

Japan Stewardship Code

Basic Philosophy

BlackRock Japan Co., Ltd. (henceforth, “BlackRock”), supports the objectives of the “Principles for Responsible Institutional Investors” <Japan’s Stewardship Code>, hence hereby declares the acceptance of all seven principles within the Code.

As a fiduciary asset manager, we will fulfil our stewardship responsibilities by promoting and fostering investee companies’ corporate value and sustainable growth, through an approach described in the Stewardship Code Policy (henceforth, “Our Policy”), focusing on promoting and enhancing the interests of our clients. In Our Policy we explain our philosophy on stewardship, our voting policy, our integrated approach to stewardship matters and how we deal with conflicts of interest.

Principle 1. Institutional investors should have a clear policy on how they fulfil their stewardship responsibilities, and publicly disclose it.

Our Policy is disclosed on our website. The policy applies across different asset classes and products as permitted by investment strategies. Our proxy voting guidelines and our approach towards sustainability issues are disclosed on our website: <https://www.blackrock.com/jp/individual/ja/about-us/important-information/stewardship-code>.

Principle 2. Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.

BlackRock is an independent investment management company focused on providing asset management and risk management services to clients, and is not controlled by any particular group of companies (nor owns any affiliated companies). We believe this fact significantly eliminates potential conflicts of interest. In addition, BlackRock maintains its principle not to invest for ourselves and to conduct all investment management on behalf of clients.

Furthermore, we take certain steps to manage conflicts by adopting a Conflicts of Interest Policy to ensure all BlackRock employees act solely in the best interests of clients.

BlackRock maintains policies and procedures that are designed to prevent undue influence on our stewardship activities such as engagement and proxy voting that might stem from any relationship between the issuer of a proxy (or any dissident shareholder) and BlackRock Group, BlackRock Group’s affiliates, a Fund (or BlackRock Group’s segregated client) or a Fund’s (or BlackRock Group’s segregated client’s) affiliates. Steps we have taken to prevent conflicts include, but are not limited to:

- BlackRock has adopted a proxy voting oversight structure whereby the Investment Stewardship Committee oversees the voting decisions and other activities of the Investment Stewardship team, particularly its activities with respect to voting based on the Proxy Voting Guidelines (henceforth, “The Guidelines”) in order to avoid circumstances in which BlackRock puts its own interests ahead of its client or interests of third-parties.

The Investment Stewardship Committee also provides oversight of constructive engagement (or purposeful dialogue) conducted by the Investment Stewardship team.

- In certain instances, BlackRock may engage an independent fiduciary to vote proxies as a further safeguard to avoid any potential conflict of interest.

Principle 3. Institutional investors should monitor investee companies so that they can appropriately fulfil their stewardship responsibilities with an orientation towards the sustainable growth of the companies.

The BlackRock Investment Stewardship team has dedicated specialists, who work with portfolio managers to monitor investee companies on issues such as long-term strategies, approach to environment, social and governance issues, and will engage with investee companies, when appropriate.

Principle 4. Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.

Our engagements are designed to promote sustainable growth of investee companies in order to support the economic interest of long-term shareholders. Our aim is to reach a mutual understanding of the issues with investee companies. As we approach each engagement individually, our approach will be tailored for the individual company and driven by the particular issues that have led to the decision to engage.

Our policy is not to make public statements about our engagements. Our preference is to engage privately as we believe such approach helps build relationships, rapport and trust with companies, which enhances the effectiveness of the dialogue.

Our engagement research is based on publicly disclosed information and we do not seek to obtain any undisclosed material facts about the investee company. However, if ever we were to receive non-public and price sensitive information we act in accordance with the policies and processes laid out in our internal policies.

In the course of our engagements, we do not expect to engage in acts referred to as the "Important Proposed Act." However, if there are concerns of unintentionally being considered by the company or regulators to have engaged in such an act, we will take necessary actions in consultation with our Legal and Compliance Department.

Principle 5. Institutional investors should have a clear policy on voting and disclosure of voting activity. The policy on voting should not be comprised only of a mechanical checklist; it should be designed to contribute to the sustainable growth of investee companies.

Our Guidelines provide clear policies on how we vote and how we disclose information about our proxy voting activity. The proxy voting guidelines are available publicly on our website. In addition, we will publicly disclose and explain the voting rationale, where such disclosure is expected to enhance constructive dialogue with investee companies. <https://www.blackrock.com/corporate/en-gb/literature/fact-sheet/blk-responsible-investment-guidelines-japan.pdf>.

BlackRock's voting policy is designed to promote sustainable growth of investee companies in order to support the economic interest of long-term shareholders. Our voting is conducted by the Investment Stewardship team. Voting decisions are taken after a review of research from proxy advisory firms and the team's own

research of company materials, broker research, and other publicly available information. We may also consult with our portfolio managers on cases where relevant.

We primarily use Institutional Shareholder Services (ISS) as a proxy advisor and leverage their services by requesting proxy advice based on our internal voting policies. ISS also provides shareholder meeting related research and administrative work surrounding proxy voting. BlackRock regularly monitors and evaluates proxy advisory firms and seeks improvements when necessary.

BlackRock does not borrow shares solely for the purpose of exercising voting rights. Our investments do involve securities lending. With respect to our stock lending program, we pay due regard to the economic interests of our clients and it is from this perspective that our policy is defined. There is, therefore, no presumption in favour of either continuing to lend securities or recalling on-loan securities to vote. Each situation is analysed based on client agreements and preferences and on the nature of the voting item.

Principle 6. Institutional investors in principle should report periodically on how they fulfil their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.

We will publicly disclose proxy voting results as well as the result of our self-assessment regarding our stewardship activities, on our website. Upon request, we will disclose our voting and engagement activities to our clients and their beneficiaries.

BlackRock also publishes an annual report, which summarizes our global activities, and is available on our global website at <https://www.blackrock.com/corporate/literature/publication/blk-annual-stewardship-report-2019.pdf>.

Principle 7. To contribute positively to the sustainable growth of investee companies, institutional investors should have in-depth knowledge of the investee companies and their business environment and skills and resources needed to appropriately engage with the companies and make proper judgments in fulfilling their stewardship activities.

We view stewardship activities as one of our most important investment functions and have a dedicated Investment Stewardship team organizationally positioned for the mutual exchange of views across our investment teams.

The BlackRock Investment Stewardship team will continue to develop skills and resources necessary to engage appropriately with investee companies, based on in-depth knowledge of the investee company, the surrounding business environment and material sustainability issues.

BlackRock periodically reports to the Stewardship Committee and the Investment Committee on voting and engagement activities and conducts our self-assessment in order to improve voting and engagement activities. Based on discussions during the Stewardship Committee and the Investment Committee, we review our proxy voting guideline periodically and revise it if necessary.

We also apply a similar approach in BlackRock's major overseas offices where regional specialists of the Investment Stewardship function conduct stewardship activities. We aim to enhance the quality of our stewardship activities by sharing insights and experiences across different regions to develop a global perspective, in order to determine the most appropriate approach in each region.

BlackRock requires all its employees, including but not limited to the Investment Stewardship function, to be a "students of the market": to be humble, continuously study the market and to offer the best quality service in each field in the best interests of clients.