

**BlackRock®**

# **Common Ownership and Capital Concentration Inquiry**

BlackRock response to Questions on Notice

November 2021

**Answer to question on notice:**

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS  
INQUIRY INTO THE IMPLICATIONS OF COMMON OWNERSHIP AND CAPITAL  
CONCENTRATION IN AUSTRALIA**

**CO-BR01QON:** What share are you of the Australian stock market?

**Answer:** The calculation of an exact investment figure is complex as millions of BlackRock clients gain access to Australian capital markets through our investment funds and mandates across many countries. These funds and mandates vary in nature dependent on jurisdiction, and clients can adjust their investment exposures at any time – so positions may frequently change which makes an exact calculation difficult to confirm. However, as a fiduciary we are very focused on ensuring we are fully compliant on all disclosures we are required to make relating to our percentage holdings in companies on behalf of our investors at any given time.

As required by the Corporations Act, BlackRock monitors and reports on substantial holdings, which BlackRock discloses to the market in respect to each company once that holding exceeds the 5% substantial holding threshold. A substantial holding is triggered by a relevant interest in voting shares, having the power to vote or having the power to dispose shares. Subsequently, the substantial holding regime itself does not provide a clear indication of market share. As of 4 November 2021, the BlackRock Group is a substantial shareholder in 85 Australian companies.

To assist the Committee as much as possible, BlackRock currently has US\$5.7tn or A\$7.7tn invested on behalf of its clients in equity investments globally as of October 2021. Given the Australian market makes up around 2% of global markets (based on the MSCI ACWI Investable Market Index), we estimate the exposure BlackRock's clients hold in the Australian stock market would likely exceed A\$100bn. Additionally, we recently announced a series of steps to expand the opportunity for clients to participate in proxy voting decisions globally. Approximately 40% of the US\$4.8tn or A\$6.54tn index equity assets we manage for our clients (as of 30 June 2021) will be eligible for expanded voting options. This means institutional clients (including in Australia) invested in certain index strategies within institutional separate accounts globally will be able to [choose a proxy voting option](#) that aligns best with their priorities and goals.

The role BlackRock plays in facilitating capital flows to Australia from our local and global clients and the benefits local and international investors enjoy from these investments – due to diversification and the strong performance of local markets – is something of which we are proud.

**CO-BR02QON:** How much did you pay Ownership Matters in the last financial year? How much did you pay Glass Lewis and ISS?

**Answer:** We can confirm that BlackRock engages with Ownership Matters, Glass Lewis and ISS in relation to the Australian market. These entities provide a range of services including, but not limited to, proxy advice to members of the BlackRock Group, across multiple jurisdictions. The aggregate amount paid to these organisations in relation to their Australian coverage is

estimated to be less than A\$500,000 per annum. The terms of our arrangements with these proxy advisers are legally bound by commercial-in-confidence terms. For the disclosure of any more specific information, BlackRock would need to obtain consent from the individual proxy advisers to release details of these commercial terms.

**CO-BR03QON:** And how often was governance cited as a reason for not supporting a director's re-election?

**Answer:** BlackRock subscribes to reports from proxy advisers as it is common practice amongst many investment managers and does not determine the content of these reports. If the proxy adviser forms a view or makes a recommendation, this is likely to be in response to their analysis on a case-by-case basis. We do not track what proxy advisers recommend and the reasons for their doing so. Proxy adviser reports are just one of many inputs into BlackRock's stewardship process. BlackRock draws upon its own internal local research and deep access to global resources. BlackRock's decisions around proxy voting are made independently. A link to the description of our overall process when determining how we vote is as follows:

<https://www.blackrock.com/corporate/about-us/investment-stewardship#guidelines>.