BlackRock

Investment Stewardship Group

Voting bulletin: National Fuel Gas Company

As part of our fiduciary duty, BlackRock's Investment Stewardship team (BIS) advocates for sound corporate governance and business practices that are aligned with long-term sustainable financial performance. This objective underpins all our engagements and votes at company meetings.

We engage company leadership on key topics emphasizing governance practices including management of environmental, social, and governance factors that potentially have material economic, operational or reputational ramifications for the company. The BIS team's key engagement priorities include:

1. Board quality
2. Environmental risks and opportunities
3. Corporate strategy and capital allocation
4. Compensation that promotes long-termism
5. Human capital management

We are committed to enhancing the transparency of our stewardship practices. Where we believe it will help to understand our voting decisions at shareholder meetings, we will publish a Voting Bulletin explaining the rationale for how we have voted, and (where relevant) provide information around our engagement with the issuer.

These Voting Bulletins are made public on, or shortly after, the day of the meeting.

Company	**National Fuel Gas Company**
Market	United States
Meeting Date	11th March 2020
Resolutions	Director election: to elect Director Jeffrey W. Shaw Shareholder proposal: to Declassify the Board
Board Recommendation	The company recommends shareholders support all management items and against the shareholder proposal
BlackRock Vote	We voted against the election of director Jeffrey W. Shaw for insufficient progress with respect to climate-related reporting. Shaw is the Chair of the Audit Committee and the longest tenured director up for election We supported the shareholder proposal to declassify the board of directors in line with our view that directors should generally be elected annually to discourage entrenchment and allow shareholders sufficient opportunity to hold appropriate directors accountable

Overview

Over the last several years, BlackRock has publicly requested enhanced company disclosure of material environmental and social risks including climate risk. As discussed in our Corporate Governance and Proxy Voting Guidelines for U.S. Securities, comprehensive disclosure provides investors with a sense of the company's long-term operational risk management practices and, more broadly, the quality of the board's oversight.

In the absence of robust disclosures, we are increasingly concluding that companies are not adequately managing risk. This was further reinforced by our CEO Larry Fink's 2020 letter emphasizing the need for consistent disclosure under the Sustainability Accounting Standard's Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD).

As a fiduciary on behalf of our clients, we rely on company disclosures in tandem with our direct engagements to ascertain whether companies are properly managing and overseeing material environmental and social risks within their business and adequately planning for the future.

As we note in our Global Engagement Principles, we believe that when a company is not effectively addressing a material issue, its directors should be held accountable. In deciding our course of action, we assess the company's disclosures and the nature of our engagement with the company on the issue over time, including whether:

- The company has already taken sufficient steps to address the concern
- The company is in the process of actively implementing a response
- There is a clear and material economic disadvantage to the company in the near-term if the issue is not addressed

Rationale for BlackRock vote

BlackRock voted against:

(1.4) To Elect Director Jeffrey W. Shaw

BlackRock voted for:

(4) Shareholder proposal to Declassify the Board of Directors

We engaged with the company both prior to, and after the vote, to set out our expectations for future reporting and action on climate risk, as well as to explain our voting decision. We encouraged the company to work quickly to bring its climate oversight and reporting in line with peers and best practice.

Given the significant material climate risks for the company, including; operational risks (including the need to set emissions reduction targets); the potential for decreased demand for the company's products over time; and physical, reputational and regulatory risks; among others, we would have expected the company to be farther along in its reporting. In line with our approach of holding directors accountable when a company is not effectively addressing a material issue, we voted against the Chair of the Audit Committee and longest tenured director up for election because of the company's lagging disclosure related to the oversight and management of climate-related risks and the materiality of the risk to the company. The company maintains very limited disclosure of climate risk and does not produce SASB or TCFD aligned reporting nor has it set any reduction targets related to GHGs or methane.

The company noted in its proxy that climate risk oversight is the responsibility of the full board. However, due to a classified board structure, not all directors were up for election this year. BIS decided to hold the Chair of the Audit Committee accountable as the longest tenured director up for election.

BIS also voted in favor of a shareholder proposal requesting the declassification of the board. **We believe it to be standard good governance practice for companies to hold annual elections of board members such that shareholders can hold those directors accountable for the effective oversight of the business.**

We will continue to engage with the company to encourage enhanced reporting and action, and to monitor progress year over year.

For further information regarding BIS' expectations on climate-related risks and opportunities please see our Approach to Engagement on Climate Risk, and our Approach to Engagement on TCFD and SASB Aligned Reporting.