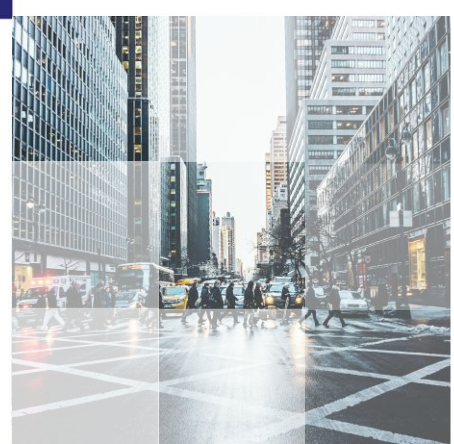
BlackRock Investment Stewardship

2018 Annual Report

August 30, 2018



The Investment Stewardship Annual Report reviews BlackRock's approach to corporate governance and stewardship in support of long-term value creation for our clients. In this report we provide practical examples of the Investment Stewardship team's work over the year, distilling some of the trends and company-specific situations reported in our regional quarterly reports. We emphasize the outcome of our engagements with companies, including some which have spanned several years. We also provide examples of where we have contributed to the public discourse on corporate governance and investment stewardship.

Our Annual Report reporting period is July 1, 2017 to June 30, 2018, representing the Securities and Exchange Commission's (SEC) 12-month reporting period for U.S. mutual funds, including iShares.

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Our global and local focus

BlackRock's number one focus, as a fiduciary investor, is on generating the long-term sustainable financial returns on which our clients depend to meet their financial goals. Investment Stewardship is focused on assessing the quality of management, board leadership and standards of operational excellence – in aggregate, corporate governance – at the public companies in which we invest on behalf of our clients. We see this responsibility as part of our fiduciary duty, through which we contribute to BlackRock's mission to create a better financial future for our clients.

BlackRock has had an investment stewardship function for over two decades. Our practices have evolved over the years, in line with changing client and company expectations. A more recent, and significant, change is the scrutiny of asset managers' investment stewardship activities. Not only has client interest increased, we have seen far greater interest from regulators, the media and academics, amongst others.

Accordingly, we recently published a *ViewPoint* entitled The Investment Stewardship Ecosystem in which we set out the roles of the different participants in determining investment stewardship outcomes. Some commentators have conflated the roles and responsibilities of asset owners, asset managers, index providers and proxy research firms, which has created misperceptions about where accountabilities lie. In addition, some have overstated the role that investors can play in influencing companies' governance practices. We emphasize in the *ViewPoint* that investment stewardship is a feedback mechanism through which BlackRock, as a long-term investor on behalf of our clients, can help build mutual understanding with companies.

One misperception related to voting at shareholder meetings equates 'good stewardship' with voting against management. Yet the vast majority of items that go to a vote are routine. Even the more controversial items are much more complex than a binary 'for' or 'against' vote decision. In our view, engagement with companies is more productive, as it allows us to explain our perspective on issues and how, in our assessment, they are relevant to investment decision-making, including stewardship. The public debate is often polarized. But, in our experience, practitioners tend to take a more nuanced and pragmatic approach focused on encouraging business and governance practices aligned with long-term shareholder value creation.

Measuring success in stewardship needs to focus on change over the long-term as meaningful changes in business and governance practices don't happen in a single quarter, and maybe not even in one year. We use our voice as an investor to provide feedback and encourage what we consider to be good governance. Company boards and management determine the strategic and operational priorities that in their judgment will best serve the interests of all the investors in their company. Market-level change requires hundreds of companies to change and thus takes time. Each region has its own examples of that kind of market-level change. As this report illustrates for the 2017/18 year, Investment Stewardship has been active in encouraging changes that we consider important to long-term value. Looking forward, we will continue to contribute to the dialogue at the company- and market-level to enhance business, governance and stewardship practices that are aligned with the long-term economic interests of our clients.

Barbara Novick
Vice Chairman

Michelle Edkins
Global Head of
Investment Stewardship

Our mission in context: 2017-2018 highlights

BlackRock seeks to create a better financial future for our clients. As we pursue that mission, we're guided by our focus on generating long-term sustainable performance for our clients. Investment Stewardship contributes to this objective by engaging with companies on governance and other business practices impacting their long-term financial performance and by voting at shareholder meetings.

Our team and its work has continuously evolved in response to changing developments and expectations. But one thing has remained constant: our focus on protecting and enhancing the long-term value of our clients' assets. That focus has led to numerous tangible outcomes which we detail in the following pages of this report.

Our team's key responsibilities are to:

Protect and enhance the value of clients' assets through engagement with companies, including proxy voting, in clients' best long-term economic interests

OVER 2,000 ENGAGEMENTS THIS PAST YEAR

Encourage governance and business practices that in our experience support companies to deliver sustainable long-term financial performance

RELEASED UPDATED 2018 ENGAGEMENT PRIORITIES

Provide specialist insight on governance considerations including environmental and social factors to BlackRock's investors

COMMITTED TO DOUBLING TEAM SIZE BY 2020

PARTICIPATED IN OVER 275 CLIENT MEETINGS

Engage clients to build an understanding of their expectations and areas of focus and how our work aligns

CONTINUED OUR PARTICIPATION IN OVER 30 GOVERNANCE ORGANIZATIONS GLOBALLY

Participate in market-level dialogue to understand and contribute to the development of policies and practices that support long-term investing and value creation

Our achievements over the past year

BlackRock has maintained an in-house team dedicated to investment stewardship since the late 1980s. A lot has changed since then. If you compare today's governance norms to those of ten years ago, you see a significant shift both in terms of the breadth of engagement topics and the increased number of shareholder meetings at which votes are cast. Engagement is particularly important for index managers, where we cannot sell a company's shares to express a view on its long-term outlook if it remains in an index in which our clients choose to invest.

Expanding the team's capabilities

In 2008 (the year BlackRock became a UN Principles for Responsible Investment signatory), our team consisted of 13 full-time employees voting at approximately 8,500 meetings. Our team has nearly tripled and now has 36 regional specialists located in seven offices who vote at more than twice the number of meetings (over 17,000 this past reporting period) than we did a decade ago.

The Investment Stewardship team has expanded in the past year, adding team members in Singapore, Australia, and New York. Increasing client expectations around stewardship means that we must continue to invest in technology and human capital. We believe these initiatives will lead to deeper and more robust engagements with companies.

Stewardship partners with BlackRock's Global Public Policy Group (GPPG)

Increasingly, public policy issues are intersecting with stewardship, as policy makers and other stakeholders recognize the importance of the role that institutional investors – both asset owners and asset managers – can play in corporate governance and shareholder engagement. There is significant overlap and both contribute to BlackRock's key objective: to represent the interests of the millions of savers and pensioners who entrust us with their capital to help them achieve a better financial future. For this reason, we have brought the stewardship and public policy teams closer together this year under the leadership of Vice Chairman Barbara Novick.

The intersection of public policy with stewardship revolves around topics like the regulation of public companies and their disclosures, capital formation, the complex operating environment for proxy voting, the appropriateness of dual class structures, and regional stewardship codes, among many others. In Section VII – Investor perspective and public policy, we detail some of this work including our stance on dual class shares and our efforts around the EU Shareholder Rights Directive II.

Director Dialogue 2018

In March 2018, we hosted our first US Director Dialogue in New York, an event attended by nearly 60 representatives over half of which were company directors from 27 companies with whom we had not previously engaged on stewardship. The event provided an opportunity to introduce our team and its function within BlackRock and to meet independent directors in person to exchange views on a broad spectrum of topical governance issues.

Seminar with executive remuneration consultants

We also hosted a UK remuneration consultant seminar ahead of the 2018 proxy season. The interactive session provided an opportunity to discuss our voting guidelines, share our belief that engagement be a year-round process focused on the company's long-term strategy, as well as our expectations on executive remuneration structures that include performance metrics aligned to long-term corporate strategy. We developed this new outreach given that, in the first quarter of this year alone, our team responded to over 100 UK company remuneration consultations.

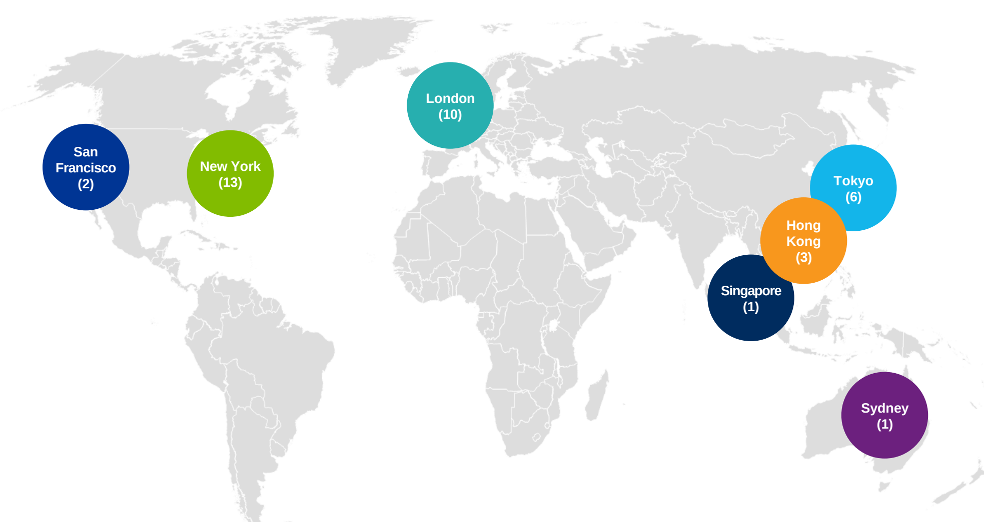
Diversity and climate risk letters

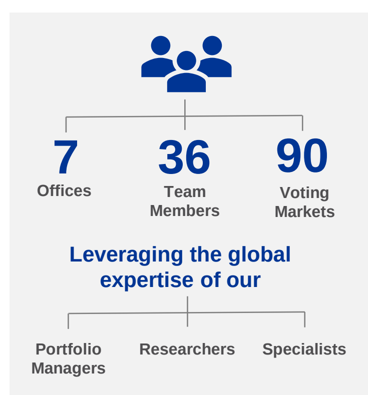
The team also scaled its engagements around our 2018 priorities by sending letters to companies sharing our perspectives on board diversity and climate risk. We wrote to nearly 300 companies in the Russell 1000 with fewer than two women on their boards to explain our view that board diversity is an important factor in board effectiveness. While we recognize that gender is not the only means to evidence board diversity, it is observable and the letters created opportunities to learn how companies approach board diversity. We also sent letters to over 100 of the most carbon intensive companies asking them to engage with us on their assessment of their climate risk reporting and how it aligns with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). This disclosure could lead to the development of comparable disclosures from companies across sectors, providing investors with insight into how companies are managing these risks. We discuss both priorities in greater detail later in this report.

Commentaries and reporting

In our effort to continually improve the transparency of our work, we publish 12 quarterly reports (four per region) each year, highlighting key engagements and voting decisions, public speaking events, and market developments. In 2018, we also published several notes detailing our approach to engagement on topical governance matters. These notes discuss our views on, and expectations for companies, in relation to our 2018 governance priorities: (i) strategy, (ii) purpose and culture, (iii) diversity, and (iv) human capital – which continue to serve as useful engagement guides for companies.

BLACKROCK INVESTMENT STEWARDSHIP – GLOBAL TEAM WITH LOCAL PRESENCE





- 10 languages
- 15 professional certifications and 21 academic degrees
- Affiliations in over 30 organizations

Our principles, priorities and engagement commentaries

By explaining our thinking on the topics on which we intend to focus, we aim to build awareness of our approach and to help companies prepare for engagement with us. Our voting guidelines are reviewed annually by the regional teams and updated as necessary in light of market trends, learnings from engagement, and public policy developments.

Global principles and regional voting guidelines

BlackRock's approach to corporate governance and stewardship is set out in our Global Corporate Governance and Engagement Principles. These high-level principles provide the framework for our more detailed, market-specific voting guidelines, which are published on the BlackRock website. The Principles describe our stewardship philosophy, our voting policies, and the manner in which we address conflicts of interest. The Principles apply across different asset classes and products as appropriate to the specific investment strategies.

In February 2018, our regional stewardship teams published updated proxy voting guidelines for US Securities and European, Middle East, and African securities. The majority of the changes were made in an effort to clarify our language. A few substantive changes centering on board quality and effectiveness were made that may affect vote outcomes for the 2019 proxy season. We have outlined these below:

Americas

Overcommitted Directors/CEOs – Serving on an excess number of boards may limit a director's capacity to focus on each board's requirements. Due to the ever-increasing demands of running a company, we lowered the threshold by which we will consider a sitting CEO overcommitted by one outside public company board. For a director who is also the CEO of a public company, the maximum number of boards they can serve on is now a total of two public company boards.

Board composition and effectiveness – We expect boards to be comprised of a diverse selection of individuals who bring personal and professional experiences to bear in order to create a constructive debate of competing views and opinions in the boardroom. This year we added that we would normally expect to see at least two women directors on every board, as one of the multiple dimensions across which we consider important factors. These factors also include ethnicity, age, and professional characteristics such as a director's industry, area of expertise, and geographic location.

Europe, the Middle East and Africa (EMEA)

Overcommitted Directors/CEOs – We believe the role of board chair requires a significant investment in terms of time commitment. We expect the chair not to hold any other chair or executive positions in external listed companies. We will engage with companies that do not meet these expectations. This change in policy is in line with BlackRock's view that board directors should be directly held to account for their performance in their roles and responsibilities.

Director elections – This year, we decided to change how we respond to director elections for board members we believe are non-independent. Rather than voting against the re-election of these non-independent candidates, we may instead vote against the re-election of the nomination committee members. We may even vote against the board chair if we consider them unresponsive to our concerns following engagement. This is consistent with our approach to hold directors accountable for their roles and responsibilities. In this case, we view the nomination committee members to be the directors responsible for board committee composition, rather than the non-independent directors who were appointed to the committee.

Asia Pacific

China market – Our clients' investments in Chinese companies have increased significantly over the past few years as the Chinese market has opened up to foreign investors.[1] As a result, we are engaging with a growing number of Chinese companies, which have rather limited experience speaking with investors on corporate governance and sustainability issues. Most of our engagements are still at a stage of educating issuers on the importance of these issues and the strategic relevance, why we care about governance practices, and what types of disclosure we expect companies to make. Our proxy voting guidelines, which were published in Simplified Chinese in April 2018, provide a useful reference for companies to understand BlackRock's views on the key corporate governance and voting issues prior to or following an engagement. The guidelines also help our stewardship efforts as we are able reach a much wider audience than could be met through in-person engagements alone.

Priorities and commentaries

In March 2017, we published our engagement priorities, which we updated in February 2018. Our aim in sharing these priorities is to provide clients, companies, and other industry stakeholders more visibility into the areas on which we will be particularly focused and how we aim to engage companies on those topics. BlackRock's Investment Stewardship 2018 priorities include: (1) Governance - board composition, effectiveness, diversity, and accountability; (2) Corporate strategy for the long term - board review of corporate strategy including a company's purpose and culture; (3) Compensation that promotes long-termism - executive pay policies that link closely to long-term strategy and goals; (4) Disclosure of material climate risks - consistent disclosure and reporting standards that enhance understanding of the impact of material climate change risk on individual companies, sectors and investment strategies; and (5) human capital management - how companies are attracting and retaining employees in a tightening labor market.

In March 2018, we also published several new engagement commentaries for each of our five priorities to help clients and companies understand our thinking on these key governance issues. These commentaries serve as engagement guides to enhance our dialogue with boards and management around material factors that we believe affect the long-term performance of a company.

ENGAGEMENT COMMENTARIES

Engagement on strategy, purpose and culture

- Board role
- Clear articulation of purpose and long-term strategy
- Milestones to assess performance
- How culture is shaped and assessed

Human capital management (HCM)

- Level of reporting to the board on HCM issues to help assess policies and their effectiveness
- Oversight of policies meant to protect employees
- Diversity of the board and employee composition
- HCM strategy for ensuring the desired culture is realized

Climate risk

- Board's role in assessing approach to managing material nature of climate risk
- How climate risk may impact long-term strategy
- How reporting is evolving
- Assessing potential opportunities
- Climate risk as a factor in long-term capex plans and value creation

Diversity

- Board composition and alignment with strategy
- Board evaluation and succession planning
- Position on board diversity and its evolution
- Approach to phasing director tenures
- Deepening the pool of director candidates

Executive compensation

- Board oversight of executive pay
- Transparency and connection with long-term shareholder value creation
- Demonstrable alignment of pay with company performance
- Disclosure of performance measures and selection rationale

Engagement and voting case studies

Who and where we have engaged

We participated in 2,049 company engagements with 1,453 companies this past year. This represents 51.9% by value of the equity assets BlackRock manages on behalf of clients, as of June 29, 2018. This year we engaged in 34 countries, many outside the traditional engagement universe, including in Brazil, China, India, Mexico, South Africa, Singapore and Taiwan.

We had multiple meetings with approximately 29% of the companies with which we engaged. In complex and evolving situations we will often meet with different representatives of the company at the management and board level. In other situations, where we have given the company our feedback and given them time to respond, we will generally have one or more follow up meetings to check in with management on their progress.

Our primary focus is board quality and effectiveness

Board quality remains a focal point of our conversations with many companies. We assess board quality in terms of the relevance of skills and experience of the directors, the apparent fit of the board's profile with the stated strategy of the company, board tenure and diversity, as well as the board's track record of representing the interests of long-term investors. Topics we have highlighted in our discussions this past year include: (1) overcommitted CEOs/directors; (2) board diversity; and (3) engagement protocols that foster constructive dialogue.

Overcommitted CEOs and Directors

We believe that when a director serves on too many boards, his or her capacity to focus on each company's requirements may be limited which in turn undermines the board's overall quality and effectiveness. Recent studies identify companies' own recognition on this front, with more than three-quarters of boards establishing a limit on their directors' responsibility to accept other corporate directorships, up from 55% in 2007.[2] The fact that directors now tend to serve on fewer boards is likely attributable to the mounting time commitment, coupled with greater investor scrutiny of board effectiveness.

Our US voting guidelines were among the first to establish heightened scrutiny around director participation standards on public boards.[3] And this year we have added even more specificity to our US guidelines. Due to the ever-increasing demands of running a company, as previously noted, we lowered the threshold by which we will consider a sitting CEO overcommitted by one outside public company. For a director who is also the CEO of a public company, the maximum number of boards they can serve on is now a total of two public company boards. Where a CEO serves on more than two boards, we would generally vote against the director's re-election on one of the boards where he/she is not serving as the chief executive.

Reported N-PX period	Total number of Investment Stewardship votes against individual directors on the basis of overcommittment	Total number of Investment Stewardship votes against individual CEOs on the basis of overcommittment
2015 - 2016	105	36
2016 - 2017	87	25
2017 - 2018	79	32

Source: ISS, July 1, 2015 - June 30, 2018

We also revised our EMEA voting guidelines, which resulted in further engagement with issuers on this topic. We have observed many positive outcomes from our engagements, particularly with Danish, German, and UK companies. However, we recognize that there is still work to be done, even at FTSE 100 companies where governance practices are generally exemplary.

Our engagements across EMEA have made it clear that, due to cultural and business distinctions countries differ in how they view this issue. For example, the Nordic nations remain vigilant about overcommitted CEOs, while UK directors have generally expressed less concern. We have compiled this information and intend to use it to inform our guidelines and engagements in the future.

Investment Stewardship will continue to advocate for a limit to the number of boards that directors can serve on to ensure that they have the capacity should unexpected demands be made of them. Nonetheless, we remain open to discussion with companies depending on unique circumstances.

Board Diversity

Research suggests that diverse groups make better decisions. Boards are, in effect, decision-making bodies. Diverse boards are better able to consider, where appropriate, a range of options in their decision-making, which can ultimately lead to sustained value creation over the long-term.[4] In the Americas region, we have discussed board diversity in our engagement meetings for a number of years, and have witnessed progress made by many of the companies with which we engaged. Still, a significant number of companies have yet to demonstrate in their director selection that they appreciate the value that diversity can bring to decision making bodies.

In January 2018, the Americas stewardship team wrote to the nearly 300 companies in the Russell 1000 with fewer than two women on their board.[5] We identified these companies on the basis of low gender representation in the boardroom, which we consider a potential signal of weaknesses in the nominating process. However, we engage on diversity across multiple dimensions, with the objective of understanding the board's approach to achieving diversity of thought. Our letter, which reflected views we have explained in our 2018 Proxy voting guidelines for US securities, emphasized that:

1. **Board diversity is an investment issue** – Companies succeed (or fail) over time because of their people, and people in leadership positions have an outsized impact on long-term corporate performance.
2. **Boards set the tone at the top** – In a talent-constrained labor market where the highest caliber professionals are diverse, it is essential for companies to have a demonstrable commitment to recruiting, retaining and developing top diverse talent. Visible diversity in leadership embodies that message, giving a company a competitive advantage.

We have received responses from or engaged with nearly 160 of these companies to date.[6] We plan direct engagement over the coming year with the remaining companies in that universe.

We are encouraged by the responses we have received so far, and have already witnessed tangible change at a number of companies. For example, we engaged with a software company which discussed their ongoing search for two new board members and the difficulty they had in finding and appointing diverse individuals with executive experience in their industry. Despite these challenges, since our conversation, the company has appointed two high caliber women to the board. We interpret this as a positive development in line with our expectation that a deliberate focus on diversity accelerates the pace of change

In the 2018 proxy season, approximately 33% of the incoming director class were women. This compares with nearly 27% of newly appointed directors being women in calendar year 2017.

Source: ISS Analytics

We have also seen marked improvements on diversity in particular sectors. Although many factors likely came into play, in the wake of our engagements we have witnessed encouraging change in the Real Estate Investment Trust (REIT) sector. A number of firms we engaged had noted that investor actions had made them more aware of these gaps in their board composition. According to a recent study, of the 94 newly elected, non-employee/outside REIT directors this year, 52% are female, doubling from just two years earlier, which marks the first time ever that new male directors comprised less than the majority across the REIT sector.[7]

Policies around board diversity in most European markets are more evolved, often as a result of regulatory requirements. Still, some companies have not appointed any female directors to their board and, in these instances, we have both engaged companies and/or voted against nominating committee members responsible for oversight of board diversity. Of the 52 EMEA companies with male-only boards where we voted against directors for lack of diversity during the first half of 2017, 16 companies (or 31% of companies) had appointed at least one new female board member by their 2018 annual meeting. In total, we identified that these companies collectively added 21 new female board members during this one year time period.

In APAC we continue to raise board and senior management diversity as a topic of engagement. While progress on this topic is in the early stages throughout much of the region, there are now only three companies amongst the Australian Stock Exchange (ASX) 200 companies with no women on their board. Given the significant progress in Australia, our discussions are now focused on increasing the number beyond one. We have also consistently shared our view that diversity amongst the senior executive ranks is also important.

Encouraging engagement protocols in France that foster constructive dialogue

In early 2015 the EMEA Investment Stewardship team identified the lack of dialogue between institutional investors and company directors as a major concern in the French market. Traditionally, management teams have handled all investor relations and the CEO was the only board representative available to meet with investors. However, we believe that direct dialogue between board members and long-term shareholders is important for building trust and developing mutual understanding between companies and their investors, so we started systematically asking for non-executive directors (NEDs) to attend our company engagements, facing many refusals at first.

The Association Française de la Gestion Financiere, the local association of asset managers, is opposed to the practice of NEDs meeting with investors, as they claim there is a high risk of material nonpublic information (MNPI) being shared. Nonetheless, our approach has proven fruitful. In 2017, a NED was present at 22% of our engagements with French issuers (whereas we did not meet any NEDs in 2014). And during the first half of 2018, we already met NEDs at 14 companies, more than any previous year. We believe that the numerous proactive engagements and market initiatives undertaken by Investment Stewardship – such as company meetings, public speaking events, industry participation, and publications – have helped change governance practices and have helped drive home the importance of NED/institutional investor dialogue.

Our perspective on shareholder proposals

With respect to BlackRock's approach to shareholder proposals, our engagement on material governance issues, including how companies manage environmental and social aspects of their business, does not begin or end with a vote on a shareholder proposal. During our direct engagements with companies, we address the issues covered by any shareholder proposals that we believe to be material to the long-term value of that company. Where management demonstrates a willingness to address the material issues raised, and we believe progress is being made, we will generally support the company and vote against the shareholder proposal. Sometimes, shareholders will withdraw proposals we might have otherwise supported from company ballots due to effective engagement with companies. Such engagements may result in the company voluntarily adopting additional disclosures similar to those that were sought in shareholder proposal.

We also vote against shareholder proposals that, in our assessment, are too prescriptive or narrowly focused, or deal with issues we consider to be outside the purview of the board or management. Our interpretations of the gradual decline in the number of shareholder proposals and levels of support over the past few years[8] is that direct engagement is building mutual understanding between companies and their long-term investors on emerging issues, particularly as it relates to governance proposals. That said, in some instances BlackRock supports shareholder proposals on material environmental, social or governance issues when we do not see demonstrated commitment to address investor concerns or the company has made insufficient progress.

Climate risk in focus

BlackRock views climate risks as having the potential to materially impact the companies in which we invest on behalf of our clients. Since all companies are impacted by environmental policies or changes, this topic is likely to arise in many engagement conversations.

The aims of our climate risk engagements are twofold: (1) to gain a better understanding, through disclosures, of the processes that each company has in place to manage climate risks, and (2) to understand how those risks are likely to impact the business.

Our climate engagement framework

The Investment Stewardship team recently published our approach to engagement on climate risk in which we note that for the past several years we have contributed to initiatives such as the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB). Both initiatives provide frameworks for standardizing disclosure of these climate risks and opportunities with a particular focus on information that investors would find material. These initiatives have enhanced our understanding of climate risk and helped guide our engagement approach. As many of the most heavily impacted companies are global, SASB and TCFD level the playing field by seeking comparable disclosures from companies within a given sector, providing investors with insight into how companies are managing these risks.

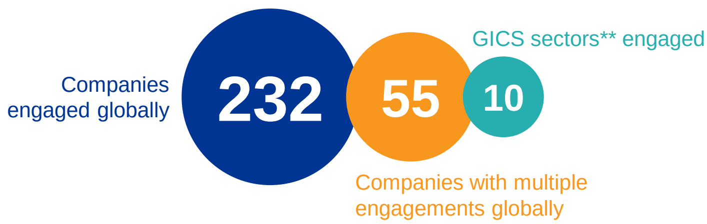
As the TCFD and SASB standards evolve, we believe they will gain wider adoption. This, in turn, will provide an opportunity to work collaboratively with companies to evolve their reporting practices and to continue to improve the relevance to investors of climate-related financial disclosures and analysis.

The number and scope of our climate-related engagements have steadily increased

For the reporting period of July 1, 2017 to June 30, 2018, we engaged globally with 232 companies on climate-related risks. This includes letters we sent to the CEOs and General Counsels at over 100 of the most carbon-intensive companies globally in BlackRock's equity portfolio. We asked them to review the TCFD's recommendations and consider reporting in alignment with them, and to engage with us so we can better understand the changes in reporting that might be necessary for them to achieve alignment and any obstacles the company anticipates. Our engagements nearly tripled the over 80 engagements we had from July 1, 2016 to June 30, 2017.

Since sending our letters, 21% of companies responded in substantive fashion, and others have sent letters acknowledging receipt. A summary of our global results is illustrated in the following chart:

SCOPE OF BLACKROCK'S CLIMATE RISK ENGAGEMENTS*



*Source: BlackRock

** Based on MSCI and Standard & Poor's GICS sector classification

We have observed that companies are taking it upon themselves (both of their own accord and based on investor feedback) to acknowledge that climate change presents both risks and opportunities and, as such, are taking steps to provide investors with relevant information. Some companies are describing how climate considerations are incorporated into corporate strategy, how the board oversees challenges to their business model stemming from climate change, and how the company is accounting for climate risk in its capital expenditure planning. Others have reported how various climate scenarios may impact their business and a small number have adopted emission reduction targets.

Asia Pacific

We have seen steady improvements from companies on climate-related reporting across the APAC region. After receiving letters and engaging with our Investment Stewardship team, two large Chinese oil and gas enterprises increased disclosure on their carbon emissions in their latest sustainability reports. While not fully aligned with the TCFD recommendations, we are pleased with this progress and intend to pursue further adoption. Following extensive engagements in 2017 with two Australian oil and gas producers, we were pleased to find in their 2018 climate change reports utilize the TCFD recommendations for the first time in a comprehensive manner.

Europe, the Middle East, and Africa

The response rate to our letters, and subsequent follow-up engagements, was higher in EMEA than in other regions. EMEA-based companies have generally demonstrated strong awareness of climate risks, and therefore tend to disclose information more comprehensively.

Three climate-related shareholder proposals were submitted in the EMEA region this reporting period. Following an engagement with a large European oil company, we voted against a shareholder proposal seeking detailed 2°C scenario planning disclosure, because we found the proposal overly prescriptive. During the process we engaged with management, the board, and the proponent to review the proposal and understand the different perspectives. We also participated in a collaborative investor engagement with a UK shareholder advocacy group to consider additional investor perspectives on the matter. Based on the company's public disclosures and our extensive engagements, we voted against the proposal after concluding that it was unnecessarily prescriptive and could potentially lead to unintended negative consequences impacting the long-term value of our clients' assets.

Americas

Our engagements and subsequent analysis suggest that American companies are increasingly recognizing that climate risks can be material to the company. This year, the top 20 American energy companies by market cap listed climate risks as material in their SEC 10-K filings this year, suggesting that they view these factors as impactful to their businesses and long-term shareholder value.[9]

This year, more companies received climate-related shareholder proposals than last year, but companies are also settling with sponsors of these resolutions more often than in the past.[10] Once again, this shows that companies are increasingly recognizing the material nature of climate-related risks, and are reaching agreements to expand disclosures without waiting for feedback through a vote on a shareholder resolution. In this reporting period, 59 companies received 72 climate-related shareholder proposals, 25 of which went to a shareholder vote.[11] We engaged all 25 companies that received these shareholder proposals, in some instances having several conversations.

In this reporting period, BlackRock supported two climate-related shareholder proposals after engaging with the companies for multiple years, ultimately determining they had not progressed in line with our expectations. Based on our assessment of the companies' existing disclosures, we felt that increased transparency surrounding how emerging technologies and new regulations may impact those companies' long-term business strategies could better inform shareholders of the investment risks and opportunities. A third shareholder proposal, which we would have voted in favor of, was withdrawn.[12] In the case of this third company, we continued conversations we had already started and determined that disclosures had improved incrementally.

Our view on multi-stakeholder company engagements

We often get asked to participate in large, multi-stakeholder company initiatives. We typically do not join these initiatives for several reasons. At times, the objectives of these collaborative engagements can overlap with many of our own existing initiatives. This was the case with our climate risk-related engagement plan and the Climate Action 100+ – namely, both seek to improve climate risk governance and reporting. In other instances, we find that there may be misalignment of views or engagement approaches that can lead to substantial administrative burdens and ineffectiveness. And, in many cases, our team will have already established an engagement rapport with an issuer whereby a collective engagement can cause confusion.

Engaging on purpose

In six of the past seven years, BlackRock's Chairman and CEO Larry Fink has written a letter on issues of corporate governance and long-termism to the CEOs of leading companies in which our clients are shareholders.

This year's letter addressed the increased the importance of investment stewardship given the continued rise of index-based investing, which results in holding stocks regardless of views on the individual companies. It also set out our view that there is now a need for deeper and more complete engagement between shareholders and companies, moving towards year-round conversations about improving long-term value.

The letter suggested that companies that better articulate their purpose are more likely to build strong relationships with their employees and customers, and have a clear sense of their strategic objectives.

"Your company's strategy must articulate a path to achieve financial performance. To sustain that performance, however, you must also understand the societal impact of your business as well as the ways that broad, structural trends – from slow wage growth to rising automation to climate change – affect your potential for growth."

Larry Fink,
Chairman and Chief Executive Officer, BlackRock

We think of "purpose" as another way of expressing "long-term strategy." A company needs to take into account changes in the environment around them. Is the regulatory environment changing? Is the hiring environment changing? For example, in today's low unemployment environment, a war for talent exists. As such, companies may need to rethink hiring and retention strategies. When we engage on purpose, we do not tell companies what their purpose should be. We seek to understand how the company's purpose informs its long-term strategy and culture to underpin sustainable long-term financial performance. In this way, companies have a defense against short-term pressures to distribute earnings, without which they may be forced to sacrifice investments in employee development, innovation, and capital expenditures that are necessary for long-term growth.

This year Investment Stewardship published our engagement approach to strategy, culture and purpose, which outlines our thinking and how we engage on these aspects of the board and management's leadership of the company. Our engagements to date suggest that many companies are evolving their thinking and disclosures on this front, even where they already have a clearly articulated purpose.

Thematic engagements

When events occur that have the potential to impact all companies in a sector we aim to engage with all of those companies to understand how the event or reactions to it may affect the long-term value of our clients' assets.

Americas

We generally prefer to engage privately with companies although we may report an engagement on an anonymized basis in our Quarterly Reports. However, the February 14, 2018 shooting at a school in Parkland, Florida resulted in widespread speculation about, and commentary on, the role of investors in companies that manufacture and distribute civilian firearms. On March 2, 2018, BlackRock published a statement to help clients, companies and others understand how the Investment Stewardship team will engage on this topic.

In addition to the publication of the statement, we wrote to all thirteen public companies that make or sell civilian firearms and met with nearly all of them. The focus of our engagements was to discuss the materials risks to these companies as a result of potential legislative and regulatory changes, reputational risks, and related impacts to their business. The conversations were intended to follow-up on the questions set out in our statement and to understand each company's approach and perspective. We found the engagements overall to be constructive and informative.

One firearms manufacturing company has a policy prohibiting shareholder engagement with management or the board. We therefore relied on the company's public response to our letter and prior publicly available disclosures to decide how to vote on a shareholder proposal seeking a report on its activities to enhance gun safety measures. From the available information, we were unclear about:

- Management and the board's assessment of the company's reputational and financial risks
- How the company monitors firearms distribution channels
- How the company addresses the topic of gun safety with their employees and contractors who work in their manufacturing operations

As a result, we were not able to fully assess the board's oversight of a variety of key risks, nor its assessment of any potential challenges to the company's long-term prospects. We, therefore, voted in favor of the non-binding shareholder proposal to encourage enhanced public disclosures.

Europe, the Middle East and Africa

Our EMEA Stewardship team engaged extensively with companies in the real estate, hospitality, and pharmaceuticals industries on various sector-specific strategic challenges.[13] We have also seen companies becoming increasingly exposed to activist campaigns and takeover bids because historically they have insufficiently articulated their strategy and goals or have delivered subpar returns to investors.

For instance, our EMEA team had an extensive engagement, in collaboration with BlackRock's Fundamental Active Equity team, with a large European pharmaceutical company whose performance remained volatile following several acquisitions and whose prospects of long-term sustained performance were increasingly difficult to assess. We held multiple conversations with the company's senior management and board around how their ability to deliver against the proposed strategy continued to fall short of expectations, impacting the company's financial performance. Our conversations centered on director quality in the context of relevant skillsets to support management's implementation of the strategy. We also sought to better understand how the company links director remuneration to strategic objectives. Ultimately, unable to sufficiently articulate their long-term strategy and meet market expectations regarding successful strategy execution, the company became the target of a takeover, which the board unanimously recommended its shareholders accept.

Asia Pacific

The APAC Stewardship team has had to address corporate strategy from a unique perspective in South Korea, where distinct market practices come into play. South Korea is a market largely dominated by family-owned conglomerates (chaebols) whose founding family retains group control through a thin but complex web of holdings in various affiliate companies that themselves often have interlocking ownerships.

Under regulatory pressure to simplify ownership structures and the need for families to cede control to the next generation, we have observed an increase in corporate restructuring proposals such as mergers and spin-offs in South Korea over the last three years.

The unique challenge in South Korea for investors like BlackRock is the lack of a market mechanism that allows fair pricing (such as mandatory tender offers or control premium) in the event of corporate restructuring. Instead, the law is highly prescriptive in setting the terms, whereby a transaction may carry significant valuation discount at the target company despite being fully compliant with local rules. There is inherent conflict between the need of the family to consummate succession of assets as economically as possible and the need for investors to have the value of their assets protected. Given the rigid statutory pricing formula, the only protection shareholders have from severe undervaluation of restructuring plans is the integrity of the board, which should ideally enter into these transactions only when the terms are in the best interest of the company and its shareholders.

A 2015 merger between an engineering and construction (E&C) company and a fashion and food catering company within the same chaebol group underscores these investor concerns. The market, including BlackRock, assessed the transaction was proposed at an unfair valuation that transferred significant value from the E&C company shareholders to the fashion and food company, in which the third generation siblings held a material stake. BlackRock voted against the transaction to protect clients from the deep undervaluation represented in the share swap terms.

That experience helped us in our approach to a similar situation at another chaebol. In 2018, a Korean multinational automotive and technology group shelved a restructuring plan that would have involved the spin-off of key businesses from its auto-parts company to be acquired by its logistics arm through a share swap. Unless management was prepared to publicly announce remedies to address the undervaluation concerns of the assets being transferred, BlackRock was prepared to represent our clients' interest by voting against the transaction at the auto-parts company while supporting the transaction on our logistics arm position.

As a fiduciary that is typically a shareholder on both sides of the transaction, Investment Stewardship will engage to inform our vote decision in corporate restructurings to ensure that our clients' economic interests are protected and enhanced.

Executive compensation

We expect executive pay to attract, retain and reward the effective implementation of the company's long-term strategy and to be aligned with performance over time. In our approach to executive compensation we describe our beliefs and expectations related to executive compensation practices, our analysis framework, and our typical approach to engagement and voting.

Remuneration engagement outcomes in Europe, the Middle East and Africa

In January 2017, and in advance of the second quarter shareholder-meeting season, we published our approach to executive remuneration in EMEA. We were looking to further clarify what we see as best practice in pay setting following the adoption of say-on-pay regulations in a number of EMEA markets. Concurrently, we sent letters to the chairmen of the board of the top 300+ listed companies in the United Kingdom to inform companies of these updated guidelines. One of the points highlighted in our UK remuneration letter and policy was that "we expect pension contributions for executives to be in line with the rest of the workforce for new contracts." A year and a half later, almost all of the largest 305 companies have renewed their executive remuneration policy. We reviewed whether they have taken our remarks on board and found that as of June 28, 2018:

- 21% of the 305 companies we contacted have reduced their executive pension contributions. Moreover, nearly 10% went further than restricting this change to new contracts only and reduced the contribution for existing executives as well. This demonstrates that many boards were able to renegotiate existing contracts, which is something boards and companies had previously described as a material hurdle.
- 31% of the FTSE 100 reduced executive pension contributions. Of these, approximately one-third applied the changes to existing executive contracts. However, as FTSE 100 companies tend to have the highest misalignment between pension contributions for executives and the rest of the workforce, this is a significant improvement.
- Looking at the 64 companies which have modified their policies regarding pension contributions, the median maximum contribution has decreased from 30% to 20%. 67% of these companies were moving from pension contributions of 25% or higher.

There is clear momentum to align executive pension contributions with the rest of the workforce and we will continue to engage with companies where there is a misalignment.

Our perspective on equity plans in the U.S.

As executive pay attracts considerable attention in the media, it is important to highlight our views on equity plans. First, equity plans are intended to incentivize and reward participants and provide a way for them to share in the long-term future success of the company. Additionally, we find the fact that equity plan proposals are binding makes them an effective tool to underscore our concerns when equity is not being used effectively at the company.

We are generally supportive of management equity compensation plans as a means to attract and retain talent – in essence, a human capital management tool. These plans are particularly important when they apply to a wide range of employees. They can help create an "ownership" mentality, and provide a streamlined incentive structure across the employee base. Our Americas 2018 Q1 Quarterly Report delves into the importance of equity plans as a human capital management tool at US shipping company, where the company also has a dual class share structure.

In the 2017-18 reporting year, BlackRock voted against approximately 13% of the management sponsored equity plan[14] ballot items in the Americas region, which is largely consistent with voting trends the prior two reporting periods:

Reporting N-PX period	Number of equity plan votes Americas region	Votes against equity plans	% of votes against
2015 - 2016	1,263	164	12.98%
2016 - 2017	1,318	132	10.02%
2017 - 2018	1,004	132	13.15%

During this reporting period, BlackRock voted against approximately 26% of US equity plans outside the Russell 3000, while voting against approximately 5% of plans in the Russell 3000. This confirms our findings across the governance spectrum, namely that smaller capitalization companies are still evolving their governance and compensation policies to meet market best practices.

In the US, we will generally vote against management because of a misalignment of payout with company performance. Factors contributing to our decision to not support management equity plans proposals include evergreen provisions (when additional shares are automatically granted to the plan every year), repricing of options, as well as unreasonable dilution in relation to peers or the stage of a company's development.

Asia Pacific remuneration insights

In China and Hong Kong we are seeing an increasing number of companies adopting a stock option scheme as they try to attract and retain talent. While we are generally supportive of employees and management holding shares in the company as it provides better alignment of interest, we have concerns with stock options functioning as the pay vehicle of choice given they provide different incentives to shares. Moreover, a typical option scheme for senior executives in Hong Kong lacks performance hurdles (or the disclosure of them) and any meaningful vesting period which raises questions about the effectiveness of the schemes.

Most jurisdictions in APAC, with Australia being an exception, have limited say-on-pay shareholder provisions. BlackRock continues to engage with regulators in the region to promote more transparency with respect to executive pay.

Human capital as an investment issue

For a majority of companies today, value is driven by employees, collectively known as human capital, rather than physical capital such as machinery. Ultimately, companies depend on their employees to effectively execute the corporate strategy and to operate at high standards. Material considerations include: ensuring employee health and safety, matters related to the supply chain (including contingent workers, contractors and subcontractors), wellness programs, support of employee networks, as well as training and development programs. For these reasons, we have identified human capital management as an engagement priority.

We published our approach to engagement on human capital management in March 2018 to set out in some detail our thinking and outline the topics we discuss with boards and management.

Human capital in Japan

Having regional teams allows us to better understand the challenges companies face in different markets. A series of engagements our Tokyo-based team had with companies in sectors facing severe labor shortages demonstrates the importance of human capital. They learned through these engagements that labor shortages are impacting the long-term strategies of companies across various industries, particularly in labor-intensive industries such as construction, retail, and logistics. For context, Japan's population fell for the seventh consecutive year in 2017. With 28% of Japan's population currently over the age 65, if current trends continue, nearly one-third of the population will be over 65 by 2030.[15]

Investment Stewardship's 2017 APAC Q3 Quarterly Report detailed our engagement with the Japanese construction industry as it faces these demographic headwinds alongside the surge in building projects ahead of the 2020 Tokyo Olympics. The industry is also facing labor regulation constraints that limit the annual working hours per worker.

Our engagement goal is simple – we seek to understand how the board and management are balancing the need to develop a stable and engaged workforce in the context of its long-term strategy.

A more recent 2018 engagement revealed that Japanese parcel shipping companies and, more broadly, the logistics industry are facing similar challenges. When we engaged with the largest parcel shipping company in Japan, we learned that the company opted to put a pause to their growth strategy and focused on establishing a long-term solution to labor shortages. Specifically, the company placed a cap on the number of packages shipped. It also negotiated a price hike with large volume shippers in order to afford additional night shift hires and pay retention salaries to existing delivery personnel. This helps fulfill the increasing shipping volume driven by the rise of e-commerce.

These engagements in Japan offer just one example of how Investment Stewardship is generating insight into how boards and management respond to local and global market forces. We share these local insights about leadership practices and evolving trends with investment colleagues globally.

Activist contests and the voting process

Activist investors are shareholders who accumulate relatively large positions in a company's stock, either directly or indirectly, and who may call for changes to operational or board structures, capital allocation policies or to express opposition to an agreed M&A transaction. Activists typically approach targeted companies privately with their critiques. Should they fail to gain traction with management, they may take their thesis public. Activists may further escalate the situation by launching proxy contests seeking board seats to facilitate their recommendations. Despite there being fewer proxy contests this season relative to last year, shareholder activism reached record levels in the first half of 2018 (on a year over year basis). There were more campaigns launched, many of which were settled, and record levels of capital were deployed. Activism is expected to grow in scope as more first-time activists launch new campaigns, as more capital continues to be deployed, and as activists identify global targets.

In the context of an activist campaign, Investment Stewardship engages companies with the goal of understanding a company's go-forward strategic direction, as well as its specific responses to the criticisms raised by activists. This entails gaining a better understanding of a company's financial performance and governance practices. As part of our due diligence and over the course of a campaign, we will engage multiple times with the company's board and management as well as the activist(s) and their director nominees. Although each situation is unique, our vote is determined by our assessment of which outcome best aligns with the economic interests of our clients, many of whom are long-term investors who will hold shares in a company well after most activist positions have been sold. Part of this assessment is the feasibility of the proposal for change, management and the board's performance track record and willingness to change, as well as our historical engagements with the company.

BLACKROCK U.S. PROXY CONTEST VOTING STATISTICS FOR MEETINGS SEEKING DISSIDENT NOMINEES

	2016-2017 N-PX reporting year	2017-2018 N-PX reporting year
Number of contests seeking dissident nominees	27	19
% of proxy contests where we voted for a dissident candidate	19% (5 of 27 meetings)	21% (4 of 19 meetings)
% of dissident candidates supported	15% (13 of 89 seats)	16% (7 of 44 seats)

Source: ISS for July 1 - June 30, for the two reporting periods of 2016-2017 and 2017-2018

In the four US proxy contests opposing a merger during the 2017-2018 reporting period, BlackRock voted in favor of the merger in two contests, initially against, then subsequently in favor of another, and against the merger in the fourth instance.

Some corporate advisors have the erroneous perception that we maintain relationships with activists at the expense of boards and management teams. Yet most interactions we have with activist funds center on company-specific situations. Our goal is always to support the long-term best interests of the company. In fact, we may have a long-standing engagement history with a targeted company that can provide perspective into the company's management. Furthermore, when it comes to proxy contests, our starting position is to support management; we support incumbent boards when they acknowledge areas for improvement and demonstrate that they have and are committed to a credible plan to address them. When we engage with activists, it is only once all information related to their campaign is made public. And, even when we support activist nominees, we take a measured approach and seldom support enough activist members for them to take control of a board.

Navigating engagements in an unprecedented, multifaceted proxy contest

During the 2017-2018 reporting period, an unusual case involving activism, antitrust concerns, and regulatory intervention, demonstrated the depth and complexity of proxy contests. The situation involved a merger between two large semiconductor companies, in which a third semiconductor company made an unsolicited bid over $100bn for one of the companies in what would have been the largest technology sector transaction ever.[16]

Our Investment Stewardship team and investment professionals engaged independently with the three companies and the activists on multiple occasions throughout the negotiation process to better understand the proposed transactions and to determine what vote would achieve a financially optimal outcome for our clients. Our Investment Stewardship team communicated with BlackRock active equity analysts and walked through valuation models and scenarios to drill down on value. Critical to our analysis was the historical performance of the target company, promises made by the incumbent management team that had failed to materialize, and the track record of the bidder in acquiring and integrating companies at scale.

Due to the complexity of the situation, we also communicated numerous times with the financial advisors, legal advisors and proxy solicitors on both sides. Our conversations primarily centered on the federal approvals required for the combined entity and human capital management during this transition period.

Ultimately, despite the time and resources committed, and in an unprecedented move, the US Government summarily rejected the deal, citing national security concerns, and the bidder was precluded from making another bid for the target company.

We engaged extensively with the companies and relevant advisors in order to foster constructive dialogue between the two sides. Most notably, in response to shareholder feedback, the target company appointed a new lead independent director to engage with the bidder in good faith.

Engagements with advisors

Our team conducted a series of engagements with corporate advisors across the financial, legal, and proxy solicitor spectrum to exchange views on engagement processes in relation to proxy contests. The aim was to clarify the way in which our Stewardship team engages with companies in the normal course of business and during contested situations. We wanted to introduce team members and explain the sectors each covers, who lead engagements as sector specialists, communicate our overall approach, and to highlight focus areas for the team.

We believe that this series of meetings should help reduce the friction that can be a characteristic of the engagement process during contested situations. It should also enhance visibility and access by encouraging these advisors to connect their corporate clients with Investment Stewardship, should the need arise.

Engagement and voting statistics

We annually disclose a statistical overview of our voting and engagement activity[17]. Below are some of the engagement and voting highlights from this past year:

	2016 Proxy Season	2017 Proxy Season	2018 Proxy Season
Company engagements	1,480	1,273	2,049
Meetings voted	16,941	17,309	17,151
Proposals voted	158,965	163,461	158,942
Countries voted in*	90	88	89

*The number of countries voted in can vary from year to year. In certain markets, some companies do not hold annual shareholder meetings.

Our 2018 Engagements

ENGAGEMENTS BY REGION

BREAKDOWN OF MEETINGS VOTED* BY REGION†

Country	Number of meetings voted	Number of proposals	% of meetings voted against one or more management recommendations	% of proposals voted against management recommendation
United States	3,904	31,265	29%	5%
Americas (ex-USA)	1,108	9,993	50%	10%
United Kingdom	861	11,718	30%	5%
Europe, the Middle East and Africa (ex-UK)	2,593	35,420	55%	12%
Japan	2,142	21,202	37%	5%
Asia-Pacific (ex-Japan)	6,543	49,344	35%	10%
Totals	17,151	158,942	38%	8%

*Source: ISS Proxy Exchange on July 15, 2018
†The 12-month period represents the SEC reporting period for U.S. mutual funds, including iShares.

Investor perspective and public policy

Global Policies and Governance Codes

BlackRock believes in promoting sound corporate governance practices, acknowledging the regional variations due to corporate law, market practice, and culture. As a fiduciary investor, it is important to be actively engaged in policy and market issues that affect the long-term value of our clients' assets. For this reason, we engage in public policy issues to offer an investor perspective and provide thought leadership and education about public policy issues that affect our clients' long-term investments and the functioning of global capital markets. In partnership with GPPG, Investment Stewardship reviews and provides commentary on the governance, reporting, and shareholder rights aspects of proposed amendments to regulation and governance practices.

We regularly publish our positions on policy proposals and governance codes consultations so our clients and others know our views. Below, we offer our assessment on three major policy issues that have impacted the corporate governance sphere.

Common Ownership

Some commentators have alleged that common ownership by asset managers could have anti-competitive effects. These theories are predicated on a misunderstanding about the asset management business model and stewardship activities conducted on behalf of clients by asset managers. We have sought to provide more education about these topics to inform the debate in three *ViewPoints*: Index Investing and Common Ownership Theories, Index Investing Supports Vibrant Capital Markets and The Investment Stewardship Ecosystem.

Within this broad and on-going debate, we respond to two contradictory claims in relation to corporate governance matters. The first claim is that index investors are absentee landlords of portfolio companies, while another contradictory criticism suggests that index investors are too influential in their engagements and too willing to hold boards and management to account. There is also academic literature suggesting that, because index investors have holdings in all companies in a sector, a 'common ownership' force exists that discourages companies from competing. While these theories are provocative, the underlying data does not support them.[18]

In addition, the premises underlying the findings do not reflect their experiences of engagement with management. Stewardship conversations are focused on governance, long-term strategic direction and the quality of corporate disclosures, not product pricing and market share. And companies listen to investor feedback but the board and management are responsible for determining the direction the company should take to serve the interests of all the company's shareholders. Furthermore, we would argue that well-run companies also consider other stakeholders – customers, employees, vendors, and the broader community.

EU Shareholder Rights Directive II

The EU adopted a revised Shareholder Rights Directive ("SRD II") in December 2016 with the dual objectives of 1) reinforcing the alignment of the long-term interests of institutional investors, asset managers and listed companies and 2) fostering shareholder engagement in the EU. It is scheduled to take effect in June 2019.

SRD II impacts our clients as institutional investors (i.e. European pension funds and insurance companies), and us as their asset manager. For this reason, BlackRock engaged with the European Commission (EC), representatives of Member States, and Members of the European Parliament to share our views. In conjunction with the GPPG, Investment Stewardship met with permanent representatives to the EU of key Member States to exchange views on the EC's proposed revisions.

The proposal requires asset managers and institutional investors to disclose a detailed shareholder engagement policy, including voting records. Among other things, shareholders will vote on binding executive pay policy proposals every four years and, annually, on advisory remuneration reports. The objective is to better link company performance and executive pay.[19] We believe disclosure should provide meaningful information that enables our clients to understand how asset managers and asset owners apply their corporate governance principles.

Ahead of the implementation date, an expert group was set up by the EC to provide advice to the EC on technical aspects of corporate governance of listed companies, including the use of modern information and communication technologies in corporate governance. The expert group, of which BlackRock is a member, assesses issues including shareholder communication, shareholder identification, and participation and voting. After deliberations by the expert group, the EC published a consultation in April-May on the draft implementing regulation on the shareholder identification. The final version will be published by September 2018.

Dual Class Companies

Recently, several index providers have grappled with the inclusion of companies with unequal voting rights structures in their indexes. Mainly occurring in the technology space, this business model limits the rights of shareholders through share classes with unequal voting rights. The structure gives shares owned by company insiders greater voting power than those owned by the public. This preserves a level of control for management, thereby mitigating some of the challenges from management's perspective of becoming a public company. In response to the rise of IPOs with unequal voting rights, index providers, such as The Financial Times Stock Exchange (FTSE), Standard & Poor's (S&P) and MSCI, have considered whether to exclude these companies from their market indices on a retrospective or prospective basis. As part of the investment stewardship process, BlackRock and others submitted letters to MSCI expressing concerns or support for the proposed approach. BlackRock's Open Letter Regarding Consultation on the Treatment of Unequal Voting Structures in the MSCI Equity Indexes is available on our website. MSCI recently announced their decision on inclusion rules has been delayed until October 2018.

We have engaged on this critical issue in other regions around the world. We responded to consultations by the Hong Kong Exchange (HKEX)[20] and Singapore Stock Exchange (SGX)[21] regarding the introduction of weighted voting rights (WVRs), noting that we do not believe there is enough evidence to support the notion that a WVR structure will attract startup companies, technology and biotech stocks. We are also concerned that class actions are not allowed in Singapore or Hong Kong as a means of protecting investors should management act against investors' interests. SGX has amended its Mainboard rules effective June 26, 2018 to allow listing of companies with WVR's although certain safeguards against entrenchment and expropriation risks have been put in place. Separately, on July 25, 2018 HKEX decided not to launch a consultation on a proposal to allow corporate entities as beneficiaries, possibly due to divergent views on the risks of WVR structures.

And in Europe, the debate around DCS continues in the wake of France's Florange Act, which passed on March 29, 2014. The act mandated differentiated voting rights for companies in France: that is, French companies are now required to provide two votes to any share held for more than two years. In France, an advisory committee of the stock exchange has recently suggested allowing companies with multiple classes of shares and differentiated voting rights to list. Our EMEA team continues to monitor this developing situation.

As an advocate for sound corporate governance practices at the companies in which we invest on behalf of our clients, we understand the concerns expressed around the issue of unequal voting rights and we appreciated the opportunity to contribute to index providers consultations on this topic. However, we believe policymakers, not index providers, should set corporate governance standards.

Industry Affiliations and Public Speaking Events

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 those of our peers. We presented at approximately 190 conferences and panel discussions over the past year to share our views on a wide range of topics including shareholder activism, stewardship in emerging markets, and engagement on environmental and social factors, executive compensation, and investor expectations of boards of directors. Some of these events were small, private roundtables where we can have detailed discussion with board directors about themes relating to governance and board performance. Others are large, annual conferences of practitioners such as investor relations professionals or institutional investors.

By way of example, we participate in monthly calls with the Brazilian Associação de Investidores no Mercado de Capitais (AMEC) to discuss Brazilian regulatory issues and other pertinent issues impacting the region. AMEC is a leading investor group in Brazil, and our participation enables BlackRock to stay current on governance and shareholder rights issues in their market.

In France, we were invited to join an expert group organized by the Institut du Capitalisme Responsible (ICR), a research center, organized around a number of think-tanks, focusing on responsible and "integrated thinking" for corporates, investors and more generally the financial community. The ICR aims to promote best practices and ensure a better dialogue between issuers and stakeholders.

And in Japan, BlackRock worked with the Ministry of Economy, Trade and Industry (METI) to create and promote a reporting framework which Japanese companies can use in their disclosures and engagements with long-term shareholders. The guidance itself was published in May 2017 and our team assisted METI in putting the guidance into practice by speaking with a number of companies to use the guideline to describe their business, governance, and sustainability efforts.

These events and others provide us the opportunity to share our perspective with a wide audience of clients, public company representatives, market participants, other professionals dedicated to advancing governance and stewardship practices.

Endnotes

1. In June 2017, MSCI announced that beginning in June 2018 it would include China A shares in the MSCI Emerging Markets Index and the MSCI ACWI Index.
2. 2017 Spencer Stuart U.S. Board Index.
3. Source: BlackRock.
4. https://www.forbes.com/sites/karstenstrauss/2018/01/25/more-evidence-that-company-diversity-leads-to-better-profits/
5. This letter was covered in the financial press, including by Bloomberg and The Wall Street Journal.
6. This number combines responses received as well as engagements.
7. https://www.fpl-global.com/wp-content/uploads/2018/06/2018-REIT-Board-Composition_Diversity-Trends-FINAL.pdf
8. In 2013, 820 shareholder proposals were submitted. There was a spike in 2015 to 943 proposals as a result of a campaign to encourage companies to allow shareholders to nominate directors on the company's ballot, so called proxy access. Since then, the numbers of proposals have fallen to 916 in 2016 and 861 in 2017. Support for proposals over that period has fallen from 34.4% in 2013 to 25% in 2017. See Trevor S. Norwitz, Sabastian V. Niles, Avi A. Sutton and Anna S. Greig, Wachtell, Lipton, Rosen & Katz, LexisNexis Practice Advisor Journal, Market Trends: Shareholder Proposals (Feb. 28, 2018), available at https://www.lexisnexis.com/lexis-practice-advisor/the-journal/b/lpa/archive/2018/02/28/market-trends-shareholder-proposals.aspx
9. SEC 10-K filings of the top 20 American energy companies by market capitalization.
10. 51% of climate-related proposals were withdrawn in the first half of 2018 following engagements, suggesting that constructive dialogue can be an effective means to build mutual understanding of business risks, according to ISS Analytics.
11. ISS Analytics, includes resolution categories specific to climate change and greenhouse gas emissions reports.
12. **Proposal 1**: "Shareholders request that by 2019, [the company] publish, with board oversight, an assessment of the long-term portfolio impacts of scenarios consistent with the internationally recognized goal of limiting the global increase in temperature to two degrees Celsius. The assessment should outline the impacts of multiple, fluctuating demand and price scenarios on the company's existing reserves and resource portfolio and explain how capital planning and business strategies incorporate analyses of the financial risks of a low-carbon transition. The report should be done at reasonable cost and omit proprietary information."
    Proposal 2: "Shareholders request that [the company] issue a report (by October 2018, at reasonable cost, omitting proprietary information) reviewing the Company's policies, actions and plans to measure, monitor, mitigate, disclose, and set quantitative reduction targets for methane emissions resulting from all operations, including storage and transportation, under the Company's financial or operational control."
13. See case study 1 in our 2017 EMEA Q4 Quarterly Report.
14. Includes approval and amendment of option plans, share plans, omnibus plans, as well as related plans for directors.
15. Japan's 2017 population statistics come from Japan's Statistics Bureau, Ministry of Internal Affairs and Communication available at http://www.stat.go.jp/english/data/jinsui/2017np/index.html; 2030 Japanese population forecast come from National Institute of Population and Social Security Research available at http://www.ipss.go.jp/pp-zenkoku/e/zenkoku_e2017/pp29_summary.pdf.
16. https://www.nytimes.com/2018/03/05/business/dealbook/broadcom-qualcomm-cfius.html
17. Investment Stewardship Report: 2018 Voting and Engagement Report reflecting July 1, 2017 to June 30, 2018 is available on our website at https://www.blackrock.com/corporate/literature/publication/blk-voting-and-engagment-statistics-annual-report-2018.pdf
18. To date numerous papers have refuted the original data including Common Ownership Does Not Have Anti-Competitive Effects in the Airline Industry (2018); The Case for Doing Nothing About Institutional Investors' Common Ownership of Small Stakes in Competing Firms (2018); Common Sense About Common Ownership (2018); The Competitive Effects of Common Ownership: Economic Foundations and Empirical Evidence (2017) and others.
19. A potential unintended consequence, in our view, is that shareholders will engage disproportionately on pay. This necessarily reduces the time available to focus on strategic matters more critical to the long-term success of a company, such as board composition, business strategy and effectiveness of execution.
20. https://www.blackrock.com/corporate/literature/publication/hkex-cg-code-113017.pdf.
21. https://www.blackrock.com/corporate/literature/publication/singapore-exchange-limited-possible-listing-framework-dual-class-share-structures-041317.pdf

Appendix: Engagements

BlackRock Investment Stewardship had substantive dialogue with the companies listed on the following pages. This 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 ENGAGEMENTS

1800PetMeds
3M Company
8x8
Abbott Laboratories
AbbVie
Acacia Research
ACADIA Pharmaceuticals
Acadia Realty Trust
Accenture
ACNB
Activision Blizzard
Adobe
Advanced Emissions Solutions
Advanced Energy Industries
AECOM
Aerojet Rocketdyne Holdings
Aetna
Aflac
AGCO
Agilent Technologies
AGNC Investment
Agnico Eagle Mines Limited
Air Lease
Air Products and Chemicals
AK Steel Holding
Akamai Technologies
Alaska Communications Systems Group
Albemarle
Alexander & Baldwin
Alexion Pharmaceuticals
Alleghany
Allison Transmission Holdings
Alphabet
Amazon
Ambac Financial Group
AMC Networks
AMERCO
Ameren
American Axle & Manufacturing Holdings
American Campus Communities
American Express Company
American Financial Group
American Homes 4 Rent
American International Group
American Outdoor Brands
American Water Works Company
Ameriprise Financial
AmerisourceBergen
Amgen
AmTrust Financial Services
Anadarko Petroleum
Analog Devices
Annaly Capital Management
Apache
Apartment Investment and Management
Apple Hospitality REIT
Applied Genetic Technologies
Aqua America
Arch Capital Group
Arconic
Ardelyx
Argan
Arlington Asset Investment
Arrowhead Pharmaceuticals
Arthur J. Gallagher & Company
Assurant
Assured Guaranty
AT&T
Athenahealth
Atlantic Power
Atlas Air Worldwide Holdings
AtriCure
AutoDesk
Automatic Data Processing
AvalonBay Communities
Avery Dennison
Aviragen Therapeutics (Vaxart)
Avis Budget Group
Avnet
Axis Capital Holdings
Axon Enterprise
Badger Meter
Bank of America
Bankwell Financial Group
Barnes & Noble
Barnes Group
Barrick Gold
BB&T
Bed Bath & Beyond
Berkshire Hills Bancorp
Big 5 Sporting Goods
Biogen
BioMarin Pharmaceutical
Bio-Techne
Black Hills
Blackbaud
BOK Financial
Bombardier
BorgWarner
BRF
Briggs & Stratton
Brighthouse Financial
BrightSphere Investment Group
Bristol-Myers Squibb Company
Broadcom
Brookfield Asset Management
C&J Energy Services
CA Technologies
CAF Brazil
Canadian Pacific Railway Limited
CanniMed Therapeutics
Capital Bank Financial
Capstead Mortgage
Cardinal Health
Carpenter Technology
Cars.com
Catalent
CatchMark Timber Trust
Caterpillar
CBOE Global Markets
Cedar Realty Trust
Celgene
Central Valley Community Bancorp
CF Industries Holdings
ChannelAdvisor
Charles Schwab
Charter Communications
Cheniere Energy
Chesapeake Energy
Chevron
Chicago Bridge & Iron Company
Chimera Investment
Chimerix
Chipotle Mexican Grill
Chubb Limited
Cigna
Cincinnati Bell
Cincinnati Financial
Cisco Systems
Citi Trends
Citigroup
Citizens Financial Group
Civista Bancshares
Clarus
Clearwater Paper
Cleveland-Cliffs
Clovis Oncology
CME Group
CMS Energy
CNB Financial
CNO Financial Group
Coeur Mining
Cognex
Colony NorthStar
Columbia Property Trust
Comcast
Commercial Metals Company
CommScope Holding Company
Commvault Systems
ConocoPhillips
Consolidated-Tomoka Land
CoreCivic
Cornerstone OnDemand
Corning Incorporated
County Bancorp
Cree
Crescent Point Energy
Crown Holdings
CSX
Cullen/Frost Bankers
Cummins
Curis
Customers Bancorp
Cutera
CVS Health
CyrusOne
Dalradian Resources
Dana Incorporated
DCT Industrial Trust
Deckers Outdoor
Deere & Company
Dell Technologies
Denbury Resources
Depomed
Destination Maternity
Diamond Hill Investment Group
DiamondRock Hospitality
Diebold Nixdorf
Digital Realty Trust
Dillard's
Dine Brands Global
Discover Financial Services
Dominion Energy Inc
Domino's Pizza
Domtar
Dover
DSP Group
DTE Energy
Duke Energy
DXC Technology
Eagle Bancorp
East West Bancorp
Eastman Chemical
EBAY
Ecolab

AMERICAS ENGAGEMENTS

Electronic Arts
Elevate Credit
Eli Lilly and Company
Ellie Mae
EMCOR Group
Emerson Electric
Enanta Pharmaceuticals
Energen
Enova International
Enstar Group Limited
Entergy
Enterprise Bancorp
EQT
Equifax
Equinix
Equity Bancshares
Equity Commonwealth
Essex Property Trust
Etsy
Evercore
Everest Re Group
Exelixis
Exelon
Expeditors International
Express Scripts Holding
Exxon Mobil
F.N.B. Corporation
Facebook
Fair Isaac
FARO Technologies
FedEx
Fidelity Southern
Fifth Third Bancorp
Financial Engines
Financial Institutions
FireEye
First Citizens BancShares
First Connecticut Bancorp
First Data
First Hawaiian
First Quantum Minerals
First Republic Bank
FirstEnergy
Five9
FleetCor Technologies
Flowserve
Fluidigm
Flushing Financial
FMC Corporation
Foot Locker
Forest City Realty Trust
Fortive
Four Corners Property Trust
Franklin Resources
Freeport-McMoRan
Frontier Communications
FTD Companies
FTI Consulting
General Dynamics
Genesee & Wyoming
GenMark Diagnostics
Gentex
Gentherm Incorporated
Getty Realty
Gibraltar Industries
G-III Apparel Group
Gilead Sciences
Glatfelter
GLAUKOS
Global Net Lease
Global Payments
Gluskin Sheff + Associates
GoDaddy
Goldcorp
Green Dot
Greenhill & Company
Grubhub
Grupo Financiero Banorte
Guess
Guidewire Software
Haemonetics
Halliburton Company
HCI Group
Health Insurance Innovations
Healthcare Trust of America
Heartland Financial
Hecla Mining Company
HEICO
Helmerich & Payne
Heritage Financial
Heritage Insurance Holdings
Heska
Hess
Hewlett Packard
Hillenbrand
Hilltop Holdings
HMS Holdings
Honeywell International
Houlihan Lokey
Huntington Bancshares
Huntington Ingalls Industries
Huron Consulting Group
Hyperdynamics
Interval Leisure Group
Illinois Tool Works
Immunomedics
Imperva
Incyte
Independent Bank Group
InnerWorkings
Insteel Industries
Intel
Interactive Brokers Group
Intercontinental Exchange
Interface
International Business Machines
Intuit
Invacare
Invesco
Investment Technology Group
Investors Bancorp
Ionis Pharmaceuticals
IQVIA Holdings
iRobot
Ironwood Pharmaceuticals
ITT
J. Alexander's Holdings
J.B. Hunt Transport Services
James River Group Holdings
Janus Henderson Group
JetBlue Airways
Johnson & Johnson
Jones Lang LaSalle Incorporated
JPMorgan Chase
Juniper Networks
Kaiser Aluminum
Kaman
Kansas City Southern
Kennedy-Wilson Holdings
KeyCorp
Keysight Technologies
Kforce
Kilroy Realty
Kinder Morgan
Kindred Healthcare
Kinross Gold
Kirby
Kite Realty Group Trust
Knight-Swift Transportation
Knowles
Kosmos Energy
L3 Technologies
LabCorp
Labrador Iron Ore Royalty
Ladder Capital
Ladenburg Thalmann Financial
Lam Research
LaSalle Hotel Properties
Lattice Semiconductor
Legg Mason
LendingClub
LendingTree
Leucadia National
Liberty Broadband
Liberty TripAdvisor Holdings
Littelfuse
Live Nation Entertainment
LivePerson
LKQ Corporation
Lockheed Martin
Lowe's Companies
Loxo Oncology
LPL Financial Holdings
LSC Communications
lululemon athletica
M&T Bank
M.D.C. Holdings
Mack-Cali Realty
Macquarie Infrastructure
MAG Silver
Maiden Holdings
ManpowerGroup
Manulife Financial
Marathon Petroleum
Marsh & McLennan
Martin Marietta Materials
Masimo
Mattel
Matthews International
MBIA
MBT Financial
McKesson
Medical Properties Trust
Medtronic
Mercury General
MetLife
MGE Energy
MGIC Investment
Microsemi
Microsoft
MidSouth Bancorp
Minerals Technologies
Mirati
Mobile Mini
Molina Healthcare
Mondelez International
Monsanto Company
Monster Beverage
Morgan Stanley
Motorola Solutions
MSCI
Murphy
Mylan
Nabors Industries
National Bank Holdings
National Fuel Gas Company
National General Holdings
National Instruments
National Western Life Group
Natus Medical Incorporated
Navient
Navistar International
NBT Bancorp
Neo Lithium
Netflix
NetSol Technologies
Nevro
New Mountain Finance
New York Community Bancorp
Newell Brands
Newfield Exploration Company
Newmont Mining
Nicolet Bankshares
Nielsen Holdings
Noble Energy
Nordson
Norfolk Southern

AMERICAS ENGAGEMENTS

Northern Dynasty Minerals
Northern Trust
Northrop Grumman
NovaGold Resources
Novocure Limited
NRG Energy
Nu Skin Enterprises
Nuance Communications
NVIDIA
NVR
Occidental Petroleum
Ocwen Financial
Old Dominion Freight Line
Old Point Financial
Old Republic International
Olin
Opus Bank
Oracle
Orbital ATK
Oritani Financial
Owens Corning
P. H. Glatfelter Company
PacWest Bancorp
Palo Alto Networks
Paragon Commercial
Parker Drilling Company
Peapack-Gladstone Financial
Penn National Gaming
Pentair
People's Utah Bancorp
PepsiCo
Petrobras
Pfizer
PHH Corporation
Physicians Realty Trust
Pilgrim's Pride
Pinnacle West Capital
Piper Jaffray Companies
PJT Partners
PNM Resources
POOLCORP
PPG Industries
Praxair
Preferred Bank
Premier Financial Bancorp
Primerica
Principal Financial Group
ProAssurance
Procter & Gamble
Progress Software
Prologis
Prudential Financial
PulteGroup
QTS Realty Trust
Quaker Chemicals
Qualcomm
Qualys
R.R. Donnelley & Sons
R1 RCM
Radian Group
Ralph Lauren
Rambus
Range Resources
Raytheon Company
Realogy Holdings
Realty Income
Regeneron Pharmaceuticals
Regions Bank
Regis
Reinsurance Group of America
RenaissanceRe Holdings
Republic Services
ResMed
Rexnord
RLI
RLJ Lodging Trust
Rockwell Automation
RPC
Ryder System
Ryman Hospitality Properties
S&P Global
Sabra Healthcare REIT
Sabre
salesforce.com
SandRidge Energy
Sanmina
Santander Consumer
Sarepta Therapeutics
Schweitzer-Mauduit International
Science Applications International
Scientific Games
Scorpio Bulkers
SeaWorld Entertainment
Select Income REIT
Service International
ServiceNow
Shutterfly
Sina Corp
Six Flags Entertainment
Skechers USA
SL Green Realty
Snapchat
Sohu.com
Southern First Bancshares
Southern National Bancorp of Virginia
Splunk
Sportsman's Warehouse Holdings
SPX
STAG Industrial
Standex International
Starwood Property Trust
State Street
Stewart Information Services
Stonegate Bank
STORE Capital
Sunshine Bancorp
SunTrust Banks
Symantec
Synchrony Financial
T. Rowe Price Group
Tanger Factory Outlet Centers
Taubman Centers
TCF Financial
Teladoc
Telephone and Data Systems
Tempur Sealy International
Tenet Healthcare
Teradata
Territorial Bancorp
TESARO
Tesco
Tesla
Tetra Tech
TETRA Technologies
TFS Financial
The Advisory Board Company
The AES
The Allstate
The Bank of New York Mellon
The Brink's Company
The Coca-Cola Company
The E. W. Scripps Company
The General Electric Company
The GEO Group
The Hartford Financial Services
The Home Depot
The Kraft Heinz Company
The Kroger Company
The Middleby
The Mosaic Company
The Progressive
The Southern Company
The TJX Companies
The Toronto-Dominion Bank
The Travelers Companies
The Ultimate Software Group
The Walt Disney Company
The Western Union Company
Third Point Reinsurance
TIER REIT
Tiptree
Toll Brothers
Torchmark
Total System Services
TowneBank
TransCanada
TransDigm Group Incorporated
Tribune Media Company
TrueCar
TrustCo Bank Corp
Tutor Perini
Twitter
U.S. Bancorp
U.S. Physical Therapy
UDR
UMH Properties
Umpqua Holdings
Union Pacific
Unisys
United Insurance Holdings
United Natural Foods
United Parcel Service
United Rentals
United States Steel
United Technologies
Uniti Group
Unitil
Unity Bancorp
Universal Electronics
Universal Health Realty Income
Universal Health Services
Universal Insurance Holdings
Unum Group
US Foods Holding
USG
Valley National Bancorp
Veeva Systems
VeriFone Systems
Verisk Analytics
Veritex Holdings
Veritiv
Verizon Communications
ViaSat
Virtu Financial
Virtus Investment Partners
VirtUSA
Vista Outdoor
Vornado Realty Trust
Voya Financial
W&T Offshore
W. R. Berkley
W.W. Grainger
Walker & Dunlop
Wal-Mart Stores
Waterstone Financial
WEC Energy Group
Weingarten Realty Investors
Wells Fargo & Company
Western Digital
WestRock Company
White Mountains Insurance
Whitestone REIT
Willis Towers Watson
Windstream Holdings
WisdomTree Investments
Worthington Industries
Wynn Resorts, Limited
Xcel Energy
Xerox
XL Group
Xperi
XPO Logistics
Yamana Gold
ZAGG
Zayo Group Holdings
Zebra Technologies

EUROPE, THE MIDDLE EAST AND AFRICA ENGAGEMENTS

4imprint Group
ABB
ABN AMRO Group
AccorHotels
Adidas
Aegon
Air Liquide
Allianz
Alstom
Amerisur Resources
Anglo American
AngloGold Ashanti
ArcelorMittal
Arkema
Assicurazioni Generali SpA
Atlantia SpA
Atos
Aurubis
Auto Trader Group
AVEVA Group
Aviva
AXA
Babcock International Group
BAE Systems
Balfour Beatty
Banco Bilbao Vizcaya Argentaria
Banco Santander
Bank of Ireland Group
Bankia
Bankinter
Barclays
BASF
Bayer
BBA Aviation
Berkeley Group Holdings
BHP Billiton
Big Yellow Group
BNP Paribas
Bodycote
Bovis Homes Group
BP
British American Tobacco
BT Group
Bunzl
Burberry Group
Buwog
Cairn Energy
Cairn Homes
Caixabank
Capgemini
Capital & Counties Properties
Carclo
Card Factory
Carnival
Carrefour
Castellum AB
Cellnex Telecom
Centamin
Centrica
Chocoladefabriken Lindt & Spruengli
Chubb
Clarkson
Clipper Logistics
Close Brothers Group
CMC Markets
Cobham
Compagnie de Saint Gobain
Compagnie Financiere Richemont
Compass Group
Continental
Credit Agricole
Credit Suisse Group
Crest Nicholson Holdings
CRH
Croda International
Curtis Banks Group
CVS Group
Daimler
Danone
DCC
Dechra Pharmaceuticals
Deutsche Bank
Deutsche Böerse
Deutsche Lufthansa
Deutsche Post
Deutsche Telekom
Direct Line Insurance Group
Dixons Carphone
Drax Group
Dufry
Dunelm Group
E.ON
easyJet
Edenred
EDP Energias de Portugal
Eiffe
Electricite de France
Elementis
Enel
Engie
Eni SpA
EnQuest
Essentra
esure Group
Eutelsat Communications SA
Everyman Media Group
Eaton Vance Municipal Income
Experian
Fabege
FairFX Group
Faroe Petroleum
Faurecia
Fenner
Fevertree Drinks
FinecoBank Banca Fineco
Forterra
Freenet AG
Frenius & Company
Fresnillo
Galliford Try
GEA Group
Georg Fischer
Getlink
Givaudan
GKN
Glanbia
GlaxoSmithKline
Glencore
Gold Fields
GVC Holdings
Hammerson
Hansteen Holdings
HeidelbergCement
Heineken
Hill & Smith Holdings
HomeServe
HSBC Holdings
Hunting
Iberdrola
Icade
Imperial Brands
Indivior
Informa
ING Groep
Inmarsat
Immobiliaria Colonial
Innogy
InterContinental Hotels Group
International Consolidated Airlines
Intertek Group
Intesa Sanpaolo
Intu Properties
Irish Continental Group
ITV
Janus Henderson Group
John Wood Group
Johnson Matthey
Johnson Service Group
Julius Baer Group
Jupiter Fund Management
Just Eat
Kaz Minerals
KBC Groep
KCOM Group
Kerry Group
Keywords Studios
Kier Group
Klepierre
Konecranes Abp
Koninklijke Ahold Delhaize
Koninklijke Philips
Kromek Group
Lafargeholcim
Lagardere
Lanxess
Legal & General Group
Leonardo SpA
The Linde Group
Liontrust Asset Management
Lloyds Banking Group
London Stock Exchange Group
Londonmetric Property
Lonmin
Lonza Group
L'Oreal
Lundin Petroleum
Maisons du Monde
Man Group
Marks and Spencer Group
Marlowe
Melrose Industries
Merck
Merlin Properties
Migros Ticaret
Mobimo Holding
Munich Re
Murray & Roberts Holdings
National Express Group
National Grid
Nestle
NEX Group
Nexus Infrastructure
NMC Health
Nokia Oyj
Nokian Tyres
Norsk Hydro
Nos SGPS
Novartis
Novo Nordisk
Novozymes
Oesterreichische Post
OMV Company
Old Mutual
Orange
Orsted
Osram Licht
Paddy Power Betfair
Papeles y Cartones de Europa
Paron Banking Group
Partners Group Holding
Pearson
Pentair
Pernod Ricard
Persimmon
Petra Diamonds
Petrofac
Petropavlovsk
Peugeot
Phoenix Group Holdings
Phoenix Spree Deutschland
Plant Impact
Premier Foods
Premier Oil
ProSiebentSat. 1 Media
Prudential
Prysmian Group
PSP Swiss Property
Publicis Groupe
Quartix Holdings
Randgold Resources
Ranger Direct Lending
Reach
Reckitt Benckir Group
Red Electrica Corporacion
Renault
Rentokil Initial
Repsol
Restaurant Group
Restore
Rexel
Rightmove
Rio Tinto
Rolls-Royce Holdings
Rotork
Royal Dutch Shell
RPC Group

EUROPE, THE MIDDLE EAST AND AFRICA ENGAGEMENTS

RWE Company
RWS Holdings
Safestore Holdings
Safran
Saga
Saipem
Sanofi
SAP
Sappi
Sasol
Schaeffler
Schneider Electric
Scor
Scout24
Senior
Serco Group
Severn Trent
Shire
Sibanye Gold
Siemens
Siemens Gamesa Renewable Energy
SIG
Sika
Sirius Minerals
Sky
Smith & Nephew
Smiths Group
Smurfit Kappa Group
Snam
Société Générale
Sodexo
Solvay
Sonova Holding
Sophos Group
SPIE
SSP Group
St. Modwen Properties
Standard Life Aberdeen
Stobart Group
Stratex International
Straumann Holding
Suez Environment
Sulzer
Sunri Communications Group
Swedbank
Swiss Life Holding
Swiss Prime Site
Swiss Re
Swisscom
System1 Group
Tate & Lyle
Technopolis Oyj
Tecnicas Reunidas
Telecom Italia
Telefonaktiebolet LM Ericsson
Telefonica
Telenet Group Holding
Teleperformance
Temenos
Tenaris
Thompson Clive Investments
Thysnkrupp
Total
Tracsis
Treatt
Tullow Oil
Ubisoft Entertainment
UBS Group
UniCredit
Unilever
Uniper
Valeo
Valmet Oyj
Vectura Group
Vedanta Resources
Veolia Environment
Victrex
Vinci
Vivendi
Vodafone Group
Volkswagen
Volvo
Warpaint London
WFD Unibail Rodamco
Weir Group
Wendel
William Hill
Worldpay Group
WPP
Zalando
ZPG
Zurich Insurance Group

ASIA-PACIFIC ENGAGEMENTS

77 Bank
Accretive
Advantest
AGC Asahi Glass
AGL Energy Limited
Agricultural Bank of China
Aichi Bank
Ajinomoto
Akebono Brake
Alpine Electronics
Alps Electric
Altium Limited
Altura Mining Limited
Amada Holdings
Ambuja Cement
Amore Pacific
AMP Limited
ANA Holdings
Ando Hazama Construction
ANZ Banking Group
Ardent Leisure Group
Aristocrat Leisure Limited
Asahi Group Holdings
AsahiKASEI
ASE Industrial Holding
ASICS
Aurizon Holdings Limited
Ausnet Services Limited
Avanco Resources Limited
Avex Group
Axis Bank
Azbil Corporation
Bank of East Asia
Bank of Queensland Limited
Beach Energy
Bega Cheese Limited
Beijing Capital International Airport
Bendigo Bank Limited
BHP Billiton Limited
Blue Sky Alternative Investments
Bluescope Limited
BOC Aviation
Boral Limited
BWX Limited
Canon
Capcom
CGN Power
Chellenger Financial Service
China Cinda Asset Management
China Communications Construction
China Communications Services
China Everbright International
China Evergrande
China Machinery Engineering Corp
China Mengniu Dairy
China Moly
China National Building Materials
China Oilfield Services Limited
China Pacific Insurance
China Petroleum & Chemical (SinoPec)
China Power International
China Railway Construction Group
China Shenhua Energy Company
China Southern Airlines
China Telecom
China Vanke
Chongqing Rural Commercial Bank
Chubu Electric Power
Clean Teq
CLP Holdings
Coca-Cola Amatil
ComfortDelGro
Commonwealth Bank of Australia
Compal Electronics
Computershare Limited
CP All Group
Credit Saison
Cromwell Property Group
CSSC Offshore & Marine Engineering
CTBC Financial Holdings
Dai Nippon Printing
Daicel
Dai-ichi Life Holdings
Daiichi Sankyo
Daikin Industries
Daito Trust Construction
Daiwa House Industry
Daiwa Securities
Daiwabo Holdings
Delta Electronics
DeNA Company
Denka
Dentsu
Domino’s Pizza
Don Quijote Holdings
Donaco International Limited
Dowa Holdings
Dr. Reddy's Laboratories
Dydo Group
Ebara Corporation
Eisai
Enplas Corporation
Epistar
ESR-REIT
Fairfax Media Limited
Faith
FamilyMart UNY Holdings
FANUC
Fortescue Metals Group
Fortis Healthcare
Fortune REIT
Fraser Centrepoint
Fuji Film Holdings
Fuji Oil
Fujikura
Fujitsu
Fukuoka Financial Group
Futaba Corporation
Fuyo Group
Genworth Mortgage Insurance Australia
GF Securities
Gloria Materials Technology
GMO Internet
Goodman Group
GPT Group
Grape King Bio
Haitong International Securities
Hamamatsu Photonics K.K.
Hana Financial Group
Hang Lung Group & Hang Lung Properties
Harbin Electric
Haseko
Heiwa Real Estate
Hisamitsu
Hitachi
Hitachi Kokusai
Hodogaya Chemical
Hokkaido Electric Power
Hokuriku Electric Power
Honda Motor
Hopewell Holdings

ASIA-PACIFIC ENGAGEMENTS

Horiba
Hotel Shilla
Hyundai Development
Hyundai Mobis
Hyundai Motor
Ibiden
ICICI Bank
Idemitsu Kosan
IDFC Bank
IHI Corporation
Iluka Resources Limited
IMF Bentham Limited
Infosys Limited
Inghams Group Limited
INPEX
Intellex
Isetan Mitsukosh
Itochu
Iyo Bank
J. Front Retailing Holdings
JAFCO
Japan Airline
Japan Post Holdings
Japan Senior Living REIT
Japan Steel Works
Japan Tobacco
Japara Healthcare Limited
JFE Holdings
JP Holdings
J-Power
JR Central
JR East Railways
JSR Corporation
JUKI Corporation
JVC Kenwood
Kajima
Kaneka
Kangde Xin Composite Material
Kansai Electric Power
Kansai Paint
Kao Corporation
Kasikornbank
Katakura Industries
Kawasaki Heavy Industries
Kawasaki Kisen Kaisha
KB Financial Group
KDDI Corporation
Keihan Holdings
Keikyu
Kenedix Office Investment
KEPCO
Kerry Properties
Kewpie Corporation
Keyence
Kirin Holdings
Kobelco
Kohnan Shoji
Komatsu
Konica Minolta
Korea Tobacco & Ginseng Corporation
Kubota Corporation
Kumho Petrochemical
Kurita Water Corporation
Kuroda Electric
KYB Corporation
Kyushu Electric Power
Kyushu Railway Company
LandMark Optoelectronics Corporation
Lend Lease Corporation Limited
Lenovo
LG Display
LG Electronics
Link REIT
Lion
Lite-On Tech
Lixil Group
Macquarie Group Limited
Macronix International
Mahindra and Mahindra
Makita Corporation
Marubun Corporation
Maruha Nichiro
Maxell Holdings
Mazda Motor
MediaTek
Metals X Limited
Metro Mining Limited
Metro Pacific Investments
Mineral Resources Limited
Miraca
Mitsubishi Chemical
Mitsubishi Corporation
Mitsubishi Heavy Industries
Mitsubishi Materials
Mitsubishi UFJ Financial Group
Mitsui & Company
Mitsui Chemicals
Mitsui Engineering & Shipbuilding
Mitsui Fudosan
Mitsui Mining & Smelting
Mitsui O.S.K. Lines
Mitsui Sumitomo Construction
Mizuho Financial Group
Morinaga Milk Industry
Nagoya Railroad
National Australia Bank
NC Soft
NEC Corporation
Neturen
New World Development
NGK Spark Plugs
NH Foods
Nichirei
Nidec
Nikkon Holdings
Nikon
Nintendo
Nippon Chemi-Con
Nippon Electric Glass
Nippon Paint Holdings
Nippon Shokubai
Nippon Signal
Nippon Steel & Sumitomo Metal
Nishimatsu Construction
Nishi-Nippon City Bank
Nissan Motor
Nisshin Food Holdings
Nisshin Seifun
Nitori
Nitto Denko
Nomura Real Estate Holdings
Northern Star Resources
Novaland Group
NSK
NTT Data
NYK Line
Obayashi
Oil Search Limited
Oki Electronics
Olympus
Omron
Onward Holdings
Oracle Japan
Orica Limited
Origin Energy
Osaka Gas
Panasonic
Parade Technologies
PC Depot Corp
People's Insurance of China
PetroChina
Pigeon Corporation
Pilbara Minerals Limited
Pioneer
POSCO
Premier Investments Limited
Proto Corporation
PT Telekomunikasi Indonesia
Qantas Airways
QBE Limited
Rakuten
Ramsay Healthcare
Remixpoint
RICOH
Ryosan
Samsung
Samsung Electronics
Samsung Heavy Industries
Samsung Life
Samsung Securities
Sanden Holdings
Sandfire Resources
Sanken Electric
Sankyo
Sanrio
Sanshin Electronics
Santen Pharmaceuticals
Santos Limited
Sanyo Shokai
Sapporo Holdings
Sato Holdings
Seiko Epson
Sekisui Chemical
Sekisui House
Semiconductor Manufacturing
Senshu Ikeda Holdings
Shikoku Electric
Shimazu Corporation
Shinsei Bank
Shiseido
Shizuoka Bank
Showa Shell Sekiyu
Silver Mines Limited
Simms Metals Management
Singtel Telecommunications
Sino-Ocean Group Holding
Sinopec Oilfield Services
Sinotrans Limited
SK Holdings
SK Innovation
Sky City
Soft-World
Sojitz
Sompo Holdings
Sony
Sony Financial Holdings
Spark Infrastructure
Sparx Asset Management
Square Enix Holdings
Stanley Electronics
Subaru Corporation
Sumitomo Corporation
Sumitomo Electronics
Sumitomo Heavy Industries
Sumitomo Metal Mining
Sumitomo Mitsui Financial Group
Sumitomo Mitsui Trust
Sumitomo Rubber
Suncorp Limited
Super Retail Group
SuRaLa Net
Suzuki Motor
T&D Holdings
Tadano
Taisei Corporation
Taishin Financial Holdings
Taiwan Business Bank
Taiyo Holdings
Taiyo Yuden
Takashimaya
Tata Motors
Tatts Group Limited
TCL Electronics
TDK
Teijin Limited
Teikoku Sen-I Company
Tencent
THK Company
Tobu Railway
Toda Corporation
Tohoku Electric Power
Tokyo Broadcasting System
Tokyo Electric Power Company
Tokyo Gas
Tokyo Marui
Toppan Printing
Toray Industries
TOSHIBA
Toshiba Machine
TOTO
Toyo Tanso
Toyobo Corp
Toyota Motor
TPG Telecom Limited
Trade Me Group

ASIA-PACIFIC ENGAGEMENTS

Trans Cosmos
Treasury Wine Estates
Trend Micro
Tsubaki Nakashima
Ube Industries
UKC Holdings
Unipres Corporation
Uni-President
United Arrows
United Microelectronics
Unitika
Unizo Holdings
West Japan Railway
Westpac Banking
WH Group
WIN Semicondutors
Wistron
Woodside Petroleum
Woolworths Limited
Worely Parsons Limited
Xinjiang Goldwind
Yamaha Motor
Yamato Holdings
Yanzhou Coal Mining
Yes Bank
Yokogawa Electric
Yokohama Rubber
Yungtay Engineering
Zhuzhou CRRC
Zijin Mining
ZTE Corporation

Want to know more?

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