

PENSIONS AND
LIFETIME SAVINGS
ASSOCIATION

STEWARDSHIP ACCOUNTABILITY FORUM

24 November 2015



Behaving Responsibly as a Fiduciary
CHARLES PRIDEAUX, BLACKROCK
Managing Director
Head of the EMEA Institutional Business

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AGENDA – BEHAVING RESPONSIBLY

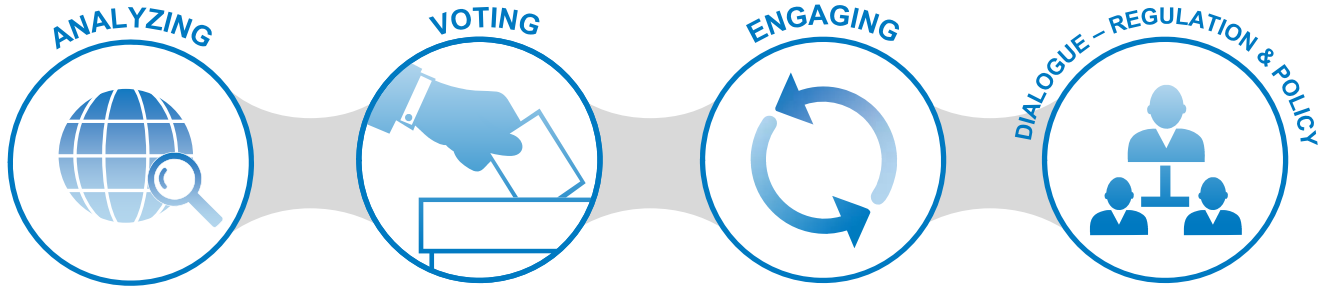
- ▶ Corporate Governance and Responsible Investment at BlackRock
- ▶ Public Policy Engagement
- ▶ Client Education and Training
- ▶ Investment Activities with Social Purpose
- ▶ Internal Code of Conduct – BlackRock Principles

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HOW BLACKROCK'S RESPONSIBLE INVESTMENT PROGRAM HELPS PROTECT CLIENT ASSETS

The core parts of the program are



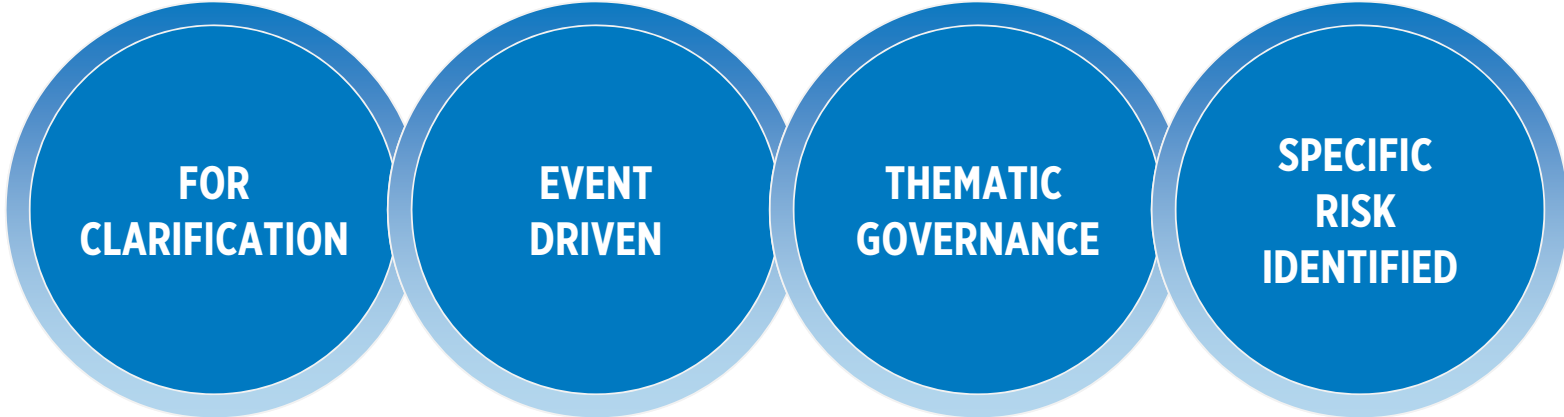
Our Corporate Governance and Responsible Investment program helps us fulfil our fiduciary duty to our clients to protect and enhance the economic value of their assets

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BLACKROCK'S COMPANY ENGAGEMENT: HOW WE USE OUR VOICE ON BEHALF OF CLIENTS

We engage with companies for four main reasons



We vote at approximately
15,000 shareholder meetings and

conduct approximately
1,400 engagements annually

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BLACKROCK'S PUBLIC POLICY ENGAGEMENT

◆◆ WE SUPPORT A REGULATORY REGIME THAT INCREASES
TRANSPARENCY, PROTECTS INVESTORS, AND FACILITATES GROWTH
OF CAPITAL MARKETS, WHILE PRESERVING CONSUMER CHOICE AND
ASSESSING BENEFITS VERSUS IMPLEMENTATION COSTS ◆◆

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BLACKROCK'S APPROACH TO PUBLIC POLICY ENGAGEMENT IN PRACTICE

OBJECTIVES
<ul style="list-style-type: none">• Positively influence legislation and regulations affecting our business and our clients• Distinguish BlackRock as a resource for policymakers• Demonstrate thought leadership and support client education and advocacy

APPROACH
<ul style="list-style-type: none">• Direct engagement with policymakers• Engagement through trade groups and ad hoc coalitions• Client interactions and consultations• White papers and written consultations• Media engagement

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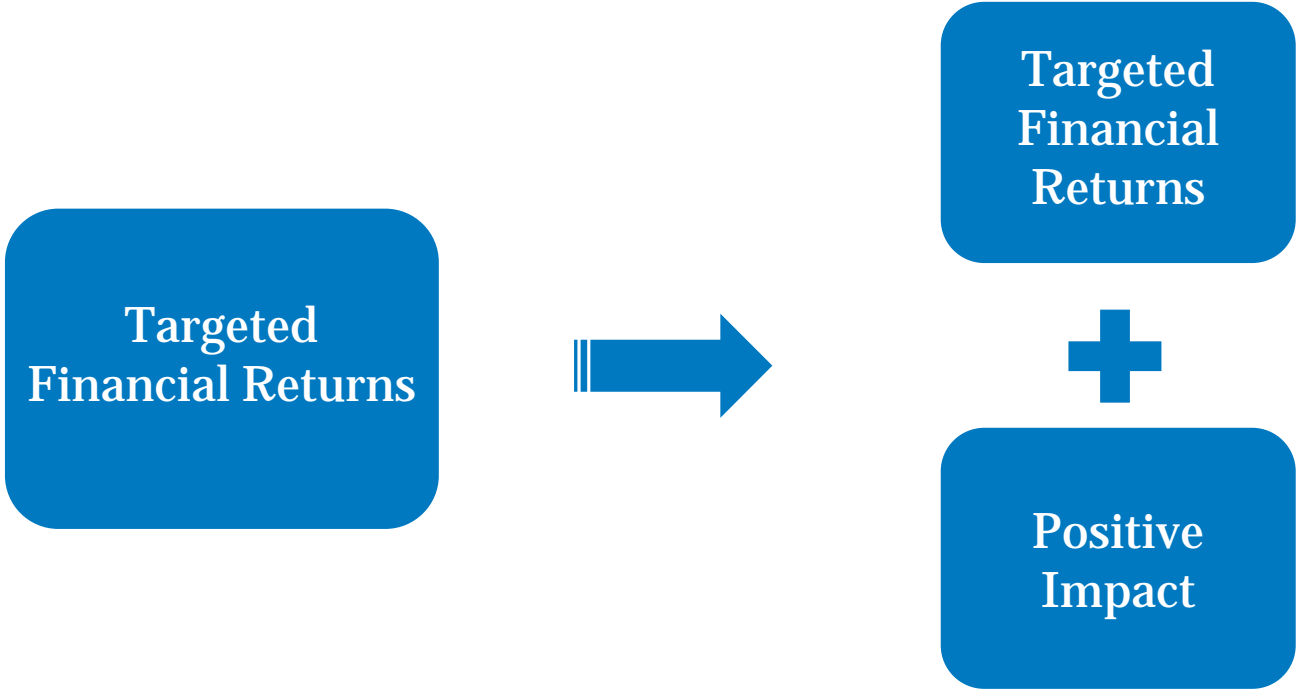
BLACKROCK'S COMMITMENT TO CLIENT EDUCATION AND TRAINING

- ▶ Following the success of our award-winning education programmes in 2013 and 2014, BlackRock continues to host a series of free trustee training seminars throughout 2015.
 - ▶ Improving Scheme Governance: Delegation
 - ▶ Liability Hedging: Why, When, How?
 - ▶ Alternatives: How Can They Benefit Pension Schemes?
- ▶ Osborne 2014 budget reforms drove enhancements to our DC member web experience to educate and highlight the new decumulation choices available.
 - ▶ Defined Contribution Schemes and the Impact of New Legislation

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INVESTOR CHALLENGE: EXPANDING OBJECTIVES AND INVESTMENT WITH PURPOSE



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WHAT IS DRIVING DEMAND FOR TARGETED FINANCIAL RETURNS AND IMPACT?

- 1 Global challenges**
- 2 Demographic trends**
- 3 Long horizon investors**

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1 INVESTORS RESPONDING TO A MORE VOLATILE WORLD



600M jobs needed for next generation



\$30T needed to fill global gap in infrastructure



2/3 of carbon budget has been used



1B people lack sufficient food



1.7B people lack essential medicine



4B people lack digital access

Sources: US SIF Report 2014; WHO, the World Medicines Situation, 2011; International Telecommunication Union, Measuring the Information Society Report, 2014; ILO, Global employment trends, Geneva, January 2012; IPCC Carbon Budget Checklist 2014

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2 NEW VOICES GAINING ASSETS AND DRIVING DEMAND

Women



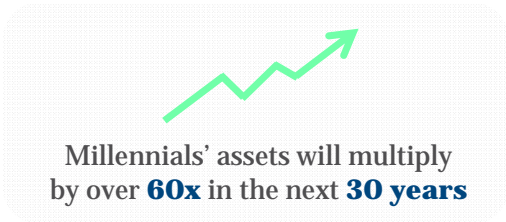
76% of females prioritize ESG factors in investing



Millennials



Millennials are **2x** more likely to invest in companies targeting impact outcomes



Sources: US SIF Report, 2014; "Insights on Wealth and Worth," US Trust 2014; "The Greater Wealth Transfer," Accenture, 2012; "Sustainable Signals," Morgan Stanley Institute for Sustainable Investing, 2015; BlackRock; Arabella Partners; "From the Margins to the Mainstream," World Economic Forum, 2013; "2015 ESG Trends to Watch," MSCI, 2015; Charting the course," World Economic Forum, 2014; Impact Asset 'Issue Brief 13'

3 INSTITUTIONAL INVESTORS MOTIVATED BY DIVERSE FACTORS

Asset owners with social missions

Organizations facing client pressure

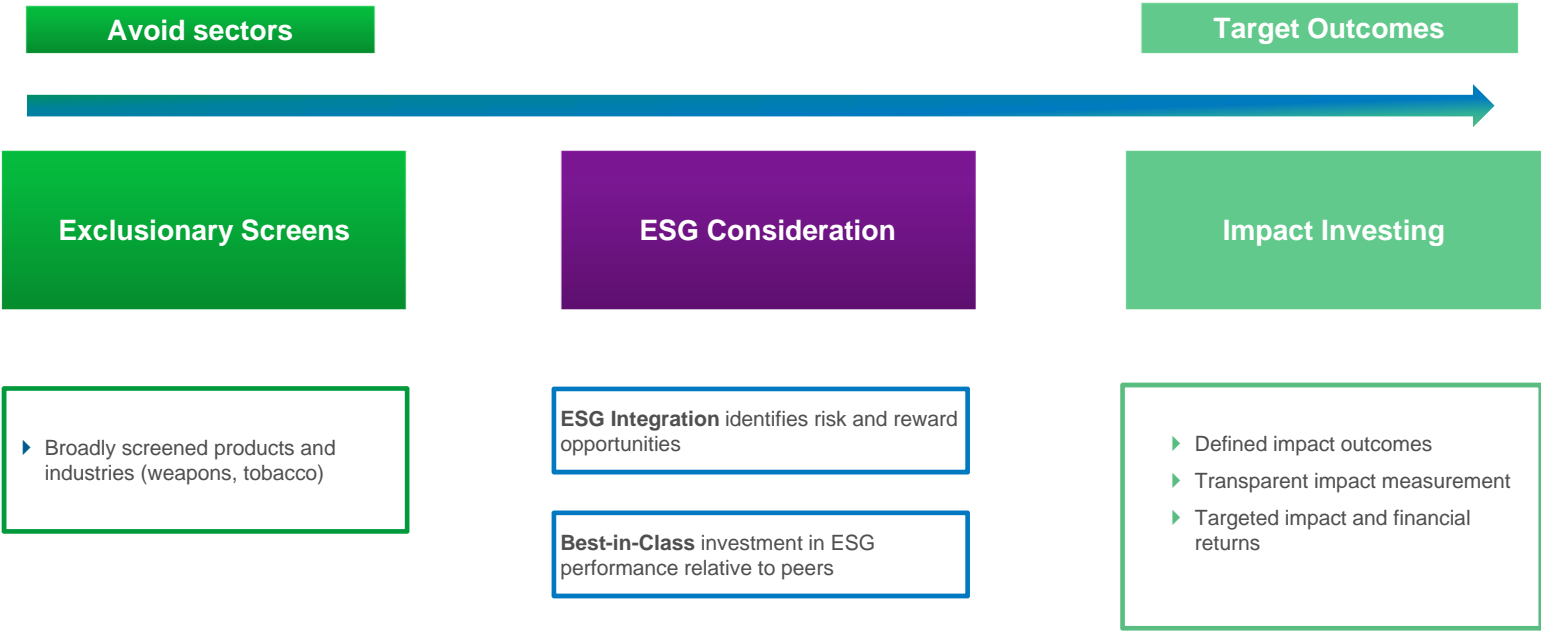
Country-imposed regulations

Risks posed by global challenges

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EMERGENCE OF IMPACT INVESTING STRATEGIES



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ENSHRINING RESPONSIBLE BEHAVIOUR – THE BLACKROCK PRINCIPLES

**We are a Fiduciary to
Our Clients**

We are One BlackRock

**We are
Passionate about
Performance**

We are Innovators

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