Statement on compliance with the UK Stewardship Code

March 2014

As a fiduciary asset manager, BlackRock's pursuit of good corporate governance stems from our responsibility to protect and enhance the economic value of the companies in which we invest on behalf of our clients. Encouraging the highest standards of board leadership and executive management in these companies is central to achieving that goal. That is why we have created one of the largest Corporate Governance and Responsible Investment (CGRI) teams in the industry to engage with the management of companies in which we invest and help us deliver long-term value to our clients.

BlackRock believes it complies with the majority of recommendations of the UK Stewardship Code. We have set out below our approach to the key recommendations and explained our reasons for taking a different approach to that proposed in the Code where relevant. Any questions on this statement or BlackRock's approach to stewardship more generally should be addressed to Amra Balic, EMEA Head of CGRI at europecgri@blackrock.com.

Principle 1: Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.
BlackRock's Global Corporate Governance and Engagement Principles, as well as our market-specific voting guidelines, are published on our website. In these we explain our philosophy on stewardship (including how we monitor and engage with companies), our voting policy, our integrated approach to stewardship matters and how we deal with conflicts of interest. These apply across different asset classes and products as permitted by investment strategies. Although we use a different terminology to that in the Code we address most of its guidance either in the Principles, which are applied internationally, or in our market-specific voting guidelines. These documents are reviewed and updated annually. Our voting is conducted by the CGRI team of 20 specialists who are a central clearinghouse for our global investment teams to ensure we deliver a consistent message to companies. We publish an annual review which summarises our activities, which is also available on our website:
http://www.blackrock.com/corporate/en-gb/about-us/responsible-investment

Principle 2: Institutional investors should have a robust policy on managing conflicts of interests in relation to stewardship and this policy should be publicly disclosed.
BlackRock maintains policies and procedures that are designed to prevent undue influence on BlackRock's proxy voting activity that might stem from any relationship between the issuer of a proxy (or any dissident shareholder) and BlackRock, BlackRock's affiliates, a Fund (or BlackRock's segregated client) or a Fund's (or BlackRock's segregated client's) affiliates. Steps BlackRock has taken to prevent conflicts include, but are not limited to:

•BlackRock has adopted a proxy voting oversight structure whereby the Corporate Governance Committees oversee the voting decisions and other activities of the CGRI team, and particularly its activities with respect to voting in the relevant region of each Corporate Governance Committee's jurisdiction.
•The Corporate Governance Committees have adopted Guidelines for each region, which set forth the firm's views with respect to certain corporate governance and other issues that typically arise in the proxy voting context.
•BlackRock's Global Corporate Governance Committee oversees the Global Head of CGRI, the CGRI team and the Corporate Governance Committees.
•BlackRock maintains a reporting structure that separates the Global Head of CGRI and the CGRI team from employees with sales responsibilities.
•In certain instances, BlackRock may determine to engage an independent fiduciary to vote proxies as a further safeguard to avoid potential conflicts of interest or as otherwise required by applicable law.

In all situations the overriding purpose of our responsible investment policy is to protect and enhance the economic interests of our clients.

Principle 3: Institutional investors should monitor their investee companies.
BlackRock's fundamental equity portfolio managers and the CGRI team monitor and, when appropriate, engage with investee companies. Our approach is explained in our Global Corporate Governance and Engagement Principles and our UK voting guidelines. We believe our practices are in accordance with the guidance in Principle 3 with one exception. Although we might occasionally attend general meetings of investee companies, we do not attend a significant number of AGMs as we believe we serve our clients' interests better by dedicating our time to one-to-one meetings.

In certain situations BlackRock, in particular the CGRI team, is willing to become an insider; however our policy is to ensure that inside information is not communicated to any member of the investment team without our prior agreement. Where BlackRock does become an insider, we will act in accordance with the policies and processes laid out in our Compliance Manual.

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Principle 4: Institutional investors should establish clear guidelines on when and how they will escalate their stewardship activities.
In our Global Corporate Governance and Engagement Principles and our voting guidelines we explain when we would undertake more active engagement, namely when we believe this will enhance and/or protect the economic interests of long-term shareholders (notionally our clients). We believe that our approach to engagement is consistent with the intent of the Code although we would note the following areas where our approach differs from its guidelines. As we approach each engagement individually we do not have a prescribed escalation strategy, as suggested by the Code, as we do not see engagement as mechanistic. However, triggers for engagement can include our assessment that there is potential for material economic ramifications for shareholders resulting from a governance concern. Where we are concerned about the strategic direction the company is taking or the performance of management in delivering strategy, we will engage more heavily. Through regular and frank meetings with management, we try as much as possible to raise queries before they become concerns that require intervention. BlackRock is very unlikely to make public statements about our engagements or to call an extraordinary general meeting or propose shareholder resolutions. Our preference is to engage privately as we believe it better serves the long-term interests of our clients to establish relationships, and a reputation, with companies that enhances rather than hinders dialogue.

Principle 5: Institutional investors should be willing to act collectively with other investors where appropriate.
When we believe it is likely to enhance our ability to engage with a company or to achieve the desired outcome, and it is permitted by law and regulation, BlackRock will work with other investors. To that end, BlackRock is an active member of nearly 40 formal groups and initiatives internationally that facilitate communication between shareholders and companies on corporate governance and social, ethical and environmental matters. We will also engage collectively on matters of public policy, when appropriate.

Principle 6: Institutional investors should have a clear policy on voting and disclosure of voting activity.
BlackRock's voting guidelines are published on our website. In our Global Corporate Governance and Engagement Principles we explain our approach to reporting to clients. We disclose our voting publicly each year in a filing with the US Securities and Exchange Commission, which is also posted to our website. Our voting is conducted by the CGRI team. Voting decisions are taken after review of research from a number of global and local proxy advisory firms and the team's own research of company materials, broker research, and other publicly available information. We use an electronic voting platform to execute the vote instructions. In certain markets, we leverage vendors to apply our internal voting policies to filter out routine or non-contentious proposals. This allows us to focus our time on addressing the most pressing governance concerns which are referred to us for decision.

BlackRock does not borrow shares solely for the purpose of exercising voting rights. With respect to our stock lending program, BlackRock pays due regard to the interests of its 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. We recall our on-loan stock when we consider it to be in our clients' best interests to vote on all of our holdings.

Principle 7: Institutional investors should report periodically on their stewardship and voting activities.
BlackRock publishes an annual review which summarises our stewardship activities, including engagement trends and case studies as well as voting statistics. We disclose our voting publicly each year in a filing with the US Securities and Exchange Commission. The processes relating to our corporate governance activities are audited periodically by BlackRock Internal Audit