co., Ltd.	Central Japan Railway Company	Comfortdelgro Corporation Limited	Eisai Co., Ltd.
Atsugi Co, Ltd.	Challenger Limited	Commonwealth Bank Of Australia	ENEOS Holdings, Inc.
Au Optronics Corp.	Chang Hwa Commercial Bank, Ltd.	COSCO SHIPPING Holdings Co., Ltd.	ENN Energy Holdings Limited
Aurizon Holdings Ltd.	Chicony Electronics Co. Ltd.	COSCO SHIPPING International (Hong Kong) Co., Ltd.	Eros International PLC
Austal Limited	China Agri-Industries Holdings Limited	COSCO SHIPPING Ports Limited	Faith, Inc.
Australia And New Zealand Banking Group Limited	China Aircraft Leasing Group Holdings Ltd.	Cosmo Energy Holdings Co., Ltd.	FamilyMart Co., Ltd.
Avex, Inc.	China Communications Construction Co., Ltd.	Country Garden Services Holdings Co., Ltd.	Fanuc Corporation
AVIC International Holdings Ltd.	China Construction Bank Corporation	COWAY Co., Ltd.	Far Eastone Telecommunications Co., Ltd.
AviChina Industry & Technology Co., Ltd.	China Eastern Airlines Corporation Limited	Cromwell Property Group	

## Asia-Pacific cont.

First Pacific Co., Ltd.	Hengan International Group Co., Ltd.	loof Holdings Ltd.	Konica Minolta, Inc.
Fortescue Metals Group Ltd.	Hero Motocorp Limited	Isetan Mitsukoshi Holdings Ltd.	Korea Electric Power Corporation
Foster Electric Company Limited	Hisamitsu Pharmaceutical Co., Inc.	ISHIHARA SANGYO KAISHA, LTD.	Korea Zinc Co., Ltd.
Fuji Electric Co., Ltd.	Hitachi Zosen Corporation	Itochu Corporation	KT & G Corporation
FUJIFILM Holdings Corp	HK Electric Investments & HK Electric Investments Ltd.	J. FRONT RETAILING Co., Ltd.	KT Corporation
Fujikura Ltd.	HKBN Ltd.	JAPAN POST HOLDINGS Co., Ltd.	Kuala Lumpur Kepong Bhd.
Fujimi Incorporated	HKT Trust and HKT Ltd	JAPAN POST INSURANCE Co., Ltd.	Kubota Corporation
Fujitec Co., Ltd.	Hodogaya Chemical Co., Ltd.	Japan Tobacco Inc.	Kuraray Co., Ltd.
Fujitsu Limited	Hokkaido Electric Power Company Incorporated	JCU CORPORATION	Kyocera Corporation
Fukuoka Financial Group, Inc.	Hokkoku Bank, Ltd.	JFE Holdings, Inc.	Kyokuto Boeki Kaisha, Ltd.
Futaba Corp.	Hokuriku Elec Power Company	JGC Holdings Corporation	Kyushu Electric Power Company Incorporated
Futaba Industrial Co., Ltd.	Honda Motor Co., Ltd.	Jiangsu Expressway Co., Ltd.	Kyushu Railway Company
Fuyo General Lease Co., Ltd.	Hong Kong Exchanges & Clearing Ltd.	Jiangsu Hengli Hydraulic Co., Ltd.	Lacto Japan Co., Ltd.
Geely Automobile Holdings Limited	Hoosiers Holdings	Jiangsu Kanion Pharmaceutical Co., Ltd.	Larsen & Toubro Ltd.
Gemdale Corporation	HOSHIZAKI Corp.	Jiangxi Copper Company Limited	Lasertec Corp.
GlobalWafers Co., Ltd.	HOTEL SHILLA CO., LTD.	Jindal Steel & Power Ltd.	Lendlease Group
Glodon Company Limited	Huadian Fuxin Energy Corp. Ltd.	Juroku Bank, Ltd.	Leopalace21 Corporation
Golden Agri-Resources Ltd	Huaku Development Co., Ltd.	JVCKENWOOD Corporation	LG Chem Ltd.
Goodman Group	Huaneng Renewables Corp. Ltd.	Kagome Co., Ltd.	LG Display Co., Ltd
GPT Group	Huifu Payment Limited	Kajima Corporation	Li & Fung Limited
Great Wall Motor Co., Ltd.	HYUNDAI GLOVIS Co., Ltd.	Kaneka Corporation	Link Real Estate Investment Trust
GREE, Inc.	Hyundai Mobis Co., Ltd.	Kansai Electric Power Company Limited	LIXIL Group Corp.
Guangdong Investment Limited	Hyundai Motor Company	Kansai Paint Co., Ltd.	LT Group, Inc.
Guangshen Railway Company Limited	Idemitsu Kosan Co., Ltd.	Kao Corp.	Luye Pharma Group Ltd.
Gunze Limited	IHI Corporation	KB Financial Group Inc.	Macquarie Group Limited
H.U. Group Holdings, Inc.	Iino Kaiun Kaisha Ltd.	KDDI Corporation	Maeda Corporation
H2O Retailing Corporation	Iluka Resources Limited	Keihan Holdings Co., Ltd.	Maeda Road Construction Co., Ltd.
Hachijuni Bank Ltd.	Inabata & Co., Ltd.	Keihanshin Building Co., Ltd.	Mahindra & Mahindra Ltd.
Haitong Securities Co., Ltd.	Indiabulls Housing Finance Ltd.	Keikyu Corporation	Mandom Corporation
Hamamatsu Photonics K.K.	Industrial And Commercial Bank Of China Limited	Kerry Properties Limited	Marubeni Corporation
Hang Lung Group Limited	Industrial Bank Co., Ltd.	Kewpie Corporation	Maruha Nichiro Corp.
Hang Lung Properties Limited	Inner Mongolia Yili Industrial Group Co., Ltd.	KIA Motors Corporation	Marui Group Co., Ltd.
Hangzhou Tigermed Consulting Co., Ltd.	Innolux Corp.	King Jim Co., Ltd.	Maxell Holdings Ltd.
HANJIN KAL Corp.	Innovent Biologics, Inc.	Kingdee International Software Group Co., Ltd.	Mebuki Financial Group, Inc.
Hankyu Hanshin Holdings, Inc.	INPEX CORPORATION	Kirin Holdings Company Limited	Meiji Holdings Co., Ltd.
Hanon Systems	Insurance Australia Group Limited	Koa Corporation	Mirvac Group
Han's Laser Technology Industry Group Co., Ltd.	InterGlobe Aviation Ltd.	Kobe Steel Ltd.	Mitsubishi Chemical Holdings Corporation
Harvey Norman Holdings Ltd.	International Container Terminal Services, Inc.	Kohnan Shoji Co., Ltd.	Mitsubishi Corporation
Hazama Ando Corp.	Inui Global Logistics, Co., Ltd.	Komatsu Ltd.	Mitsubishi Elec Corp.
Heiwa Real Estate Co., Ltd.	Inventec Corporation	Komori Corporation	Mitsubishi Estate Company Limited

## Asia-Pacific cont.

Mitsubishi Heavy Industries Ltd.	Nippon Shokubai Co., Ltd.	POSCO	Senshu Ikeda Holdings, Inc.
Mitsubishi Logistics Corporation	Nippon Soda Co., Ltd.	POSCO INTERNATIONAL Corporation	Sercomm Corp.
Mitsubishi Materials Corp.	NIPPON STEEL CORP.	Powertech Technology, Inc.	Seven & I Holdings Co., Ltd.
Mitsubishi UFJ Financial Group, Inc.	Nippon Telegraph and Telephone Corporation	Premium Group Co., Ltd.	Shandong Weigao Group Medical Polymer Co., Ltd.
Mitsui & Co., Ltd.	Nippon Television Holdings, Inc.	PT Indofood CBP Sukses Makmur Tbk	Shanghai Baosight Software Co., Ltd.
Mitsui E&S Holdings Co., Ltd.	Nippon Yusen Kabushiki Kaisha	PT United Tractors Tbk	Shanghai Electric Group Company Limited
Mitsui Fudosan Co., Ltd.	Nishimatsu Construction Co., Ltd.	Qantas Airways Limited	Shanghai Haixin Group Co., Ltd.
Mitsui Mining And Smelting Company Limited	Nissan Motor Co., Ltd.	QBE Insurance Group Limited	Shenzhen Expressway Co., Ltd.
Mitsui O.S.K.Lines Ltd.	Nissha Co. Ltd.	Qol Holdings Co., Ltd.	Shibaura Machine Co., Ltd.
Mizuho Financial Group, Inc.	Nisshin Seifun Group Inc.	Ramsay Health Care Limited	Shikoku Electric Power Company Incorporated
Monex Group, Inc.	Nissin Foods Holdings Co., Ltd.	Recruit Holdings Co., Ltd.	Shimadzu Corporation
MS&AD Insurance Group Holdings, Inc.	Nitori Holdings Co., Ltd.	Reliance Industries Limited	Shimizu Corporation
MTR Corporation Limited	Nitto Denko Corp.	Resolute Mining Limited	Shin Kong Financial Holding Co., Ltd.
Nanto Bank Ltd.	Nomura Holdings, Inc.	Ricoh Company, Ltd.	Shin Zu Shing Co., Ltd.
Nanya Technology Corporation	Northern Star Resources Ltd.	Rio Tinto Limited	Shinhan Financial Group Co., Ltd.
National Australia Bank Limited	NSD Co., Ltd.	Ryosan Company Limited	Shinsei Bank Limited
NAVER Corp.	NSK Ltd.	Ryoyo Electro Corp.	Shiseido Company Limited
NCsoft Corporation	NTT DATA Corporation	S-1 Corp.	Showa Denko K.K.
Nearmap Ltd.	Obayashi Corporation	Sakura Sogo REIT Investment Corp.	Siam Commercial Bank Public Company Limited
NEC Corp.	OceanaGold Corporation	SAMSUNG BIOLOGICS Co., Ltd.	Sihuan Pharmaceutical Holdings Group Ltd.
NEC Networks & System Integration Corporation	OFILM Group Co., Ltd.	SAMSUNG C&T CORP	Sime Darby Bhd.
Net One Systems Co., Ltd.	Oil Search Limited	Samsung Electronics Co., Ltd.	Simplo Technology Co., Ltd.
Neturen Co., Ltd.	Oji Holdings Corp.	Samsung Fire & Marine Insurance Co., Ltd.	Singapore Airlines Ltd.
New World Development Co., Ltd.	OKI Electric Industry Company Limited	Sanan Optoelectronics Co., Ltd.	Singapore Telecommunications Limited
Newcrest Mining Limited	On-Bright Electronics Co., Ltd.	Sankyo Co., Ltd.	Sino Land Co., Ltd.
NEXON Co., Ltd.	Onward Holdings Co., Ltd.	Sanrio Company Ltd.	SinoPac Financial Holdings Co., Ltd.
Nien Made Enterprise Co., Ltd.	Orica Limited	Sanshin Electronics Co., Ltd.	Sinopec Shanghai Petrochemical Co., Ltd.
Nihon M&A Center Inc.	Origin Energy Limited	Santen Pharmaceutical Co., Ltd.	SK Holdings Co., Ltd.
Nihon Unisys Ltd.	ORIX Corporation	Santos Limited	SK hynix, Inc.
NIKKON Holdings Co., Ltd.	Oversea-Chinese Banking Corporation Limited	Sanyo Shokai Ltd.	SK Innovation Co., Ltd.
Nine Entertainment Co. Holdings Limited	OZ Minerals Limited	Sapporo Holdings Limited	SKYCITY Entertainment Group Limited
Nintendo Co., Ltd.	Pack Corporation	SCREEN Holdings Co., Ltd	SM Investments Corporation
Nippon Chemi-Con Corporation	Panasonic Corporation	Seek Limited	SoftBank Group Corp.
Nippon Electric Glass Co., Ltd.	Perpetual Limited	Sega Sammy Holdings, Inc.	Sojitz Corp.
NIPPON EXPRESS CO., LTD.	PetroChina Company Limited	Seibu Holdings, Inc.	SolGold Plc
NIPPON PAINT HOLDINGS CO.LTD.	PICC Property & Casualty Co., Ltd.	Seikitokyu Kogyo Co., Ltd.	Sompo Holdings, Inc.
Nippon Paper Industries Co., Ltd.	Pigeon Corporation	Seiko Epson Corp.	Sony Corporation
Nippon Pillar Packing Co., Ltd.	Pinduoduo, Inc.	Sekisui Chemical Co., Ltd.	South32 Ltd.
Nippon Piston Ring Co., Ltd.	Ping An Insurance (Group) Company of China, Ltd.	Sekisui House Ltd.	Spark New Zealand Limited
Nippon Sheet Glass Company Limited	PixArt Imaging, Inc.	Sembcorp Industries Ltd.	Square Enix Holdings Co., Ltd.

## Asia-Pacific cont.

Star Asia Investment Corp.  
Star Entertainment Group Limited  
Stockland  
Sumitomo Corporation  
Sumitomo Electric Industries, Ltd.  
Sumitomo Metal Mining Co., Ltd.  
Sumitomo Mitsui Financial Group, Inc.  
Sumitomo Mitsui Trust Holdings, Inc.  
Sumitomo Realty & Development Co., Ltd.  
Sumitomo Riko Company Limited  
Sumitomo Rubber Industries, Ltd.  
Suncorp Group Limited  
SuRaLa Net Co., Ltd.  
Suzuki Motor Corp  
SWCC Showa Holdings Co., Ltd.  
Swire Pacific Limited  
T&D Holdings, Inc.  
Tabcorp Holdings Limited  
TADANO Ltd.  
TAISEI CORP  
Taishin Financial Holdings Co., Ltd.  
Taiwan Cement Corp.  
Taiwan Cooperative Financial Holding Co., Ltd.  
Taiwan Mobile Co., Ltd.  
Taiyo Holdings Co., Ltd.  
Takamiya Co., Ltd.  
Takeda Pharmaceutical Co., Ltd.  
Tamron Co., Ltd.  
Tata Steel Limited  
Tatung Co.  
TCL Electronics Holdings Limited  
TDK Corporation  
Tech Mahindra Limited  
Teco Electric & Machinery Co., Ltd.  
Teijin Limited  
Teikoku Sen-I Co., Ltd.  
Telstra Corporation Limited  
Tenaga Nasional Bhd  
Tencent Holdings Ltd.  
TENMA CORPORATION

THK Co., Ltd.  
Titan Company Limited  
TMB Bank Public Company Limited  
Tohoku Electric Power Company Incorporated  
Tokyo Broadcasting System Holdings, Inc.  
Tokyo Dome Corporation  
Tokyo Electric Power Company Holdings Incorporated  
Tokyo Electron Ltd.  
TOKYO GAS Co., Ltd.  
TOKYU CORPORATION  
Tong Ren Tang Technologies Co., Ltd.  
Toppan Printing Co., Ltd.  
Toray Industries, Inc.  
Toshiba Corporation  
TOTO Ltd.  
Towngas China Co., Ltd.  
Toyo Suisan Kaisha, Ltd.  
Toyo Tanso Co., Ltd.  
Toyo Tire Corporation  
Toyota Motor Corp.  
Transurban Group Ltd.  
Treasury Wine Estates Limited  
Trend Micro Incorporated  
TV Asahi Holdings Corporation  
UBE Industries, Ltd.  
Uchida Yoko Co., Ltd.  
United Microelectronics Corp.  
UNIZO Holdings Company Limited  
UPL Limited  
Ushio Inc.  
Vedanta Limited  
Vitasoy International Holdings Limited  
Webcentral Group Limited  
Weimob, Inc.  
Wesfarmers Limited  
Westpac Banking Corporation  
Wharf Real Estate Investment Co. Ltd.  
Wheelock & Co., Ltd.  
Wilmar International Limited  
Win Semiconductors Corp.

Winbond Electronics Corp.  
Woodside Petroleum Ltd.  
Woolworths Group Ltd.  
Worley Limited  
WT Microelectronics Co., Ltd.  
WuXi AppTec Co., Ltd.  
Wuxi Lead Intelligent Equipment Co., Ltd.  
Xiaomi Corp.  
XP Power Ltd.  
Yamaha Corporation  
Yamaha Motor Co., Ltd.  
Yamato Holdings Co., Ltd.  
Yangzijiang Shipbuilding (Holdings) Ltd.  
Yanzhou Coal Mining Co., Ltd.  
Yes Bank Limited  
Yokogawa Electric Corp.  
Yokohama Rubber Co., Ltd.  
Yuexiu Property Co., Ltd.  
Yuexiu Transport Infrastructure Limited  
Yum China Holdings, Inc.  
Z Holdings Corporation  
Zhaojin Mining Industry Co., Ltd.  
Zhejiang Expressway Co., Ltd.  
Zojirushi Corporation  
Zoomlion Heavy Industry Science & Technology Co., Ltd.  
ZTE Corporation

## Europe, The Middle East and Africa

888 Holdings Plc	Auto Trader Group PLC	Capri Holdings Limited	dormakaba Holding AG
AA Plc	Avast Plc	Card Factory Plc	Draper Esprit Plc
Aareal Bank AG	Aviva plc	Cardtronics plc	Drax Group plc
ABB Ltd.	AXA SA	Carnival plc	DS Smith PLC TEMP
Absa Group Limited	Axovant Gene Therapies Ltd.	Carrefour SA	Dufry AG
Accenture Plc	Azimut Holding Spa	Castleton Technology Plc	E.ON SE
Actividades de Construccion y Servicios SA	Babcock International Group PLC	Cellnex Telecom S.A.	easyJet plc
Adecco Group AG	BAE Systems plc	Centamin plc	EDP-Energias de Portugal SA
adidas AG	Balfour Beatty plc	Central Asia Metals Plc	Eiffage SA
Admiral Group plc	Banco Bilbao Vizcaya Argentaria, S.A.	Centrica plc	Elementis plc
Advanced Medical Solutions Group plc	Banco BPM SpA	CEZ as	Endo International Plc
Aegon NV	Banco De Sabadell SA	Chubb Limited	Enel SpA
ageas SA/NV	Banco Santander SA	City of London Investment Group PLC	ENGIE SA
Air Liquide SA	Bank Leumi Le-Israel Ltd.	Coca-Cola European Partners Plc	Eni SpA
Airbus SE	BANK POLSKA KASA OPIEKI SA	Commerzbank AG	EnQuest PLC
Airtel Africa Plc	Barclays PLC	Compagnie Financiere Richemont SA	Equinor ASA
Akzo Nobel N.V.	Barloworld Limited	Compass Group PLC	EssilorLuxottica SA
Alkermes Plc	BASF SE	Consort Medical Plc	Eurazeo SA
Allianz SE	Bayer AG	Continental AG	Europcar Mobility Group SA
Alpha Bank AE	Bayerische Motoren Werke AG	Countryside Properties Plc	Evraz PLC
Alstom SA	BE Semiconductor Industries N.V.	Covestro AG	Experian PLC
alstria office REIT-AG	Beiersdorf AG	Credit Suisse Group AG	Ferguson Plc
Amadeus IT Group SA	Berkeley Group Holdings plc	Crest Nicholson Holdings Plc	Ferrexpo plc
Amcors PLC	BHP Group Plc	CRH Plc	Flutter Entertainment Plc
Anglo American plc	Big Yellow Group PLC	Croda International Plc	Forterra Plc
AngloGold Ashanti Limited	Bloomsbury Publishing Plc	Daimler AG	Fortum Oyj
Anheuser-Busch InBev SA/NV	BNP Paribas SA	Danone SA	Foschini Group Limited
AO World Plc	Bodycote plc	Danske Bank A/S	freenet AG
Arkema SA	Boohoo group Plc	Dassault Systemes SA	Fresenius Medical Care AG & Co. KGaA
Aroundtown Sa	BP plc	Delivery Hero SE	Fuller, Smith & Turner P.L.C.
Ascential Plc	British American Tobacco plc	Deutsche Bank AG	Future plc
Ashtead Group plc	Britvic plc	Deutsche Boerse AG	GALP Energia SGPS SA
ASM International N.V.	BT Group plc	Deutsche Lufthansa AG	GAM Holding AG
ASML Holding NV	Bunzl plc	Deutsche Wohnen SE	Games Workshop Group PLC
Assicurazioni Generali S.p.A.	Burberry Group plc	Diageo plc	Garmin Ltd.
Associated British Foods plc	Bureau Veritas SA	Dialight plc	GB Group PLC
AstraZeneca PLC	Burford Capital Limited	Diploma PLC	Gear4music (Holdings) PLC
AT & S Austria Technologie & Systemtechnik Aktiengesellschaft	Buzzi Unicem S.p.A.	Direct Line Insurance Group Plc	Genmab A/S
Atos SE	Cairn Energy PLC	discoverIE Group PLC	Givaudan SA
	Capgemini SE	Dixons Carphone PLC	Glanbia Plc

## Europe, The Middle East and Africa cont.

GlaxoSmithKline Plc	Kier Group plc	Nestle S.A.	Redrow plc
Glencore plc	Kingfisher Plc	Next Fifteen Communications plc	RELX PLC
Go-Ahead Group plc	Kingspan Group Plc	Next plc	Renault SA
GoCo Group Plc	Koninklijke Philips NV	NICE Ltd.	Repsol SA
Gold Fields Limited	LafargeHolcim Ltd.	NKT A/S	Rheinmetall AG
Grainger plc	Lagardere SCA	NMC Health PLC	Rightmove plc
Greencore Group PLC	Land Securities Group PLC	NN Group NV	Rio Tinto plc
Greggs plc	Learning Technologies Group Plc	Noble Corporation plc	Rit Capital Partners PLC
GVC Holdings PLC	LEG Immobilien AG	Novartis AG	Rolls-Royce Holdings plc
H & M Hennes & Mauritz AB	Leonardo SpA	Novo Nordisk A/S	Rotork plc
Halma plc	Linde AG	nVent Electric plc	Royal Ahold Delhaize N.V.
Hansteen Holdings PLC	Liontrust Asset Management PLC	Ocado Group PLC	Royal Dutch Shell Plc
Hargreaves Lansdown plc	Lloyds Banking Group plc	Old Mutual Ltd.	RPS Group Plc
HeidelbergCement AG	LM Ericsson Telefon	OMV AG	RWE AG
Heineken NV	London Stock Exchange Group plc	OneSavings Plc	Ryanair Holdings Plc
Henkel AG & Co. KGaA Pref	Lonza Group AG	Orange SA	Safran SA
Hera S.p.A.	L'Oreal SA	Origin Enterprises Plc	Sampo Oyj
HomeServe plc	Lundin Energy AB	Orion Engineered Carbons SA	Sanofi
HSBC Holdings Plc	Mallinckrodt Plc	Oxford Instruments plc	SAP SE
Hunting PLC	Marks And Spencer Group plc	Paragon Banking Group PLC	Sasol Limited
Iberdrola SA	MasMovil Ibercom, S.A.	Partners Group Holding AG	Schneider Electric SE TEMP
IG Group Holdings plc	Mattioli Woods plc	Pearson PLC	Schroders PLC
Imperial Brands PLC	Mears Group PLC	Pennon Group Plc	Scor SE
Infineon Technologies AG	Mediobanca SpA	Pernod Ricard SA	Scorpio Bulkers, Inc.
Informa Plc	Meggitt PLC	Persimmon Plc	Scout24 AG
ING Groep NV	Melrose Industries PLC	Petrofac Limited	Senior plc
Ingenico Group SA	Merck kGaA	Peugeot SA	Serco Group plc
Inmarsat plc	MMC Norilsk Nickel	PGE Polska Grupa Energetyczna S.A.	Severn Trent Plc
InterContinental Hotels Group PLC	MOL Hungarian Oil & Gas Plc	Phoenix Group Holdings plc	Shoprite Holdings Limited
Intermediate Capital Group plc	Moncler SpA	Playtech plc	Siemens AG
Intertek Group plc	Mondi Limited	Polymetal International Plc	Sika AG
ITV PLC	Mondi plc	Poste Italiane SpA	Sirius Real Estate Limited
J D Wetherspoon plc	Munich Reinsurance Company	Premier Foods Plc	Smith & Nephew plc
Jazz Pharmaceuticals Plc	Mylan NV	Premier Oil Plc	Smurfit Kappa Group Plc
John Wood Group PLC	MYTILINEOS S.A.	Prothema Corp. Plc	Societe Generale SA
Johnson Controls International plc	National Bank Of Greece S.A.	Prudential plc	Sodexo SA
Johnson Matthey Plc	National Grid plc	PUMA SE	SolarEdge Technologies, Inc.
Julius Baer Gruppe AG	Naturgy Energy Group S.A.	QIAGEN NV	Spar Group Limited
Kering SA	NatWest Group Plc	QinetiQ Group plc	Spirax-Sarco Engineering Plc
KGHM Polska Miedz S.A.	Neles Oyj	Reckitt Benckiser Group plc	SSAB AB

## Europe, The Middle East and Africa cont.

SSE plc  
SSP Group Plc  
Stagecoach Group plc  
Standard Bank Group Limited  
Standard Chartered PLC  
Stock Spirits Group Plc  
Stora Enso Oyj  
Straumann Holding AG  
Sunrise Communications Group Ltd.  
Svenska Handelsbanken AB  
Swatch Group Ltd. Bearer  
Swedbank AB  
Swiss Life Holding AG  
Swiss Prime Site AG  
Swiss Re AG  
Symrise AG  
Synthomer PLC  
Technicolor SA  
Ted Baker PLC  
Telecom Italia SpA  
Telefonica SA  
Teleperformance SE  
Temenos AG  
Ten Entertainment Group Plc  
Tesco PLC  
Teva Pharmaceutical Industries Limited  
thyssenkrupp AG  
Total SE  
Transocean Ltd.  
Treatt plc  
Trifast plc  
TUI AG  
Tullow Oil plc  
Ubisoft Entertainment SA  
UBS Group AG  
Ultra Electronics Holdings plc  
Umicore  
Unibail-Rodamco-Westfield SE  
UniCredit S.p.A.  
Unilever NV  
Unilever PLC  
UPM-Kymmene Oyj  
UroGen Pharma Ltd.  
Valaris PLC  
Valeo SA  
Vectura Group plc  
Veolia Environnement SA  
Veoneer, Inc.  
Victrex plc  
Vistry Group PLC  
Vivendi SA  
Vodafone Group Plc  
voestalpine AG  
Volkswagen AG  
Volvo AB  
Watches of Switzerland Group PLC  
Wendel SE  
WH Smith PLC  
Whitbread PLC  
Willis Towers Watson Public Limited Company  
Wirecard AG  
Wix.com Ltd.  
Wm Morrison Supermarkets plc  
Wolters Kluwer NV  
Workspace Group PLC  
Worldline SA  
WPP Plc  
Yellow Cake Plc  
Zotefoams Plc  
Zurich Insurance Group Ltd.



# Appendix V

## Industry affiliations and memberships

Industry affiliations and public speaking events provide important forums in which to advocate for our views on a variety of corporate governance topics, as well as listen to the views of our peers. BlackRock also engages the global investment and corporate community to promote a sustainable financial system through a number of coalitions and shareholder groups. In addition to those listed, we work informally with other shareholders (where such activities are permitted by law) to engage companies on specific issues or to promote market-wide enhancements to current practice.

### Global

Broad-based initiatives	Environmental	Governance
<ul style="list-style-type: none"> <li>• 30% Investor Club Group (2011 in the UK / 2014 in the U.S. / 2015 in Australia / 2019 Brazil)</li> <li>• CECP's Strategic Investor Initiative (2017)</li> <li>• Financial Stability Board (FSB) (2013)</li> <li>• International Integrated Reporting Council (IIRC) (2008)</li> <li>• International Capital Markets Association – AMIC Sustainable Finance Working Group and Green Subcommittee of the Board (2019)</li> <li>• SASB – Sustainability Accounting Standards Board (2011)</li> <li>• UN Principles for Responsible Investing (PRI) (2008)</li> <li>• IFC Operating Principles for Impact Management (2020)</li> <li>• The Global Impact Investing Network (2020)</li> </ul>	<ul style="list-style-type: none"> <li>• CDP (formerly Carbon Disclosure Project) (2007)</li> <li>• CICERO Climate Finance (2016)</li> <li>• Climate Action 100+ (2020)</li> <li>• Climate Bonds Initiative (2015)</li> <li>• Ellen MacArthur Foundation (2019)</li> <li>• Green Bond Principles (2015)</li> <li>• GRESB (2011)</li> <li>• One Planet Asset Managers Initiative (2019)</li> <li>• TCFD – Taskforce on Scaling Voluntary Carbon Markets (2020)</li> <li>• The Terrawatt Initiative (2017)</li> <li>• Vatican Energy Transition and Care for Our Common Home (2019)</li> <li>• World Economic Forum's Future of Energy Council (2016)</li> </ul>	<ul style="list-style-type: none"> <li>• International Corporate Governance Network (ICGN) (2008)</li> <li>• UN Global Compact (2020)</li> </ul>

## Americas region

Broad-based initiatives	Environmental	Governance
<ul style="list-style-type: none"><li>• Defined Contribution Institutional Investment Association – ESG Subcommittee (2018)</li><li>• Harvard Law School Institutional Investor Forum (2013)</li><li>• Intentional Endowments Network (IEN) (2016)</li></ul>	<ul style="list-style-type: none"><li>• American Council on Renewable Energy (2013)</li><li>• American Wind Energy Association (2016)</li><li>• Ceres Investor Network on Climate Risk and Sustainability (2008)</li></ul>	<ul style="list-style-type: none"><li>• Broadridge Independent Steering Committee (1999)</li><li>• Commonsense Principles of Corporate Governance (2016)</li><li>• Council of Institutional Investors (2006)</li><li>• Canadian Coalition for Good Governance (2005)</li><li>• Investor Stewardship Group (2017)</li></ul>

## Asia-Pacific region

Broad-based initiatives	Environmental	Governance
<ul style="list-style-type: none"><li>• Responsible Investment Association Australia (2011)</li><li>• Financial Services Council Australia (FSC) (2009)</li><li>• The Investment Trusts Association of Japan (1998)</li><li>• Japan Investment Advisers Association (1988)</li><li>• Keidanren, Japan Business Federation (2010)</li><li>• Public Shareholders Group (SFC) (2015)</li></ul>	<ul style="list-style-type: none"><li>• Asian Investor Group on Climate Change (2016)</li><li>• Hong Kong Green Finance Association – ESG Disclosure and Integration Working Group (2018)</li><li>• Investor Group on Climate Change Australia / New Zealand (2009)</li></ul>	<ul style="list-style-type: none"><li>• Asian Corporate Governance Association (2011)</li></ul>

## Europe, Middle East and Africa region

Broad-based initiatives	Environmental	Governance
<ul style="list-style-type: none"><li>• Association for Financial Markets in Europe – Sustainable Finance Policy Working Group (2017)</li><li>• Dutch Association of Investors for Sustainable Development (2018)</li><li>• Dutch Fund and Asset Management Association – Sustainability Committee (2019)</li><li>• European Fund and Asset Management Association – Responsible Investment and Stewardship Committee (2015)</li><li>• The FRC Investor Advisory Group (2018)</li><li>• Institut du Capitalisme Responsable (2017)</li><li>• Impact Investing Institute (2019)</li><li>• Pensions for Purpose (2019)</li><li>• UK HMT Asset Management Taskforce (2017)</li><li>• UK Investment Association – Sustainability and Responsible Investment Committee (2018)</li><li>• UK Investor Forum – Governance and Engagement Committee (2015)</li></ul>	<ul style="list-style-type: none"><li>• Dutch Fund and Asset Management Association: National Climate Agreement (2019)</li><li>• Institutional Investors Group on Climate Change (IIGCC) (2004)</li></ul>	<ul style="list-style-type: none"><li>• Eumedion Corporate Governance Forum (2010)</li><li>• Corporate Governance Forum (1992)</li><li>• Pensions and Lifetime Savings Association Stewardship Disclosure Framework (2015)</li></ul>

# Appendix VI

## Public policy consultations

BIS engages in market-level dialogue and public policy consultations to advance sound governance and sustainable business practices. In alignment with our commitment to transparency, we publish our responses to formal public policy consultations to provide clarity and insight to our clients, the companies they are invested in, and our other stakeholders, about our approach to corporate governance.

	Organization	Response
1	Australian Prudential Regulation Authority (APRA)	BlackRock Investment Management (Australia) Limited (BlackRock) response to discussion paper on strengthening prudential requirements for remuneration ( <a href="#">Link</a> )
2	Hong Kong Exchanges and Clearing Limited (HKEX) Corporate and Investor Communications Department	Consultation Paper on Review of the ESG Reporting Guide and Related Listing Rules ( <a href="#">Link</a> )
3	Hong Kong Exchanges and Clearing Limited (HKEX) Corporate and Investor Communications Department	Consultation response to Corporate Weighted Voting Rights ( <a href="#">Link</a> )
4	Japanese Financial Services Agency (FSA)	Consultation response to Stewardship Code ( <a href="#">Link</a> )
5	Securities and Exchange Board of India (SEBI)	Working group's report on issues related to Proxy Advisers ( <a href="#">Link</a> )
6	Securities and Exchange Commission (SEC)	Comment letter on the Amendments to Exemptions from the Proxy Rules for Proxy Voting Advice (File No. S7-22-19) and Procedural Requirements and Resubmission Thresholds under Exchange Act Rule 14a-8 (File No. S7-23-19) ( <a href="#">Link</a> )
7	Taiwan Stock Exchange Corporation (TWSE) Corporate Governance Department	Consultation paper on the Revision of Stewardship Principles for Institutional Investors ( <a href="#">Link</a> )

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