



Thursday 16 March

Hounslow Pension Fund adopts own voting policy in BlackRock index fund

The London Borough of Hounslow Pension Fund has become the first PIRC client to take advantage of BlackRock's Voting Choice functionality, applying its own voting policy on a global index fund.

At the start of 2022, BlackRock became the first asset manager to offer institutional clients invested in certain pooled funds the opportunity to select the voting policy for proxy voting a pro-rata portion of eligible shares held by the pooled funds. The functionality was expanded in June 2022, and now enables clients invested in numerous funds to both utilise BlackRock's asset management services and have their holdings voted according to their own voting policy or a third-party policy if they so choose.

PIRC has worked with BlackRock to apply the Hounslow Pension Fund's voting policy in respect of its investment in ACS World Low Carbon Equity Tracker Fund. It is the first PIRC client in the LGPS to have its holdings voted in a BlackRock pooled fund according to its own ESG voting policy.

BlackRock's move to enable proxy voting choice in pooled funds represents a significant step forward for asset owners' stewardship activity, and other asset managers are following suit. There are now a variety of options open to asset owners which provide investors with greater ability to exercise their voice.

PIRC believes that all managers, active or passive, should ultimately offer asset managers full pass-through voting, where the asset owners can apply their own policy directly. PIRC has campaigned for asset owners to be able to be able to vote in pooled funds for over 25 years.

Alan MacDougall, Managing Director, PIRC:

"Hounslow is the first of our clients to take up this option, but the interest in proxy voting choice is growing rapidly. We're in dialogue with a number of other LGPS funds that are looking at how they can put their own policies into effect, with a range of different asset managers. With different motivations and duties across funds, the demand to be able to select a voting policy is very much on the up. BlackRock is to be commended for breaking the logjam that has frustrated asset owners for many years. It has changed nature of the question for all asset managers about proxy voting choice from 'if' to 'when'."

Patrick Kilgallen, Head of Pensions, Hounslow Pension Fund:

"No two funds are alike in their policies and expectations, so we very much welcome BlackRock's facilitation of proxy voting choice. Our primary fiduciary duty is to protect and enhance the long-term returns for our beneficiaries, and we want to be active in pursuing this objective. But taking our own position on the use of voting rights has in the past been

precluded by pooled index fund structures. So we are very pleased to finally be applying our own policy in our pooled holdings.”

Alex Orr, Head of UK LGPS, BlackRock:

“We believe choice in investing should also extend to proxy voting. We’re therefore pleased to have been able to support Hounslow in adopting their own proxy voting policy in a pooled fund. UK clients were among the first able to participate in BlackRock Voting Choice, which is part and parcel of our commitment to provide our clients with the solutions they need to achieve their investment objectives.”

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For more information please contact:

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Notes to Editors

Pensions & Investment Research Consultants (PIRC) is the largest independent European provider of corporate governance, proxy voting and corporate social responsibility investment research and engagement advisory services. Our clients include pension funds and fund managers with combined assets of over £1.5 trillion.

Hounslow Pension Fund is an occupational pension scheme for workers at Hounslow Borough Council in Greater London. It is a member of the Local Authority Pension Fund Forum, and has become PIRC’s first client to receive split voting on a BlackRock index fund.

BlackRock Voting Choice is a proprietary offering leveraging technology and innovation that provides eligible institutional clients with more opportunities to participate in proxy voting where legally and operationally viable. BlackRock believes that greater choice should extend to proxy voting. Institutional index equity clients participating in Voting Choice represent £404 billion. Since launching Voting Choice in January 2022, clients newly committed to Voting Choice represent £140 billion. This figure includes several DC clients in the UK. The AUM figures are as of 30 September 2022.

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