CLIMATE TRANSPARENCY REPORT 2020

BlackRock

About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2020 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-930D18CB-21E3-4F36-96C6-FB692FF6A030/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2020 climate reporting as "private". Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the PRI website and on the Data Portal.

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	-	Public				
SG 07.8 CC	✓	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	✓	Public				
SG 15.3	✓	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
Name	BlackRock
Signatory Category	Fund Management - Majority
Signatory Type	Investment Manager
Size	US$ > 50 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2008
Region	North America
Country	United States
Disclosure of Voluntary Indicators	99% from 38 Voluntary indicators

BlackRock

Reported Information

Public version

Strategy and Governance

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Investment policy

SG 01	Mandatory	Public	Core Assessed	General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1	Indicate if you have an investment policy that covers your responsible investment approach.

SG 01.6	Additional information [Optional].

Investment Stewardship
BlackRock frames its corporate governance activities, including the assessment and integration of environmental and social issues, within an investment context. It is for this reason that the Stewardship team is strategically positioned as an investment function. We believe that a sound corporate governance framework promotes strong leadership by boards of directors and good management practices, contributing to the long-term success of companies and better risk-adjusted returns to our clients. We recognize that corporate governance practices and expectations differ around the world.
Our Investment Stewardship efforts, including our direct engagement and voting activities, encourage companies to deliver long-term, sustainable growth and returns for our clients. As a large investor, we are able – and feel a responsibility – to monitor the companies in which we invest and to engage with them constructively and privately where we believe that would help protect clients' interests. As an asset manager, BlackRock evaluates how companies manage the material sustainability-related risks and opportunities within their businesses.
The Investment Stewardship team works with colleagues investing in public companies to analyze the material environmental, social, and governance (ESG) factors relevant to their investment decision-making. This responsible investment process varies according to both the investment mandate and the style of portfolio management. Where applicable, we consider any factor that in our judgment may affect the economic performance of companies over time, which includes the financial impact of non-financial factors. These factors may include, board leadership, management quality in areas such as health and safety, employee relations, product liability and development, mitigation of risk (e.g., physical risks, reputational risk, regulatory risk and legal risks), and general responsiveness to societal expectations. These risks may come from a variety of sources such as climate change, social trends, consumer behavior, or regulatory developments.
BlackRock Investment Stewardship provides its views on companies to investment teams via the Aladdin® platform. BIS shares engagement data and meeting topic(s), BIS' sentiment towards the company following engagement, any outcome of the meeting and timeline for change (if applicable), and a summary analysis of the engagement meeting. Aladdin® enables us to share these governance insights with BlackRock's investment teams globally and enhance our client reporting.

SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General

SG 01.6 CC	Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.

◉ Yes

	Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.

Climate change presents market risks and opportunities through four channels: 1) physical: more frequent and severe weather events over the long term; 2) technological: advances in energy storage, electric vehicles (EVs) or energy efficiency undermining existing business models; 3) regulatory: tightening emissions and energy efficiency standards, and changing subsidies and taxes; 4) social: changing consumer preferences and divestment of fossil fuel assets.

These factors can play out immediately (often the regulatory variety), in the medium term as economies transition to a lower-carbon world (often technological), and in the long run (often physical). Our investment

Principles for Responsible Investment

time horizons vary by portfolio strategy, from short term cash funds, to long term physical asset investments, such as infrastructure and property. Our clients typically have longer time horizons, over which climate related risks can compound, yet even portfolios with a 1-2 year time horizon can be affected by regulatory and policy developments, the effect of rapid technological change or an extreme weather event.

BlackRock has long believed that sustainability-related issues - including climate-related risks - have real long-term financial impacts, with increasing relevance in the investment process. Many of our clients are long-term investors and, as a fiduciary, we're working to help them integrate ESG factors across an entire portfolio to enhance long-term risk adjusted returns with built in resilience. Integrating these data and tools into the investment research process is critical to risk management. In addition to incorporating sustainability considerations across our investment platform, BlackRock currently manages a broad suite of dedicated sustainable investment solutions, ranging from broad ESG strategies to thematic and impact strategies that allow clients to align their capital with the low-carbon transition and the UN Sustainable Development Goals. BlackRock also manages one of the largest renewable power funds globally. With deep expertise in alpha-seeking and index strategies, across public equity and debt, private infrastructure, commodities and real estate, BlackRock continues to build scalable products and customized solutions across asset classes that support no-carbon, low-carbon, and energy transition solutions.

○ No

SG 01.7 CC	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

◉ Yes

	Describe the associated timescales linked to these risks and opportunities.

Over the past few years, more and more of our clients have focused on the impact of sustainability on their portfolios. The most significant of these factors relates to climate change, not only in terms of the physical risk associated with rising global temperatures, but also transition risk - namely, how the global transition to a low-carbon economy could affect a company's long-term profitability. As Larry Fink writes in his 2020 letter to CEOs, the investment risks presented by climate change are set to accelerate a significant reallocation of capital, which will in turn have a profound impact on the pricing of risk and assets around the world.

Asset-level analysis is key for investors. We find that the risk posed by more frequent and severe weather events such as hurricanes and wildfires are not fully reflected in the price of many assets, including U.S. utility equities. A rising share of municipal bond issuance is set to come from regions facing climate-related economic losses. And many high-risk commercial properties are outside official flood zones.

Many investors recognize that climate-related risks are growing. However, until recently, most investors did not have access to data showing the potential impact at the asset level of both direct physical risks and indirect economic impacts as well. Working with select climate data providers, BlackRock has leveraged 160 terabytes of data to assess climate-related risks facing specific asset classes, both today, and under a range of future climate scenarios reaching out to 2100.

○ No

SG 01.8 CC	Indicate whether the organisation publicly supports the TCFD?

◉ Yes

○ No

SG 01.9 CC	Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

◉ Yes

	Describe

BlackRock's organizational strategy as it relates to identifying and managing material climate related risks and opportunities is two-fold: (i) firmwide infrastructure and processes to support the analysis of climate-related risks; and (ii) distributed responsibility to investment professionals to review and manage investment risks, including climate risks, in portfolios.

We outline our approach to integrating material sustainability insights into our investment processes and decision making to enhance risk-adjusted returns in our ESG Investment Statement. While processes for identifying relevant risks and opportunities vary based on client objectives, fund themes, and by asset class, our investors lead in identifying material climate related risks and opportunities in their portfolios.

The BlackRock Sustainable Investing team provide tools and knowledge to highlight the financial risk of climate issues to our investment teams and create strategies for clients seeking to mitigate or add to certain exposures driven by climate considerations. This research augments other climate risk research conducted by investment teams to benefit their portfolios directly. Climate related investment research derived from fundamental analysis, investment research firms, credit rating agencies, NGOs, and other sources helps investors analyze climate-related risks and opportunities in their portfolios. For example, our Global Fixed Income Responsible Investing Group develops tools and analyses which benefit portfolios of fixed income assets. Our Systematic Active Equity team utilizes a climate score to rank US companies by resource efficiency/carbon emissions, climate risks and opportunities; absolute levels and annual rate of change all of which are used to prioritize risks and opportunities ranging from the effects of possible carbon taxes to the impact of extreme weather on labor productivity.

By the end of 2020, all active portfolios and advisory strategies will be fully ESG integrated - meaning that, at the portfolio level, our portfolios managers will be accountable for appropriately managing exposure to ESG risks and documenting how those considerations have affected investment decisions. BlackRock's Risk and Quantitative Analysis Group ("RQA"), which is responsible for evaluating all investment, counterparty, and operational risk at the firm, will be evaluating ESG risk during its regular monthly reviews with portfolio managers to provide oversight of portfolio managers' consideration of ESG risk in their investment processes. This integration will mean that RQA - and BlackRock as a whole - considers ESG risk with the same rigor that it analyzes traditional measures such as credit and liquidity risk.

In heightening our scrutiny of ESG issues, we are continuously evaluating the risk-return profile and negative externalities posed by specific sectors as we seek to minimize risk and maximize long-term return for our clients. We have eliminated exposure through our $1.8 trillion in active AUM to public debt or equity in certain sectors with heightened ESG risk, such as controversial weapons systems manufacturers. We continue to evaluate, in both our public and private investment portfolios, high-risk sectors that are exposed to a reallocation of capital, and we will take action to reduce exposures where doing so can enhance the risk-return profile of portfolios.

○ No

SG 1.10 CC	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

☐ Public PRI Climate Transparency Report

☐ Annual financial filings

☑ Regular client reporting

☑ Member communications

☑ Other

	specify

CDP reports

☐ We currently do not publish TCFD disclosures

Governance and human resources

SG 07 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General

SG 07.5 CC	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

	Board members or trustees

☑ Oversight/accountability for climate-related issues

☐ Assessment and management of climate-related issues

☐ No responsibility for climate-related issues

	Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

☑ Oversight/accountability for climate-related issues

☐ Assessment and management of climate-related issues

☐ No responsibility for climate-related issues

	Other Chief-level staff or heads of departments

☑ Oversight/accountability for climate-related issues

☐ Assessment and management of climate-related issues

☐ No responsibility for climate-related issues

	Portfolio managers

☐ Oversight/accountability for climate-related issues

☑ Assessment and management of climate-related issues

☐ No responsibility for climate-related issues

	Investment analysts

☐ Oversight/accountability for climate-related issues

☑ Assessment and management of climate-related issues

☐ No responsibility for climate-related issues

	Dedicated responsible investment staff

☐ Oversight/accountability for climate-related issues

☑ Assessment and management of climate-related issues

☐ No responsibility for climate-related issues

	Investor relations

☑ Oversight/accountability for climate-related issues

☐ Assessment and management of climate-related issues

☐ No responsibility for climate-related issues

	Other role, specify (1)

Global Head of ESG Integration

☑ Oversight/accountability for climate-related issues

☐ Assessment and management of climate-related issues

☐ No responsibility for climate-related issues

	Other role, specify (2)

Global Head of Investment Stewardship

☑ Oversight/accountability for climate-related issues

☐ Assessment and management of climate-related issues

☐ No responsibility for climate-related issues

SG 07.6 CC	For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

BlackRock is deeply committed to sustainability as an organization and we have implemented a wide range of sustainability initiatives over the last several years that are important to BlackRock's long-term strategy and our ability to continue to deliver value to our shareholders over the long-term. BlackRock's Board of Directors provides oversight of BlackRock's sustainability activities. Our Board engages with senior leaders on near- and long-term business strategy and reviews management's performance in delivering on our framework for long-term value creation. Sustainability matters, including climate-related issues - from ESG integration to sustainable investment strategies to investment stewardship to corporate sustainability - are an increasingly important component of the firm's overall business strategy and the objectives of senior management over which the Board has oversight. The Board receives updates on overall strategy including BlackRock's strategy as it relates to its sustainability agenda including sustainable investing, investment stewardship, ESG integration into risk management processes, the ongoing research and development related to sustainability analytics in Aladdin, and corporate sustainability and disclosure efforts.

The Nominating & Governance Committee ("NGC") of BlackRock's Board has specific oversight responsibility over the activities of BlackRock's investment stewardship, social impact, and corporate sustainability functions and receives periodic updates from their leadership teams. The NGC also periodically reviews BlackRock's policies, programs and significant publications relating to environmental (including climate change), social, and other sustainability matters in coordination with the other standing Committees of the Board. In addition, the duties of the NGC include reviews of BlackRock's philanthropic program and its strategy, which is focused on efforts to support a more inclusive and sustainable economy. As appropriate, NGC makes recommendations on these matters to be reviewed by the full Board.

SG 07.8 CC	Indicate how your organisation engages external investment managers and/or service providers on the TCFD recommendations and their implementation.

☐ Request that external managers and/or service providers incorporate TCFD into mainstream financial filings (annual financial reports, other regulatory reporting or similar)

☐ Request incorporation of TCFD into regular client reporting

☐ Request that external managers complete PRI climate indicator reporting

☐ Request responses to TCFD Fund Manager questions in the PRI Asset Owner Guide

☑ Other

	Specify

We broadly encourage disclosure by investment managers through our investment stewardship activities, including participation in the Climate Action 100+ group and its sponsoring organizations.

☐ We do not engage with external managers and/or service providers on the TCFD recommendations and their implementation

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1

SG 13.1	Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

☑ Yes, in order to assess future ESG factors

	Describe

Our investment teams, in partnership with BlackRock's Risk and Quantitative Analytics group, are equipped to test sensitivities and scenarios that could affect portfolio positioning and holdings with respect to risks and opportunities related to sustainability or ESG topics, including climate change.

☑ Yes, in order to assess future climate-related risks and opportunities

	Describe

Our investment teams, in partnership with BlackRock's Risk and Quantitative Analytics group, are equipped to test sensitivities and scenarios that could affect portfolio positioning and holdings with respect to risks and opportunities related to sustainability or ESG topics, including climate change.

☐ No, our organisation does not currently carry out scenario analysis and/or modelling

SG 13.2	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

	We do the following

☑ Allocation between asset classes

☐ Determining fixed income duration

☑ Allocation of assets between geographic markets

☑ Sector weightings

☐ Other, specify

☐ We do not consider ESG issues in strategic asset allocation

SG 13 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General

SG 13.4 CC	Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.

☐ Initial assessment

☑ Incorporation into investment analysis

	Describe

BlackRock developed Carbon Beta, an investment tool which measures portfolio sensitivity against a set of different carbon tax scenarios. Recognizing the various potential paths to policy reform and carbon pricing standards - including variations across regions, prices and accompanying policies - we have leveraged Carbon Beta to generate a set of base-case carbon tax stress-test scenarios. The addition of these scenario analyses to our internal risk framework enables investors to review exposures, identify risks and opportunities, and improve outcomes in the context of carbon pricing.

On the physical climate risks side, we are working to integrate additional climate data into Aladdin to help our investment teams develop clearer views on physical climate. With zip code-level granularity, big-data analytics allow us to compare and pinpoint the direct physical climate risks facing asset classes today, as well as in a variety of forward-looking scenarios, including a "no action" case.

In addition, our Risk and Quantitative Analysis Group is developing risk tools that monitor exposure to carbon intensive assets. Portfolio managers and analysts are also responsible for evaluating the environmental (as well as social and governance) risks and opportunities for an industry or company as they consider potential economic issues related to their investments. The fundamental climate change issues BlackRock takes into account may include: risks including regulatory change or litigation, opportunities such as government incentives for renewable energy, exposure to physical impacts such as flooding or other extreme weather events or changes in temperature, and social and corporate premiums placed on sustainable brands.

Datasets sourced from external vendors, including headline ESG scores, carbon data, product involvement metrics or controversies have been rolled out to Aladdin tools to support the full investment process, from research, to portfolio construction and modelling, to reporting. BlackRock's investors use Aladdin to make investment decisions, monitor portfolios and have access to ESG metrics that can inform the investment process.

For example, insurers are uniquely exposed to climate change related risks from multiple angles, both in their underwriting and their investing activities. BlackRock has performed a climate scenario analysis on US insurers' portfolios which can help investors understand climate risks and adapt investment strategies to manage them. While climate scenarios are not predictions, the analysis of how a portfolio is aligned with forward versions of economies under a 2-degree transition can help investors contextualize this risk. While insurers have a multitude of factors to consider, climate risks have evolved from long-term to medium-term issues. Analysis such as this, which demonstrates a five-year outlook, should lead investors to re-examine holdings as they determine how likely we are to achieve the goals set by the Paris Climate Agreement, or how likely technology or consumer preferences will affect certain sectors. Once an assessment has been made on material climate risks in the portfolio, insurers can start to craft company ESG policies, or at minimum create a timeline of milestones needed. Through analysis such as this our goal is to educate clients to make deliberate choices, rather than be victim to unintended consequences.

☑ Inform active ownership

	Describe

BlackRock Investment Stewardship encourages companies to conduct scenario analysis in line with the International Energy Agency's Sustainable Development Scenario which targets a rise in global temperatures to "well below 2° and pursuing efforts to limit [it] to 1.5°C," consistent with the Paris Agreement. From an engagement standpoint, this includes BIS's request that companies set greenhouse gas reduction targets among other applicable targets. BIS engages with companies in order to make more informed voting decisions. As an asset manager and a fiduciary on behalf of our clients, our decisions are determined by our assessment of how best to support long-term sustainable financial performance in the context of each company's specific circumstances.

☐ Other

SG 13.5 CC	Indicate who uses this analysis.

☑ Board members, trustees, C-level roles, Investment Committee

☑ Portfolio managers

☑ Dedicated responsible investment staff

☐ External managers

☐ Investment consultants/actuaries

☐ Other

SG 13.6 CC	Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.

◉ Yes

	Describe

Over the past few years, more and more of our clients have focused on the impact of sustainability on their portfolios. This shift has been driven by an increased understanding of how sustainability-related factors can affect economic growth, asset values, and financial markets as whole. As Larry Fink writes in his 2020 Letter to CEOs, the investment risks presented by climate change are set of accelerate a significant reallocation of capital, which will in turn have a profound impact on the pricing of risk and assets around the world.

As more evidence of materiality surfaces, BlackRock has heightened its scrutiny on what we believe to be the riskiest ESG issues, including thermal coal. Pure-play thermal coal issuers pose a number of negative externalities to the risk-return profile of investments in this sector: thermal coal is extremely carbon intensive, its economic viability continues to decrease, and the sector is particularly vulnerable to environmentalist regulatory shifts. We do not believe that continuing to invest in this sector aligns with long-term investment rationale, and as a result, we are in the process of removing public securities that generate over 25% of revenues from thermal coal production from our active investment portfolios, and seek to complete this exercise by mid-2020. Additionally, our alternatives business will make no future direct investments in companies generating more than 25% of revenue from thermal coal production. We will continue to scrutinize businesses outside of this category who rely heavily on thermal coal and assess the degree to which they are transitioning away from this dependence.

○ No

SG 13.7 CC	Indicate whether a range of climate scenarios is used.

☑ Analysis based on a 2°C or lower scenario

☐ Analysis based on an abrupt transition, consistent with the Inevitable Policy Response

☑ Analysis based on a 4°C or higher scenario

☐ No, a range is not used

SG 13.8 CC	Indicate the climate scenarios your organisation uses.

Provider	Scenario used
IEA	☑ Beyond 2 Degrees Scenario (B2DS)
IEA	☐ Energy Technology Perspectives (ETP) 2 Degrees scenario
IEA	☑ Sustainable Development Scenario (SDS)
IEA	☑ New Policy Scenario (NPS)
IEA	☑ Current Policy Scenario (CPS)
IRENA	☐ RE Map
Greenpeace	☐ Advanced Energy [R]evolution
Institute for Sustainable Development	☐ Deep Decarbonisation Pathway Project (DDPP)
Bloomberg	☐ BNEF reference scenario
IPCC	☐ Representative Concentration Pathway (RCP) 8.5
IPCC	☐ RPC 6
IPCC	☐ RPC 4.5
IPCC	☐ RPC 2.6
Other	☐ Other (1)
Other	☐ Other (2)
Other	☐ Other (3)

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1

SG 14.1	Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

☑ Changing demographics

☑ Climate change

☑ Resource scarcity

☑ Technological developments

☐ Other, specify(1)

☐ Other, specify(2)

☐ None of the above

SG 14.2	Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

☑ Established a climate change sensitive or climate change integrated asset allocation strategy

☑ Targeted low carbon or climate resilient investments

	Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

	trillions	billions	millions	thousands	hundreds
Total AUM		654	800	000	000
Currency	USD				
Assets in USD		654	800	000	000

	Specify the framework or taxonomy used.

BlackRock has a $60 billion platform of dedicated sustainable investment solutions that align capital with certain behaviors, activities or outcomes via ESG, thematic, and impact approaches. This includes over $40 billion in clean energy investments for clients who wish to access the green and energy transition sectors. We also have $500 billion in investment solutions that eliminate exposures to certain sectors or activities through screened solutions.

☐ Phase out your investments in your fossil fuel holdings

☑ Reduced portfolio exposure to emissions intensive or fossil fuel holdings

☑ Used emissions data or analysis to inform investment decision making

☑ Sought climate change integration by companies

☐ Sought climate supportive policy from governments

☐ Other, specify

☐ None of the above

SG 14.3	Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

☑ Scenario analysis

☑ Disclosures on emissions risks to clients/trustees/management/beneficiaries

☑ Climate-related targets

☑ Encouraging internal and/or external portfolio managers to monitor emissions risks

☑ Emissions-risk monitoring and reporting are formalised into contracts when appointing managers

☑ Weighted average carbon intensity

☑ Carbon footprint (scope 1 and 2)

☑ Portfolio carbon footprint

☑ Total carbon emissions

☑ Carbon intensity

☑ Exposure to carbon-related assets

☑ Other emissions metrics

☑ Other, specify

	other description

Investment stewardship / engagement

☐ None of the above

SG 14 CC	Voluntary	Public		General

SG 14.6 CC	Provide further details on the key metric(s) used to assess climate-related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Climate-related targets	☐ All assets ☐ Majority of assets ☐ Minority of assets			
Weighted average carbon intensity	☐ All assets ☑ Majority of assets ☐ Minority of assets			
Carbon footprint (scope 1 and 2)	☐ All assets ☑ Majority of assets ☐ Minority of assets			
Portfolio carbon footprint	☐ All assets ☑ Majority of assets ☐ Minority of assets			
Total carbon emissions	☐ All assets ☑ Majority of assets ☐ Minority of assets			
Carbon intensity	☐ All assets ☑ Majority of assets ☐ Minority of assets			
Exposure to carbon-related assets	☐ All assets ☐ Majority of assets ☐ Minority of assets			
Other emissions metrics	☐ All assets ☐ Majority of assets ☐ Minority of assets			

SG 14.7 CC	Describe in further detail the key targets.

Targettype	Baseline year	Target year	Description	Attachments
☐ Absolute target ☐ Intensity target				
☐ Absolute target ☐ Intensity target				
☐ Absolute target ☐ Intensity target				
☐ Absolute target ☐ Intensity target				
☐ Absolute target ☐ Intensity target				

SG 14.8 CC	Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

⦿ Processes for climate-related risks are integrated into overall risk management

	Please describe

BlackRock's organizational strategy as it relates to identifying and managing material climate related risks and opportunities is two-fold: (i) firmwide infrastructure and processes to support the analysis of climate-related risks; and (ii) distributed responsibility to investment professionals to review and manage investment risks, including climate risks, in portfolios.

We outline our approach to integrating material sustainability insights into our investment processes and decision making to enhance risk-adjusted returns in our ESG Investment Statement. While processes for identifying relevant risks and opportunities vary based on client objectives, fund themes, and by asset class, our investors lead in identifying material climate related risks and opportunities in their portfolios.

The BlackRock Sustainable Investing team provide tools and knowledge to highlight the financial risk of climate issues to our investment teams and create strategies for clients seeking to mitigate or add to certain exposures driven by climate considerations. This research augments other climate risk research conducted by investment teams to benefit their portfolios directly. Climate related investment research derived from fundamental analysis, investment research firms, credit rating agencies, NGOs, and other sources helps investors analyze climate-related risks and opportunities in their portfolios. For example, our Global Fixed Income Responsible Investing Group develops tools and analyses which benefit portfolios of fixed income assets. Our Systematic Active Equity team utilizes a climate score to rank US companies by resource efficiency/carbon emissions, climate risks and opportunities; absolute levels and annual rate of change all of which are used to prioritize risks and opportunities ranging from the effects of possible carbon taxes to the impact of extreme weather on labor productivity.

By the end of 2020, all active portfolios and advisory strategies will be fully ESG integrated - meaning that, at the portfolio level, our portfolios managers will be accountable for appropriately managing exposure to ESG risks and documenting how those considerations have affected investment decisions. BlackRock's Risk and Quantitative Analysis Group ("RQA"), which is responsible for evaluating all investment, counterparty, and operational risk at the firm, will be evaluating ESG risk during its regular monthly reviews with portfolio managers to provide oversight of portfolio managers' consideration of ESG risk in their investment processes. This integration will mean that RQA - and BlackRock as a whole - considers ESG risk with the same rigor that it analyzes traditional measures such as credit and liquidity risk.

In heightening our scrutiny of ESG issues, we are continuously evaluating the risk-return profile and negative externalities posed by specific sectors as we seek to minimize risk and maximize long-term return for our clients. We continue to evaluate, in both our public and private investment portfolios, high-risk sectors that are exposed to a reallocation of capital, and we will take action to reduce exposures where doing so can enhance the risk-return profile of portfolios.

○ Processes for climate-related risks are not integrated into overall risk management

SG 14.9 CC	Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.

◉ Yes

	Please describe

Over the past several years, we have met with companies in order to understand how company leadership and boards are managing, overseeing and disclosing climate-related risks and opportunities. We target three specific outcomes in our engagements with companies regarding climate risk and the transition to a lower carbon economy: better disclosures that will contribute to improved market-level data; substantive action by companies in addressing climate risk; and more informed voting decisions aligned with long-term value creation. In the 12 months to June 30, 2019, BlackRock engaged with over 200 companies globally on climate risk.

During our engagements, we advocate for disclosures aligned with the reporting frameworks developed by the Task Force on Climate related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB). These frameworks cover the physical, liability, and transition risks associated with climate change and guide companies in providing financially material, decision-useful information that is comparable within each industry.

The TCFD and SASB frameworks provide guidance that answers a question we receive regularly from companies during engagements: 'what should we be reporting to help inform BlackRock's decision-making?' In our initial engagements we found that, while climate risk discussions were increasing internally, many companies had not been following the development of either framework, and some were not considering climate risk an economic issue. Given that both the TCFD and SASB frameworks were finalized within the past three years and require an in-depth review of a company's business, a period of familiarization proved necessary. However, we believe the period of acclimation is over. We expect companies to increasingly align their reporting with the recommendations of both frameworks.

We encourage companies to conduct scenario analysis in line with the International Energy Agency's Sustainable Development Scenario which targets a rise in global temperatures to "well below 2°and pursuing efforts to limit [it] to 1.5°C," consistent with the Paris Agreement.From an engagement standpoint, this includes BIS's request that companies set greenhouse gas reduction targets among other applicable targets.

Where corporate disclosures are insufficient to make a thorough assessment or the company is inadequately responsive to our concerns, we will vote against directors, and, where relevant, in favor of shareholder proposals that we believe appropriately address the issue.We view this to be the appropriate escalation where we see a lack of urgency and progress. A company's board of directors is ultimately responsible for protecting the economic interests of shareholders by overseeing long-term corporate strategy and risk management. Therefore, the board of directors should expect to be held accountable if the company is not adequately addressing climate risk.

○ No, we do not undertake active ownership activities.

○ No, we do not undertake active ownership activities to encourage TCFD adoption.

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1

SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

◉ Yes

SG 15.2	Indicate the percentage of your total AUM invested in environmental and social themed areas.

	%

0.1

SG 15.3	Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

	Area

☑ Energy efficiency / Clean technology

	Asset class invested

☑ Listed equity

	Percentage of AUM (+/-5%) per asset class invested in the area

0.01

☑ Fixed income - SSA

	Percentage of AUM (+/-5%) per asset class invested in the area

0.01

☑ Fixed income - Corporate (financial)

	Percentage of AUM (+/-5%) per asset class invested in the area

0.01

☑ Fixed income - Corporate (non-financial)

	Percentage of AUM (+/-5%) per asset class invested in the area

0.01

☐ Fixed income - Securitised

☐ Private equity

☐ Property

☑ Infrastructure

	Percentage of AUM (+/-5%) per asset class invested in the area

.01

☐ Commodities

☐ Hedge funds

☐ Fund of hedge funds

☐ Other (1)

☐ Other (2)

	Brief description and measures of investment

- iShares Global Clean Energy ETF (ICLN)& iShares Global Water UCITS ETF (INRG) offer exposure to 30 of the largest global clean energy companies
- iShares ESG MSCI USA ETF (ESGU) invests in U.S. companies with positive ESG characteristics and risk and return characteristics similar to the parent index.
- iShares ESG MSCI USA Small-Cap ETF (ESML) seeks to produce investment results comparable to a capitalization weighted index of small-capitalization U.S. companies, while reflecting a higher allocation to those companies with favorable ESG profiles
- Low Carbon Transition Readiness Solutions aim to minimize potential risks and maximize opportunities associated with the transition to a low-carbon economy while maintaining a risk profile similar to benchmarks.
- iShares Green Bond Index Fund: seeks to deliver total return which reflects the Euro hedged version of the Barclays MSCI Green Bond Index. Bond proceeds must fund projects in qualifying environmental categories: alternative energy, energy efficiency, pollution prevention and control, sustainable water, green building and climate adaptation.
- Global Renewable Power III: We seek to use the UN SDGs as a framework to determine the specific areas of impact we measure: water savings from renewable power generation, greenhouse gas emissions avoided, job creation, community engagement, greenhouse gas emissions avoided.

☑ Renewable energy

	Asset class invested

☑ Listed equity

	Percentage of AUM (+/-5%) per asset class invested in the area

.01

☑ Fixed income - SSA

	Percentage of AUM (+/-5%) per asset class invested in the area

0.01

☑ Fixed income - Corporate (financial)

	Percentage of AUM (+/-5%) per asset class invested in the area

0.01

☑ Fixed income - Corporate (non-financial)

	Percentage of AUM (+/-5%) per asset class invested in the area

0.01

☐ Fixed income - Securitised

☐ Private equity

☐ Property

☑ Infrastructure

	Percentage of AUM (+/-5%) per asset class invested in the area

0.01

☐ Commodities

☐ Hedge funds

☐ Fund of hedge funds

☐ Other (1)

☐ Other (2)

	Brief description and measures of investment

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- Global Renewable Power III: We seek to use the UN SDGs as a framework to determine the specific areas of impact we measure: water savings from renewable power generation, greenhouse gas emissions avoided, job creation, community engagement, greenhouse gas emissions avoided.

☑ Green buildings

	Asset class invested

☐ Listed equity

☑ Fixed income - SSA

	Percentage of AUM (+/-5%) per asset class invested in the area

0.01

☑ Fixed income - Corporate (financial)

	Percentage of AUM (+/-5%) per asset class invested in the area

0.01

☑ Fixed income - Corporate (non-financial)

	Percentage of AUM (+/-5%) per asset class invested in the area

0.01

☐ Fixed income - Securitised

☐ Private equity

☑ Property

	Percentage of AUM (+/-5%) per asset class invested in the area

0.01

☐ Infrastructure

☐ Commodities

☐ Hedge funds

☐ Fund of hedge funds

☐ Other (1)

☐ Other (2)

	Brief description and measures of investment

Our systems do not track assets in a manner called for by item SG 15.3. Therefore, our response represents a good faith estimate but may not ultimately be accurate.

- iShares Green Bond Index Fund: Fund seeks to deliver total return, taking into account capital and income returns, which reflects the total return of the Euro hedged version of the Barclays MSCI Green Bond Index. Bond proceeds must fund projects in qualifying environmental categories: alternative energy, energy efficiency, pollution prevention and control, sustainable water, green building and climate adaptation.
- Property investments may target third party certifications and standards for green building.

☐ Sustainable forestry

☐ Sustainable agriculture

☐ Microfinance

☐ SME financing

☐ Social enterprise / community investing

☐ Affordable housing

☐ Education

☑ Global health

	Asset class invested

☑ Listed equity

	Percentage of AUM (+/-5%) per asset class invested in the area

0.01

☐ Fixed income - SSA

☐ Fixed income - Corporate (financial)

☐ Fixed income - Corporate (non-financial)

☐ Fixed income - Securitised

☐ Private equity

☐ Property

☐ Infrastructure

☐ Commodities

☐ Hedge funds

☐ Fund of hedge funds

☐ Other (1)

☐ Other (2)

	Brief description and measures of investment

Our systems do not track assets in a manner called for by item SG 15.3. Therefore, our response represents a good faith estimate but may not ultimately be accurate.

- BSF Impact World Equity Fund& BlackRock Impact U.S. Equity Fund: Funds seek to invest in companies which make a measurable positive difference to society in the areas of health, citizenship and the environment. Portfolio holdings reflect high impact disease research, corporate citizenship, fewer ethics controversies, fewer legal actions, and more green innovations.
- iShares MSCI Global Impact ETF (SDG): Fund seeks to track the investment results of an index composed of positive impact companies that derive a majority of their revenue from products and services that address at least one of the world's major social and environmental challenges as identified by the United Nations Sustainable Development Goals.
- BlackRock Impact Bond Fund: Fund seeks to invest in companies which make a measurable positive difference to society in the areas of health, citizenship and the environment. Portfolio holdings reflect high impact disease research, corporate citizenship, fewer ethics controversies, fewer legal actions, and more green innovations.

☑ Water

	Asset class invested

☑ Listed equity

	Percentage of AUM (+/-5%) per asset class invested in the area

0.01

☐ Fixed income - SSA

☐ Fixed income - Corporate (financial)

☐ Fixed income - Corporate (non-financial)

☐ Fixed income - Securitised

☐ Private equity

☐ Property

☐ Infrastructure

☐ Commodities

☐ Hedge funds

☐ Fund of hedge funds

☐ Other (1)

☐ Other (2)

	Brief description and measures of investment

Our systems do not track assets in a manner called for by item SG 15.3. Therefore, our response represents a good faith estimate but may not ultimately be accurate.

- iShares Global Water UCITS ETF: The Fund seeks to track the performance of an index composed of 50 of the largest global companies engaged in water related businesses.

☐ Other area, specify

○ No

Principles for Responsible Investment