

About the portfolio manager

Assets under management	USD 6'440 bn, USD 511.2 bn according to sustainable criteria
Number of inv. profess.	2'171
Number of inv. profess. dedicated to ESG	21
Participation in shareholder meetings	Voting but no participation
ESG rating	n/a
ESG consultant	No, taking into account analysis by ISS and Glass Lewis
External data sources	
<ul style="list-style-type: none"> • Sustainalytics • MSCI • Bloomberg • Thomson Reuters/Asset4 	<ul style="list-style-type: none"> • RepRisk • ISS-ethix • Verisk Maplecroft • SASB • CDP

Memberships

Signatory to UNPRI	Yes
UNPRI rating	A
Others	
<ul style="list-style-type: none"> • Global Real Estate Sustainability Benchmark (GRESB) • CDP (former Carbon Disclosure Project) • International Corp. Gov. Network (ICGN) • Sustainability Account. Standards Board (SASB) • Internat. Integrated Report. Council (IIRC) • The Equator Principles (EPs) for Risk Mgmt. 	<ul style="list-style-type: none"> • Global Impact Invest. Network (GIIN) • Climate Bonds Initiative (CBI) • The Task Force on Climate-related Financial Disclosures (TCFD) • Inst. Investors Group on Climate Change (IIGCC) • Urban Land Institute (ULI) Greenprint Program

Voting activity

Exercise of voting rights	Active; at more than 17'000 General Meetings
ESG consultant	Internal team, additional use of analysis by ISS and Glass Lewis
Voting report	Yes, quarterly and yearly reports
Additional information	see decision making process

Decision making process for exclusion decisions

As a long-term investor, we are patient and persistent in working with our portfolio companies to build trust and develop mutual understanding. We monitor the companies in which we invest and engage with them constructively and privately where we believe it would help protect shareholders' interests. We do not try to micro-manage companies, or tell management or boards what to do; we present our views as a long-term shareholder and listen to companies' responses. Engagement helps better inform BlackRock's voting and investment decisions.

Consultant for investment guidelines and exclusion criteria

BlackRock is happy to cooperate with our clients' ESG consultants, if they wish so, in order define appropriate investment guidelines that are tailored to clients' specific objectives.

For sustainable investment mandates that employ screening, BlackRock's Portfolio Compliance team will use either the services of an integrated online ESG research, analytics and ratings platform such as MSCI's ESG Manager, or a specific list of issuers provided by the client, to identify the issuers engaged in the prohibited industries that are to be excluded.

Decision making process for exercising voting rights

We take a case-by-case approach to the business put to a shareholder vote. Our analysis is informed by our internally-developed proxy voting guidelines, our company engagements, research, and the situation at a particular company.

We intend to vote at all shareholder meetings of companies in which our clients are invested. In cases where there are significant obstacles to voting, such as share blocking or requirements for a power of attorney, we will review the resolutions to assess the extent of the restrictions on voting against the potential benefits. We generally prefer to engage in the first instance where we have concerns, and give management time to address or resolve the issue. We will vote in favor of proposals where we support the approach taken by a company's management or where we have engaged on matters of concern and anticipate management will address them.

BlackRock will vote against management proposals where we believe the board or management may not have adequately acted to protect and advance the interests of long-term investors. We will abstain on proposals where we wish to indicate to the company we are concerned about its approach to certain issues and expect them to be responsive to investors' views. In all situations the economic interests of our clients will be paramount.

Our market-specific voting guidelines are available on our website at <https://www.blackrock.com/corporate/about-us/investment-stewardship/voting-guidelines-reports-position-papers#guidelines>

<https://www.blackrock.com/corporate/about-us/investment-stewardship/voting-guidelines-reports-position-papers#engagement-and-voting-reports>



IST3 INFRASTRUCTURE DEBT 2 USD

Engagement

Engagement	Yes; active dialogue with 2'000 companies
Consultant	Internal, specialised Investment Stewardship Team with more than 40 specialists

Additional information

<https://www.blackrock.com/corporate/literature/publication/blk-profile-of-blackrock-investment-stewardship-team-work.pdf>

ESG consultant for engagement activities

Engagement is core to our stewardship programme as it helps us assess a company's approach to governance, including the management of relevant environmental and social factors. To that end, we conduct approximately 2,000 engagements a year on a range of ESG issues likely to impact our client's long-term economic interests. We meet with executives and board directors, communicate with the company's advisors, and engage with other shareholders where appropriate. We have committed to increase the size of the investment stewardship team over the next few years, which will enable BlackRock to significantly increase its engagement activities and foster more effective engagement by building a framework for deeper, more frequent, and more productive conversations.

IST portfolio

Portfolio overview

ESG rating	No
Application of an exclusion list	Yes, provided by IST

Incorporation of ESG factors into the investment process



When evaluating any real estate and infrastructure investments, potential ESG factors and risks that may have material economic consequences throughout the investment life-cycle are considered by the investment management team, and such issues are also considered within the wider investment strategies.

ESG performance, risks and opportunities are comprehensively analysed for all new acquisitions and are further factored into our investment decision and business plan processes for holding, disposal and asset management strategies.

Issues that are considered include, but are not limited to, energy efficiency and supply, water efficiency and supply, waste management, biodiversity, flood risk, contaminated land, climate risks, health and safety and local community impacts.

Opportunities for third party green building certifications for any new real estate developments, refurbishments and maintenance projects are also considered and BlackRock has an impressive track record of achieving high performing, sustainably certifications for our assets.

Identification of companies excluded

The BlackRock Infrastructure Debt team does not implement a bespoke exclusion list for the portfolio, other than in respect of exclusions specifically identified in the IMA / investment guidelines. The investment team will assess each potential investment on a case-by-case basis including appropriate ESG considerations. As per the IST3 signed IMA, the only expressly prohibited investments are investments in nuclear energy, prisons or military facilities.

Source: IST, BlackRock; as of 30.09.2018