BlackRock

BlackRock France SAS

Article 29 Energy and Climate Law Disclosure

For the year ending 31 December 2023

Contents

1. Introduction and context

1.1 Purpose

BlackRock France SAS ('BFS' or 'the Company') is an Alternative Investment Fund Management ('AIFM')[1] company, authorised and regulated by the Autorité des marchés financiers ('AMF').

This document (henceforth referred to as the 'Article 29 disclosure') fulfils the regulatory requirement for investment companies, including AIFMs, to publish a document that details their approach for taking account of environmental, social and governance (collectively, 'sustainability') considerations in their investment strategy. This document has been prepared in accordance with Article 29 of Law No. 2019-1147 of 8 November 2019 on energy and climate (the 'Energy and Climate Law'), and Decree No. 2021-663 of 27 May 2021.[2]

1.2 BlackRock structure and business activities

BFS's principal activity is to act as an AIFM for a number of Alternative Investment Funds ('AIF's'), predominately investing in private equity, infrastructure, real estate, credit, and multi-alternative strategies funds. As at 31 December 2023, BFS had €44.8 billion of assets under management ('AUM').[3]

BFS's parent undertaking is BlackRock Group Limited ('BGL'), a company domiciled and regulated in the United Kingdom on a consolidated basis by the Financial Conduct Authority by virtue of it being the holding company for BlackRock, Inc.'s regulated business in Europe, the Middle East and Africa ('EMEA') (referred to collectively as the 'BGL Group'). BGL Group's principal activity is the provision of investment management and advisory services through its regulated subsidiaries. BGL is owned by BlackRock, Inc. through multiple holding companies.

1.3 Basis of preparation

This document has been prepared for BFS on a solo basis and in accordance with the requirements contained in Article D.533-16-1 of the Monetary and Financial Code. In line with the requirements of Article D.533-16-1, the disclosures contained in this report relate exclusively to BFS's asset management activities and do not encompass BFS's business operations.

To the extent relevant to the asset classes under management by BFS, the Company aligns with BlackRock, Inc. Group ('BlackRock') policies, processes and methodologies, and draws upon the expertise of the wider BlackRock business, including business functions that are organised globally, where required and appropriate. As such, and unless otherwise stated, references throughout this disclosure to BlackRock's policies, processes and methodologies encompass BFS and its activities.

In line with Article D.533-16-1 of the Monetary and Financial Code, investment companies are required to prepare an Article 29 disclosure annually, and to publish the disclosure within six months of the financial year end. BFS adopts a financial year end date of 31 December; the Company's Article 29 disclosure will therefore be published by 30 June each year for the 12-month reporting period that ends 31 December of the year preceding the date of publication.

It is anticipated that BFS's approach to the Article 29 disclosure and other sustainability-related disclosures will continue to evolve, particularly as sustainability-related information, data and risk management methodologies develop further. Instances where BFS's Article 29 disclosure does not align with a specific Article 29 disclosure requirement will be subject to ongoing review, where appropriate considering BFS's investment activities and function as a fiduciary to its clients.

[1] BFS is an Alternative Investment Fund Management company as defined in the Alternative Investment Fund Management Directive ('AIFMD').

[2] Decree No. 2021-663 of 27 May 2021 implements Article L.533-22-1of the Monetary and Financial Code and updates Article D.533-16-1 of the Monetary and Financial Code.

[3] This represents the value of assets (as at 31 December 2023) held in products for which BFS is the Manager.

The BFS Article 29 disclosure for the period ending 31 December 2023 has been approved by the BFS Board for publication on the BFS website at https://www.blackrock.com/fr/intermediaries/a-propos-de-blackrock/about-blackrock.

1.4 Other sustainability-related disclosures relevant to BFS

In 2024, BFS published a 'Statement on principal adverse impacts ('PAIs') of investment decisions on sustainability factors' ('the PAI statement') for the 12-month period ending 31 December 2023, prepared in accordance with the Sustainable Finance Disclosure Regulation ('SFDR').[4]

The BFS PAI statement includes quantitative disclosures associated with the assets held in products for which BFS is the Manager. The range of quantitative disclosures included in the PAI statement encompass 18 mandatory PAI indicators including, illustratively, the absolute GHG emissions associated with investments in investee companies, tonnes of emissions to water generated by investee companies, and Board gender diversity in investee companies. The BFS PAI statement also includes two voluntary PAI indicators; the share of investments in investee companies without carbon emission reduction initiatives aligned with the Paris Agreement, and the share of investments in entities without a human rights policy.

This Article 29 disclosure should be read and considered in conjunction with BFS's PAI statement.

Further information on BlackRock's approach to sustainability-related matters is also available in BlackRock's 2023 Task Force on Climate-Related Financial Disclosure ('TCFD') report and in BlackRock's 2022 Sustainability Disclosure.

[4] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

2. General approach to sustainability

BlackRock was founded on the premise of understanding and managing investment risk, anticipating client needs, and working with clients to achieve their investment goals. This is core to BlackRock's strategy. BlackRock recognises that different clients have different investment preferences and objectives. BlackRock provides choice to clients, including by offering a wide range of investment products to help them meet their investment goals, and delivering on the instructions and guidelines that clients ultimately select.

2.1 Investment approach

As a fiduciary, BlackRock's investment approach is informed by three principles:

- understanding the client's investment objectives and providing choice to meet their needs;
- seeking the best risk-adjusted returns within the scope of the mandate given by clients; and
- underpinning its work with research, data, and analytics

BlackRock incorporates financially material sustainability data or information, including material data and information related to climate, alongside other information into firmwide processes, where relevant, with the objective of enhancing risk-adjusted returns. BlackRock has a framework for environmental, social and governance integration that permits a diversity of approaches across different investment teams, strategies, and particular client mandates. As with other investment risks and opportunities, the financial materiality of environmental, social and/or governance considerations may vary by issuer, sector, product, mandate, and time horizon. As such, BlackRock's environmental, social and governance integration framework allows for flexibility across investment teams. Please refer to BlackRock's firm-level ESG Integration Statement for additional information.

Research is at the centre of BlackRock's investment approach and processes. It informs BlackRock's investment decisions and product innovation. BlackRock researches major structural trends shaping the economy, markets, and asset prices. BlackRock assesses how these trends could affect long-term value and how they could unfold over time. The transition to a low-carbon economy is one of the key research areas, because BlackRock sees it having implications on macroeconomic trends, company financial prospects and business models, and portfolios.

Sustainable investment solutions

To enable choice and meet client demand, BlackRock offers a wide range of sustainable investment strategies to clients. As of 31 December 2023, BlackRock had over 400 sustainable funds globally covering a spectrum of sustainable solutions, as well as customised solutions to meet clients' objectives. As of 31 December 2023, BlackRock managed $802 billion in its sustainable investing platform on behalf of its clients.

BlackRock's sustainable investment platform provides clients with choice to invest in line with their specific investment goals and objectives. Across the platform, products use environmental, social and/or governance data as a portfolio construction input. A subset of those products also seeks to achieve long-term sustainability outcomes, in line with each product's specific investment objective. These solutions include a variety of products and strategies that support the transition to a low-carbon economy. An overview of BlackRock's sustainable product framework is provided in Figure 2.1.

As of 31 December 2023, BlackRock managed $138 billion globally in its transition investment platform on behalf of its clients.[5] The sustainable investing platform and the transition investing platform include a number of BFS products.

[5] In some instances, assets included in BlackRock's sustainable investing platform also qualify for inclusion in BlackRock's transition investing platform. As such, the value of assets in each platform should not be aggregated.

Figure 2.1 BlackRock Sustainable Investment Platform

	Screened	Uplift	Thematic	Impact
Investment approach	Constrain investments by **avoiding issuers or business activities** with certain environmental, social and/or governance characteristics.	Commitment to investments with **improved environmental, social and/or governance characteristics** versus a stated universe or benchmark.	Targeted investments in issuers **whose business models** may not only benefit from but also may **drive long-term sustainability outcomes.**	Commitment to **generate positive, measurable, and additional sustainability outcomes.**
Additional details	Includes use of screens and may be enhanced with active engagement with specific issuers.	Environmental, social and/or governance data drives portfolio construction and security selection with some strategies leveraging to target a specific objective.	Strategy construction determined by focused exposure to the specific environmental or social theme.	Investment process must showcase "additionality" or "intentionality" in line with Operating Principles for Impact Management.

Figure 2.1 reflects BlackRock's sustainable investing platform as at 31 December 2023

2.2 Industry engagement and public policy

Public policy

BlackRock advocates for public policies that it believes are in the long-term best interests of the firm's clients and shareholders. In doing so, BlackRock supports the creation of regulatory regimes that increase financial market transparency, protect investors, and facilitate the responsible growth of capital markets, while preserving consumer choice and properly balancing benefits versus implementation costs. BlackRock's Government Affairs and Public Policy ('GAPP') team contributes to financial services standard setting efforts and public policy discourse. As it relates to climate and sustainability disclosure related policy matters, BlackRock strives to engage constructively in the global dialogue through participation in industry initiatives as well as through engagement with regulators and standard setters around the world.

Since sustainability-related material investment risk is a global issue and many investors allocate funds globally, BlackRock supports a coordinated approach by regulators and standard-setting bodies across jurisdictions, to facilitate high quality, comparable disclosures. BlackRock acknowledges the significant contributions already made in this area by initiatives, such as the TCFD, the Sustainability Accounting Standards Board, the International Sustainability Standards Board, the Science-Based Targets initiative, and the Global Reporting Initiative, amongst others which bring together public entities and private sector firms and believes that coordinated regulatory action is required across markets to ensure a level playing field for companies and investors. In BlackRock's view, investors can make better-informed investment decisions when companies provide a clear picture of how they are managing material risks and opportunities, including where appropriate, any material sustainability-related risks and opportunities.

While it will take time to operationalise a consistent disclosure framework, given the complexity, scale and rapidly evolving understanding of these long-term trends, BlackRock believes companies, investors, and others benefit from greater transparency and consistency in publishing financially material sustainability-related data and information.

BlackRock participation in sustainability-related initiatives

BlackRock participates in industry initiatives to represent its clients' interests in dialogue with governments, companies and financial institutions on issues that might impact client portfolios, as well as those that support the development of consistent industry standards, including material sustainability-related disclosure standards.

BlackRock is a member of the Net Zero Asset Managers Initiative ('NZAMI'). BlackRock's 2030 net zero statement was submitted to NZAMI and details the terms of its participation. BlackRock also serves on the Principals Group for the Glasgow Financial Alliance for Net Zero and has participated in workstreams sponsored by that initiative.

In addition to its membership in the aforementioned initiatives, BlackRock also has participated in various capacities in sustainability-related initiatives sponsored by the following organisations. Please note, this list is illustrative of the main initiatives that BlackRock engages in and should not be considered exhaustive.

- Ceres Investors Network on Climate Risk and Sustainability
- Climate Action100+[6]
- Climate Bonds Initiative Partnership
- Corporate Governance Forum
- Ellen McArthur Foundation
- Global Impact Investing Network
- Global Real Estate Sustainability Benchmark
- International Capital Markets Authority Green Bond Principles
- Impact Investing Institute
- Institutional Investors Group on Climate Change
- International Corporate Governance Network
- One Planet Asset Manager initiative
- Partnership for Carbon Accounting Financials
- United Nations Global Compact
- UN Principles for Responsible Investing
- Sustainable Markets Initiative Asset Managers and Asset Owners Taskforce
- Taskforce on Climate-related Financial Disclosures[7]
- Taskforce on Nature-related Financial Disclosures
- The Equity Collective
- Transition Pathway Initiative

BlackRock has also been a member of the French *Institut de la Finance Durable* since 2022, as well as a member of sustainable investment forums and associations in countries such as Denmark, Germany, Italy, the Netherlands, Spain, Sweden, and Switzerland.

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[6] In early 2024, BlackRock transferred its Climate Action 100+ membership to its international business, BlackRock International. BlackRock International is comprised of BlackRock's businesses in Europe, the Middle East, India and Asia Pacific. Please see BlackRock's 2024 letter to Climate Action 100+ regarding the transfer of membership to BlackRock International at: https://www.blackrock.com/corporate/literature/publication/2024-our-participation-in-climate-action-100.pdf

[7] Following the publication of the International Sustainability Standard Board's ('ISSB') inaugural disclosure standards in June 2023, the FSB confirmed the disbanding of the TCFD in October 2023. The disbanding of the TCFD reflects the ISSB's climate disclosure standard (IFRS S2 Climate-related disclosure, 'S2') having fully incorporated the four content pillars and 11 recommendations of the TCFD. In light of the 1 January 2024 effective date for the S2 disclosure standard, BlackRock continued to align with the TCFD recommendations for its 2023 climate-related disclosure.

3. Internal resources

In 2023, BlackRock continued to evolve its organisation by establishing new teams that focus on sustainability-related matters, including:

- **Transition Capital**, part of the private markets platform, to source and accelerate the progress of global investment opportunities for clients at the intersection of energy, sustainability and infrastructure.
- **Global Corporate Sustainability Controllers**, within Finance & Strategy, to oversee the global coordination of both voluntary and mandatory corporate sustainability reporting to further support BlackRock's goal of delivering transparency and rigour in corporate sustainability reporting.
- **Transition Centres of Expertise**, which bring together the knowledge of BlackRock's sustainable and transition specialists across the firm, as well as external experts and industry associations. These virtual communities, organised by sector technology, encompass expert views throughout the capital stack and across industry value chains, contribute to the assumptions used in the BlackRock Investment Institute Transition Scenario, and help source new opportunities for our clients.

In practice, sustainability is integrated into different business functions across BlackRock. Several teams focus on sustainability, while others integrate sustainability into their broader functional responsibilities. Figure 3.1 contains further information on the climate and sustainability-related responsibilities of the relevant teams. While many of these business functions are organised globally, including either a direct or indirect reporting line into the GEC, each function works with the local EMEA teams to deliver on client requirements.

Figure 3.1 Functional groups involved in climate & sustainability-related matters[8]

Team	Sustainability-Related Responsibilities	Management Reporting Line
Aladdin	• Integrates third-party environmental, social and/or governance metrics on the Aladdin platform to support sustainability-related risk management, regulatory disclosures and reporting requirements. • Develops proprietary climate risk analytics (Aladdin Climate) to support climate risk management and portfolio decarbonisation analysis.	Global Head of Aladdin is a member of GEC
BlackRock Investment Institute ('BII')	• Produces macro and portfolio research, including BlackRock's Capital Market Assumptions. • The Sustainable Investment Research and Analytics team produces sustainable investment insights, including thought leadership and research on investment implications of the low-carbon transition.	Head of BII reports to a Vice Chairman (GEC member)
BlackRock Investment Stewardship ('BIS')	• Serves as a link between clients and the companies they invest in, engaging with investee corporate leadership and proxy voting at shareholder meetings when authorised by clients to do so. Where appropriate, BIS engages with companies on material climate-related issues.	Global Head of BIS is a GEC member
Corporate Sustainability	• Leads efforts to drive operational sustainability, establish sustainable business programs and policies, and engage key stakeholders on BlackRock's contribution towards the low-carbon transition and establishing BlackRock's operational sustainability goals.	Reporting line into Global Head of Corporate Affairs (GEC member)
Enterprise Services ('ES')	• Corporate Real Estate, Space Planning, Critical Infrastructure and Workplace Experience teams manage BlackRock's owned and leased corporate footprint, including the management of energy efficiency and carbon reduction initiatives where BlackRock has operational control. • Work alongside key stakeholders such as office leadership, property managers (leased premises) and the employee-run Green Team Network to plan and implement sustainability efforts in	Global Head of ES reporting line to Global Head of Technology & Operations (GEC member)

[8] As of 31 December 2023.

	offices. • Business Continuity Management manages disaster recovery planning, strategy, and crisis management activities. • Health & Safety team monitors adherence to local environmental regulations and manages BlackRock's Environmental Management System.	
Global Corporate Sustainability Controllers	• Develops corporate climate- and sustainability-related disclosures globally, for both voluntary and mandatory reporting obligations.	Global Controller reports into Chief Financial Officer (GEC member)
Government Affairs & Public Policy	• Engages in financial services public policy dialogue, including in relation to climate risk and sustainability disclosures, through participation in industry initiatives, engagement with regulators and standard setters around the world, and through whitepapers, comment letters and consultation responses regularly published on BlackRock's website.	Heads of Government Affairs & Public Policy reports to Global Head of Corporate Affairs (GEC member)
Global Product Group	• Leads sustainable product innovation and development, governance, and strategy across the global product platform.	Chief Product Officer reports to President (GEC member)
Investment Divisions	• BlackRock investment divisions include ETFs and Index Investments, Portfolio Management Group, Global Trading & Transition Management, and Equity Private Markets. • Active portfolio teams manage exposure to financially material environmental, social and/or governance risks, and consider environmental, social and/or governance information in their investment processes, as applicable and consistent with client goals. • Investment teams often have sustainability-focused units.	Heads of major investment verticals are members of GEC and GEC Investment Sub-Committee
Legal & Compliance ('L&C')	• Assists in development of sustainability-related disclosures and compliance with applicable sustainability-related regulatory and reporting requirements across BlackRock.	General Counsel/Chief Legal Officer is a member of the GEC
Risk & Quantitative Analysis Group ('RQA')	• Responsible for BlackRock's Investment and Enterprise risk management framework which includes oversight of sustainability-related investment risks. • RQA evaluates investment risks, including financially material sustainability risks, on an ongoing basis as part of regular investment risk management processes and, where applicable, during regular reviews with portfolio managers. This helps to ensure that such risks are understood, deliberate, and consistent with client objectives, complementing the first-line monitoring. • Maintains a dedicated Sustainability Risk group that partners with risk managers and businesses to oversee sustainability risk across the platform. • Consults with investors and sustainability experts across BlackRock to evaluate environmental, social and/or governance related data, models, methodologies and/or analytics.	Chief Risk Officer is a member of GEC and GEC Investment Sub-Committee
Sustainable & Transition Solutions ('STS')	• Leads BlackRock's sustainability and transition strategy, drives cross-functional change, supports client and external engagement, powers product ideation, and embeds sustainable expertise across BlackRock in partnership with other teams.	Global Head of STS reports to a Vice Chairman (GEC member)

As outlined in section 1.3, BFS leverages the wider BlackRock infrastructure and the subject matter expertise of employees of other BlackRock entities, where necessary. As such, no disclosure has been made in this report in respect of the number of BFS employees engaged in sustainability-related matters as to do so would misrepresent the sustainability-related skills and expertise from which BFS benefits.

Employee training

BlackRock offers training to employees to help them achieve a baseline understanding of the concepts of sustainability and the low-carbon transition, as well as training in relation to BlackRock's approach, offerings, and analytical capabilities in relation to sustainable investing. Some of these training resources offer deeper technical training for BlackRock's investment, client facing and sustainability teams on topics such as sustainability related-regulations (e.g., SFDR, AIFMD, the European Taxonomy, etc), biodiversity-related risks and opportunities, and evolving analytical capabilities in Aladdin®. Such training is ongoing throughout the year and includes resources developed by the BlackRock Investment Academy, the BlackRock Client Relationship Academy, and the BlackRock Educational Academy.

3.1 Sustainable investing research

Research is at the centre of BlackRock's investment approach and processes. It informs BlackRock's investment decisions and product innovation. BlackRock researches major structural trends shaping the economy, markets and asset prices. BlackRock assess how these trends could affect long-term value and how they could unfold over time. The transition to a low-carbon economy is one trend that BlackRock researches, because BlackRock sees it having implications on macroeconomic trends, company financial prospects and business models, and portfolios.

BlackRock's research suggests that the transition to a low-carbon economy, one of the five mega forces tracked by the firm's investment institute along with demographic divergence, digital disruption and AI, a fragmenting world and the future of finance, is set to spur a massive reallocation of capital as energy systems are rewired. BlackRock sees the transition's speed and shape driven by an interplay of policy, technology and consumer and investor preferences.

BlackRock has developed the BlackRock Investment Institute Transition Scenario (as referenced above) to inform an assessment, on behalf of clients, of how the low-carbon transition is most likely to play out based on what is known and expected today — and the potential portfolio impact. BlackRock aims to track its evolution over time, similar to how it plans to track other mega forces.

To help inform the choices BlackRock offers its clients, in June 2023, the firm commissioned iResearch Services, an independent third-party research consultancy, to conduct a market survey on its behalf. The results offered a lens into how institutional investors globally think about investing in the low-carbon transition, with 56% of investors who took the survey indicating that they planned to increase transition allocations in the next 1-3 years, and 46% saying that navigating the transition was their most important investment priority in the next 1-3 years.

3.2 Sustainable investing - data and technology

BlackRock's internal processes are focused on delivering high-quality, standardised and consistent data to be used by investment professionals and for transparency and reporting purposes. Environmental, social and/or governance-related data, including PAI data, is received through BlackRock's existing interfaces, and then processed through a series of data quality and completeness checks.

BlackRock's integrated technology enables it to compile data about issuers and investments. This data spans a variety of environmental, social and/or governance metrics and a variety of data providers. BlackRock makes this data available to investment teams, as well as other support and control functions, including BlackRock's RQA function.

BlackRock Portfolio Managers have access to research, data, tools, and analytics to integrate environmental, social and/or governance insights, including PAIs as appropriate and relevant, into their investment process. BlackRock Aladdin is BlackRock's operating system that connects the data, people, and technology necessary to manage portfolios in real time, as well as the engine behind BlackRock's environmental, social and governance analytics and reporting capabilities. BlackRock's Portfolio Managers use Aladdin to make investment decisions, monitor portfolios and to access material environmental, social and/or governance-related data and information that can inform the investment process.

Sustainability-related data sources

Environmental, social and governance datasets, including PAI datasets, applicable to investee companies and sovereigns are sourced from external third-party data providers. These datasets include data reported by the underlying issuers and data estimated by third-party data providers. These datasets have been incorporated into Aladdin tools that are available to Portfolio Managers and employed in BlackRock investment strategies. Such tools support the full investment process, from research, to portfolio construction and modelling, to reporting.

Of particular relevance to BFS, when investing in private markets, including BlackRock's infrastructure, real estate, private equity and private credit strategies, the availability of reliable, accurate and complete environmental, social and/or governance-related data, including in relation to PAIs, remains challenging. BlackRock has developed proprietary approaches for collating a wide range of material environmental, social and/or governance-related datapoints across its portfolios, which in turn are helping inform the availability of relevant PAI data. For example, across many of BlackRock's real estate and infrastructure strategies, BlackRock is partnering with third-party sustainability data management system providers to collate material environmental, social and/or governance-related datapoints at the individual investment-level. Where possible, BlackRock may also partner with third-party specialist consultants and other service providers to drive engagement programmes across private portfolios. In doing so, BlackRock's objective is to encourage the sharing of such information, and to advance the development of more consistent methodologies to collate this information going forward.

In addition, BlackRock undertakes direct engagement and outreach programmes across BlackRock's private markets portfolios, helping BlackRock to better understand the sustainability-related characteristics of the companies in which it invests on behalf of clients, and to source PAI and other related information.

Data quality

BlackRock applies a comprehensive due diligence process to evaluate provider offerings with highly targeted methodology reviews and coverage assessments. BlackRock's process entails both qualitative and quantitative analysis to assess the suitability of data providers in line with regulatory standards and client demand as applicable.

BlackRock assesses environmental, social and/or governance-related data and data providers, including in relation to PAI data, across the five core areas outlined below:

1. **Data Collection:** the assessment includes but is not limited to assessing the data providers underlying data sources, technology used to capture data, process to identify misinformation, and any use of machine learning or human data collection approaches. BlackRock will also consider planned improvements relevant to these matters.
2. **Data Coverage:** the assessment includes but is not limited to the extent to which a data package provides coverage across BlackRock's investible universe of issuers and asset classes. This will include consideration of the treatment of parent companies and their subsidiaries, as well as the use of estimated or reported data.
3. **Methodology:** the assessment includes but is not limited to consideration of the third-party providers' methodologies, including in relation to collection and calculation approaches, alignment to industry or regulatory standards/frameworks, materiality thresholds and approach to data gaps.
4. **Data Verification:** the assessment includes but is not limited to the third-party providers' approaches to verification of data collected and quality assurance processes, including engagement with issuers.
5. **Operations:** the assessment includes consideration of a data vendors operations, including but not limited to policies and procedures (including consideration of any conflicts of interest) the size and experience of data research teams, training programs, and use of third-party providers.

Further information in respect of BlackRock's use of environmental, social and/or governance-related data, including associated limitations, is detailed in the BFS PAI statement.

4. Governance

Effective corporate governance is critical to executing on BlackRock's strategy and fulfilling its responsibilities to clients. BlackRock's governance with respect to sustainability-related matters reflects BlackRock's commitment to strong leadership and oversight of such matters at the senior management and Board levels. At BlackRock, sustainability issues are regularly part of Board-level discussions of firmwide and business line strategy, and responsibility for sustainability oversight is shared across the full Board and its committees. Further information on BlackRock's governance as it relates to sustainability-related matters is available in the Governance section of the BlackRock 2023 TCFD Report.

4.1 BFS oversight

The oversight and day to day management of BFS rests with the Company President and the dirigeants effectifs (collectively, 'the BFS Board' or 'the dirigeants'), supported by the Company's employees and the wider BlackRock business. BFS has four dirigeants, all of whom are senior BlackRock employees, providing representation from a range of BlackRock's business functions. This includes representation from RQA, Investment Oversight, and Global Fund Administration Services teams.

Collectively, the dirigeants have a mix of skills and experience, including extensive experience in alternative investments and the risks associated with such products. On an annual basis, the BFS Board performs an evaluation exercise requiring each of the dirigeants to self-evaluate their skills and experience, and the effectiveness of the Board's functioning relative to the Board's objectives. This evaluation is performed on a look-back basis, with the 2023 Board evaluation process having concluded during 2024.

The dirigeants, on a collective basis, are responsible for the management of the Company, including in respect of functions that the Board delegates to other BlackRock entities. The responsibilities of the dirigeants include, but are not limited to, the following matters:

- Day-to-day management of the Company and the AIFs for which the Company acts as an AIFM.
- Responsibility for the decision-making process in relation to additional funds, sub-funds and share classes, where relevant to the Company in its capacity as an AIFM.
- Responsibility, in relation to the AIFs, for oversight and monitoring of portfolio management functions that have been delegated by the Company to other BlackRock entities.
- Ensuring the maintenance of a sound system of internal controls and risk management. This includes responsibility for the integration of sustainability risk within the Company's oversight framework.
- The board is also responsible for initial approval of, and approval of material changes to, significant policies relevant to BFS.

Sustainability-related oversight

Although BlackRock's strategy, including as it relates to sustainability, is developed and reviewed at a global level, it is designed to meet requirements applicable to all of BlackRock's locations. The BFS Board implements BlackRock's sustainability strategy via its oversight and scrutiny of the BFS fund range, including in respect of new and/or amended investments strategies, and ensures that its products meet local regulatory requirements.

Throughout 2023, the BFS Board reviewed and discussed sustainability-related matters relevant to BFS. Illustratively, the topics discussed included sustainability-related regulatory developments and the review and approval of BFS's sustainability-related public disclosures. The dirigeants also considered proposed BFS product launches, including the review of investment strategies that incorporate sustainability-related screening/investment commitments. The BFS Board also received an update from BlackRock's Investment Oversight function in relation to the sustainability oversight framework in respect of Alternative investment products.

4.1.1 BFS Board composition

In line with Article L.533-22-2-4 of the Monetary and Financial Code (the Rixain Law), BFS is required to disclose the composition of its management body. The composition of the BFS Board as at 31 December 2023 was 50% women and 50% men.

4.2 Remuneration

In line with the AIFMD Article 13, BFS maintains a remuneration policy, the responsibility for which rests with the BFS Board. In accordance with SFDR Article 5, the BFS remuneration policy has been updated to incorporate consideration of sustainability risk.

BlackRock has a clear and well-defined pay-for-performance philosophy and compensation programmes which are designed to meet a number of objectives. These objectives include the promotion of sound and effective risk management across all risk categories, including sustainability risk, and discouraging excessive risk-taking (sustainability related or otherwise).

The BFS remuneration policy is subject to review and approval by the BFS Board at least annually. In addition, the Management Development and Compensation Committee, which is the global, independent remuneration committee for BlackRock and comprises the Non-Executive Directors of BlackRock, also acts as the independent remuneration committee for the BGL Group, including BFS. It therefore supports the BFS Board in meeting its remuneration related obligations by overseeing the design and implementation of the remuneration policy in accordance with applicable regulations.

5. Engagement strategy

BIS serves as a link between BlackRock's clients and the companies the firm invests in on their behalf. The team aims to build constructive relationships with companies and encourage the corporate governance practices that can contribute to long-term financial value creation. BIS does this by engaging with investee companies and proxy voting on behalf of BlackRock's clients who have given the firm such authority. BIS' approach to stewardship is outlined in its Global Principles, regional voting guidelines and engagement priorities. As the funds managed by BFS are invested in private assets, these funds are not affected by BlackRock's voting policy, which applies only to publicly listed investments.

BlackRock active investment teams may also engage with the companies they invest in across public and private markets on governance and sustainability-related matters. Investment team engagement is undertaken as part of the investment decision making process. Where engagement is identified by a portfolio management team as a means by which to assess an investee company's commitment to high standards of corporate governance and business practices on material sustainability-related risks and opportunities, the engagement approach will be described in the prospectus and website disclosures of the relevant product.

Where active portfolio management teams choose to leverage engagement, this can take a variety of forms but, illustratively, the team would seek to have regular and continuing dialogue with executives or board directors of relevant investee companies. Teams may engage on how investee companies manage material sustainability-related risks and opportunities in their business models, which may encompass consideration of PAIs. In their engagement, a portfolio management team may discuss concerns, build their understanding of opportunities, and share constructive feedback, based on the view that material sustainability-related risks and opportunities may impact a business's long-term strategy and fundamental value, across all asset classes.

An illustration of engagement activities undertaken by BlackRock's investment teams in relation to human rights and labour standards is provided below. Further information on BlackRock's investment teams' engagement activities as they relate to biodiversity and natural capital is outlined in section 8.

Human rights and labour standards

As outlined in section 2.1, BlackRock incorporates financially material environmental, social, and/or governance data or information, alongside other information into firmwide processes; this may include, where relevant, issues related to human rights and labour standards.

Investment teams that have greater potential exposure to human rights, indigenous rights and local community violations may consider these issues during portfolio construction and management. For example, for those investment strategies where BlackRock is investing in physical assets and/or active development and construction projects, such as within BlackRock's Real Estate and Infrastructure strategies, investment teams will consider any material issues and risk exposure during the asset review and due diligence processes. Where applicable, the teams review factors such as land rights and community impact and rights. Examples of such efforts include seeking informed consent for projects from local or indigenous communities where applicable, undertaking detailed reviews of land rights as part of investment due diligence, and aligning community and social engagement best practice with the International Finance Corporation's Performance Standards for several of its emerging market strategies. BlackRock's Real Estate and Infrastructure teams also regularly review and monitor on-site health and safety, in addition to wider community engagements and impacts. The teams comply with relevant jurisdictional laws and expects BlackRock's appointed contractors to do the same.

6. European taxonomy and fossil fuels

As outlined in section 2.1, BlackRock's sustainable investing platform includes a number of BFS products. This includes a number of SFDR Article 8 and Article 9 products.

Investments aligned with the European taxonomy[9]

The BFS Global Renewable Power Fund III includes investments that align with the European taxonomy and, specifically, Article 10 of the European taxonomy in relation to climate change mitigation. As at 31 December 2023, the value of all assets held in the Global Renewable Power Fund III was €2.9 billion, of which 21.87% was aligned with Article 10 of the European Taxonomy. While other BFS products may include investments that are aligned with the European taxonomy, BFS does not currently have the requisite data to report the percentage alignment; this reflects the challenge associated with obtaining such data in respect of private market investments.

Investments in companies operating in the fossil fuel sector

The BFS PAI statement published in June 2024 (for the 12-month period ending 31 December 2023) includes consideration of BFS fund holdings in companies operating in the fossil fuel sector. The PAI statement, and specifically PAI indicator 4, illustrates that BFS's exposure to companies active in the fossil fuel sector represents 9% of the assets managed by BFS,[10] based on issuer coverage of 32%.[11] In addition, PAI indicator 17 illustrates that BFS's exposure to real estate assets involved in the extraction, storage, transport, or manufacture of fossil fuels is 0%, based on issuer coverage of 100%.

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[9] The 'European Taxonomy' is a reference to *Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment*.

[10] This includes assets held in products for which BFS is the manager. Please refer to the BFS SFDR PAI statement for further information.

[11] The issuer coverage percentage denotes, for each PAI, the proportion of assets managed by BFS for which BFS has been able to collect the data required to calculate the corresponding PAI indicator. The coverage percentage is calculated relative to the value of assets managed by BFS that are invested in the issuer type/investment type to which the PAI indicator relates.

7. Alignment with the Paris Agreement

BlackRock's role in the low-carbon transition is as a fiduciary to its clients. BlackRock's role is to help clients navigate investment risks and opportunities, not to engineer a specific decarbonisation outcome in the real economy. The money BlackRock manages is not its own — it belongs to BlackRock's clients, many of whom make their own asset allocation and portfolio construction decisions. For clients interested in sustainability and the transition to a low-carbon economy, BlackRock offers a wide range of investment products, analytics and research to help them achieve their chosen investment objectives. BlackRock provides choice to clients, including by offering a wide range of investment products to help them meet their investment goals, and delivering on the instructions and guidelines that clients ultimately select.

At an entity level, BFS does not set climate-related targets for the AUM it manages on behalf of clients due to BlackRock's role as a fiduciary. Instead, investments are made in line with the instructions and guidelines that clients ultimately select. As outlined in section 2.1 above, BFS offers a number of products that are included in BlackRock's sustainable and transition investing platforms. This includes, for example, one fund that seeks to align with the Paris Climate Agreement's goal of limiting global temperature rise, and a further two funds that include a net zero objective. A list of BFS 'Article 8' and 'Article 9' funds (as defined in the SFDR) is provided in section 10 below.

For additional detail relating to product specific sustainability objectives, please refer to the relevant fund prospectuses, product briefs and fact sheets available on public fund websites.

8. Biodiversity and natural capital

Natural capital refers to the living and non-living components of ecosystems, such as plants, animals, air, water, soils and minerals, that contribute to the provision of goods and services to people. Some forms of natural capital have market value, including natural resource stocks, such as oil and gas, minerals, and timber. While nature-related disclosures have historically been limited and difficult to compare across companies, private-sector initiatives, such as the Taskforce on Nature-related Financial Disclosures, provide frameworks to guide disclosure on material, nature-related impacts and dependencies, alongside associated risks, and opportunities.

The management of nature-related risks and opportunities is a component of the ability to generate long-term financial returns for companies whose strategies or supply chains have material impact of dependencies on natural capital. As outlined in section 2.1, BlackRock incorporates financially material environmental, social, and/or governance data or information, alongside other information into firmwide processes; this may include issues related to natural capital and biodiversity. BlackRock has a framework for environmental, social and governance integration that permits a range of approaches across different investment teams, strategies, and particular client mandates.

BlackRock's investment teams consider natural capital-related risks where financially material, where data is available, and where relevant to the given strategy and investment style. For example, BlackRock Alternatives takes a proactive approach to identifying, analysing, and documenting applicable environmental, social and/or governance factors – from initial deal sourcing and screening, through detailed due diligence and investment committee review and approval. Within investment strategies where BlackRock is investing in physical assets and/or active development and construction projects, such as within BlackRock's Real Estate and Infrastructure strategies, investment teams will consider any material issues and risk exposure during the asset review and due diligence processes. This may include a detailed review of environmental factors, including those relating to environmental protection, pollution prevention, and/or the conservation of local habitats and biodiversity. Environmental risk assessments are undertaken for new investments in Real Estate and Infrastructure projects. Where appropriate, BlackRock's Real Estate and Infrastructure teams will also partner with specialist environmental and natural capital consultants to undertake such reviews. For greenfield projects, or those comprising new construction and major development, environmental considerations are factored into the design process and project planning and are regularly monitored throughout the duration of the construction activity.

While natural capital is a broad term, there are three key components — land use and deforestation, water, and biodiversity — which BlackRock believes can affect the long-term financial returns of companies with material exposure. For the purpose of private funds, due diligence is performed in respect of these matters to a varied extent, depending on the materiality of the sector to which the investment relates.

- **Land use and deforestation**. Given the growing pressures on the land and forests from which many companies derive their products and other services, companies with material impacts and dependencies on land and forests may face financial risks associated with the depletion of these resources. For example, governments have moved to impose tariffs or import bans on consumer goods and agricultural products that are not certified as sustainably sourced. Conversely, there could be material business opportunities in demonstrating responsible and regenerative practices.
- **Water**. A number of economic sectors — such as agriculture, pharmaceuticals, manufacturing, technology, apparel, food, and beverage production — are heavily dependent on fresh water. Companies for which water is essential to their business operations may be required to demonstrate that they use this scarce natural resource efficiently. Overexploitation, pollution, or other factors may result in governmental regulations that restrict water availability and usage. For companies with material dependencies on water, this may impact their ability to deliver long-term financial performance.
- **Biodiversity.** Biodiversity refers to the variety and abundance of life on earth, which is essential to a healthy ecosystem and the services it provides. Biodiversity loss can pose financially material risks to companies in certain sectors. While some companies flag this as a risk, and BlackRock observe more companies disclosing their approach to natural capital,

other companies are at an earlier stage of developing an understanding of the risks to their business models from biodiversity loss.

Engagement

When BlackRock engages with companies on natural capital, BlackRock may consider the following matters, when relevant and appropriate:

- The natural capital-related risks, opportunities, impacts, and dependencies that management has identified as financially material to the company's business model, and how these have been evaluated in anticipation of increasing levels of stress on essential natural capital factors.
- The board's role in overseeing management's approach to material natural capital risks and opportunities.
- Whether and how the company sets short-, medium-, and long-term targets for managing material natural capital factors, and how the company monitors progress against stated goals, and how these efforts might contribute to process and resource efficiencies.
- Whether the company has corporate policies or codes of conduct addressing natural capital practices, including whistle-blower protections, and mechanisms to oversee compliance and remedy breaches.
- The company's supply chain due diligence processes, including how the company is working with key stakeholders or participating in industry-specific initiatives, and how the company identifies and protects against adverse impacts on nature across the supply chain.
- Any material investments in strategic initiatives or research and development to enhance products and/or enhance operations to reduce natural capital dependencies and impacts, including contributions to programs that protect natural capital and/or participation, as appropriate, in industry collaborations aligned with addressing pervasive issues.
- Any efforts to engage with local communities directly impacted by company operations and use of natural capital.
- Any independent third-party assessments of the data and/or approach taken to manage natural capital-related risks including the benchmarking of policies, practices, and performance.

Target setting

At an entity level, BFS does not set biodiversity-related targets for the AUM it manages on behalf of clients due to BlackRock's role as a fiduciary. Instead, investments are made in line with the instructions and guidelines that clients ultimately select. For additional detail relating to product specific sustainability objectives, please refer to the relevant fund prospectuses, product briefs and fact sheets available on public fund websites.

BFS does not currently assess compliance with the goals listed in the Convention on Biological Diversity or the contribution to reducing the primary pressures and impacts on biodiversity as defined by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services. Furthermore, BFS has not adopted a biodiversity footprint indicator. BFS continues to monitor and assess progress in data availability and quality, as well as methodologies for estimating portfolios' biodiversity footprints.

9. Risk Management

An integral part of BlackRock's identity is the core belief that rigorous risk management is critical to the delivery of high-quality asset management services. This section discusses BlackRock's approach to risk management, including the risk identification, assessment and monitoring processes adopted by BlackRock.

BGL is the holding company for BlackRock's regulated business in EMEA, including BFS. As referred to in section 4.1, risk management in BFS is governed by the BFS Board. BFS follows the BGL Group's policy and control frameworks. The elements of the Risk Management Framework ('RMF') described in this section are applied at the BGL Group level.

9.1 Risk management approach

BlackRock employs a three-lines of defence approach to managing investment risks in client portfolios.

BlackRock's investment teams and business management are the primary risk owners, or first line of defence. Portfolio managers and research analysts are responsible for evaluating the financially material environmental, social and governance risks and opportunities for an industry or company consistent with the portfolio's investment guidelines, just as they consider other potentially material economic issues related to their investments. Examples of climate-related risks taken into account include risks from regulatory change or litigation and exposure to physical impacts such as flooding or other extreme weather events or changes in temperature. In addition, BlackRock has developed a framework to monitor exposure to carbon intensive assets to support the understanding and management of potential climate-related risks.

BlackRock's risk management function, RQA, serves as the second line of defence in BlackRock's risk management framework along with BlackRock L&C. RQA is responsible for BlackRock's Investment and Enterprise risk management framework, which includes oversight of sustainability-related investment risks. RQA evaluates investment risks, including financially material sustainability-related risks, on an ongoing basis as part of regular risk management processes and, where applicable, during regular reviews with portfolio managers. This helps to ensure that such risks are understood, deliberate, and consistent with client objectives, complementing the first line monitoring. RQA also has a dedicated Sustainability Risk group that partners with risk managers and businesses to oversee sustainability risk across the platform.

The third line of defence, BlackRock's Internal Audit function, operates as an assurance function. The mandate of Internal Audit is to independently assess the adequacy and effectiveness of BlackRock's internal control environment to improve risk management, control, and governance processes.

Description of Sustainability Risks

BlackRock defines sustainability risk as an inclusive term to designate an investment risk (probability or uncertainty of occurrence of material losses relative to the expected return of an investment) that relates to environmental, social and/or governance issues. As with other investment risks and opportunities, the financial materiality of sustainability risks may vary by issuer, sector, product, mandate, and time horizon. Examples of sustainability-related risks may include but are not limited to:

1. **Environmental Risk:** Risk associated with environmental issues which may include but are not limited to climate change, water use, land use, waste management, environmental degradation, or loss of ecosystem services. Environmental degradation includes water or air pollution, desertification, and loss of biodiversity. Climate-related risk includes:

    - **Climate transition risk:** Risk related to the transition to a lower carbon economy. Whether policy, technology, market, or reputation risk arises from the adjustments to a low-carbon economy in order to mitigate climate change.
    - **Climate physical risk:** Risk associated with the physical impacts due to climate change. Physical risk arises from the physical effects of climate change which can be acute or chronic. For example, frequent and severe climate-related events can impact products and services, and supply chains.

2. **Social risk:** A broad range of factors that can impact an issuer's operational effectiveness and resilience as well as its public perception, and social license to operate. Examples of social issues include, but are not limited to, human capital management, impacts on the communities in which a company operates and customer loyalty.
3. **Governance risk:** Governance related risks can include risks around board independence, ownership & control, or audit and tax management.

Sustainability risk is not a standalone risk; hence the risk identification, assessment and monitoring of sustainability risk cannot be performed on a standalone basis.

9.2 Sustainability risk – Identification

Sustainability risks may be identified through exposure to key performance indicators linked directly to environmental, social and/or governance-related activities, or identified indirectly through their effect on different existing risk types (including, but not limited to, market, liquidity, concentration, credit, asset-liability mismatches, etc.). Sustainability risk factors may have a material impact on an investment held in a product, may increase volatility, and may result in a loss to the value of units in a product.

Certain companies may be particularly exposed to heightened sustainability risks through their sector or business practices. BlackRock has developed a framework to identify and monitor companies particularly exposed to heightened environmental, social and/or governance-risks.

9.3 Sustainability risk – Assessment

Sustainability risks are identified at various steps of the investment process, where relevant, from research, allocation, selection, portfolio construction decisions, or management engagement, and are considered relative to the funds' risk and return objectives. Assessment of these risks is done relative to their materiality (i.e., likeliness of impacting returns of the investment) and in tandem with other risk assessments (e.g., liquidity, valuation, etc.). How sustainability considerations are sourced, assessed, and incorporated will vary with portfolio objective, investment style, and asset class. BlackRock's investment professionals assess a variety of economic and financial indicators, including relevant material environmental, social and/or governance factors, to make investment decisions that align with the product objectives.

9.4 Sustainability risk – monitoring and response

As set out in section 9.1, BlackRock's investment teams and business management are the primary risk owners, or the first line of defence. RQA also evaluates investment risks, including financially material sustainability-related risks, on an ongoing basis as part of regular risk management processes and, where applicable, during regular reviews with portfolio managers. This helps to ensure that such risks are understood, deliberate, and consistent with client objectives, complementing the first-line monitoring.

9.5 Scenario analysis

Climate scenario analysis allows an organisation to develop insight into how the physical and transition risks and opportunities arising from climate change might impact its business and corporate operations over time. While climate scenario analysis is not meant to predict the future, it allows organisations to explore possible outcomes, the assumptions they depend upon, and the courses of action and/or events that could bring them about.

BlackRock has conducted a firmwide climate scenario analysis exercise to understand the potential implications of climate-related transition and physical risk under a variety of emission scenarios to BlackRock's business strategy over the short-, medium-, and long-term. BlackRock's firmwide climate scenario analysis included consideration of the impact of climate-related transition and physical risks on BlackRock's AUM, including assets managed by BFS. BlackRock has leveraged scenarios from the Network for Greening the Financial System ('NGFS') and from the Intergovernmental Panel on Climate Change ('IPCC'). NGFS scenarios readily provide analytics to assess both physical and transition risks, while the IPCC scenarios are largely focused on assessing physical risks.

The results of the climate scenario analysis indicate that BlackRock's diversified platform and commitment to providing choice to its clients creates flexibility in its business model that is likely to support BlackRock's resilience as it adapts to the impacts of both transition and physical climate risks. While BlackRock's AUM and associated revenues and profit margin may be impacted by climate change, each scenario reviewed presented different plausible challenges, risks and opportunities that may occur through 2050.

Further information on BlackRock's approach to scenario selection, impact assessment and scenario conclusions, together with the limitations inherent in the scenario analysis exercise, is available in BlackRock's 2023 TCFD Report. While scenario analysis is not currently prepared at the subsidiary entity-level, it is anticipated that BlackRock's approach to climate scenario analysis will continue to evolve.

10. BFS SFDR Article 8 and 9 products

In line with the definitions contained in the SFDR, 'Article 8' products are those that promote environmental and/or social characteristics and which invest in companies that follow good governance practices. 'Article 9' products are those that have sustainable investing as an objective.

BlackRock's sustainable investing platform includes products that are categorised as SFDR Article 8 or Article 9 products, including a number of BFS products. Figure 10.1 contains a list of BFS SFDR Article 8 and Article 9 products as at 31 December 2023.

Figure 10.1 BFS products categorized as SFDR Article 8 and Article 9 products

Fund Name	Asset Class	SFDR Categorisation
BlackRock European Middle Market Fund III	Private Credit	Article 8
BlackRock European Middle Market Fund III GBP	Private Credit	Article 8
BlackRock European Senior Loans Fund I SCSP	Private Credit	Article 8
BlackRock Global Infrastructure Fund IV	Infrastructure	Article 8
BlackRock Evergreen Infrastructure Partners	Infrastructure	Article 8
BlackRock Private Equity Impact Capital Fund	Private Equity	Article 8
Private Equity Impact Opportunities ELTIF	Private Equity	Article 8
Decarbonisation Partners I	Private Equity	Article 8
BlackRock Eurozone Core Property Fund	Real Estate	Article 8
BlackRock Europe Property Fund VI SCSp SIF	Real Estate	Article 8
Climate Finance Partnership Fund	Infrastructure	Article 9
Global Renewable Power Fund III, SCSp	Infrastructure	Article 9

Figure 10.1 reflects BFS SFDR Article 8 and 9 products as at 31 December 2023. Please note, this list does not include BFS SFDR Article 8 and 9 products that are reserved to a single investor i.e., a 'fund of one'.

As at 31 December 2023, the value of assets held in the BFS Article 8 and Article 9 products referenced in Figure 10.1 represented 13.7% of the total value of assets managed by BFS.

Appendix 1 – BFS Statement on principal adverse impacts of investment decisions on sustainability factors for the year ending 31 December 2023

1. Summary

1.1. Financial market participant

This statement on principal adverse impacts of investment decisions on sustainability factors ('this statement', 'PAI statement') applies to BlackRock France S.A.S ('BFS'), Legal Entity Identifier ('LEI') 549300J8EENG40ZIIN89.

1.2. Summary

BFS considers principal adverse impacts ('PAIs') of its investment decisions on sustainability factors. This statement is the consolidated statement on PAIs of investment decisions on sustainability factors for BFS. This statement covers the reference period from 1 January 2023 to 31 December 2023 ('the current year'). For the purpose of quantitative disclosures contained in this statement, disclosure is also made in respect of the reference period 1 January 2022 to 31 December 2022 ('the prior year').

The BFS Board of Directors ('the Board') is responsible for producing this statement and for considering the PAIs of investment decisions on sustainability factors, leveraging the methodologies and expertise of the wider BlackRock business to do so, where required and appropriate. The PAI indicators disclosed in this statement relate to assets held in Products for which BFS is the manager. This applies irrespective of whether BFS has delegated investment management of any of those Products to other BlackRock entities. References throughout this document to assets managed by BFS should be read accordingly.

Basis of preparation

This statement has been prepared by BFS in its capacity as a financial market participant. BFS is a subsidiary of BlackRock Group Limited ('BGL'), a company domiciled in the UK and the holding company for BlackRock's regulated business in Europe, the Middle East and Africa ('EMEA') (collectively, 'the BGL Group'). BGL is ultimately owned by BlackRock, Inc. ('BlackRock') through multiple holding companies.

This statement has been prepared in accordance with the requirements of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ('the Sustainable Finance Disclosure Regulation', 'SFDR') and Commission Delegated Regulation (EU) 2022/1288 supplementing the SFDR (the 'SFDR RTS').

In line with the requirements of the SFDR and the SFDR RTS, this statement includes quantitative disclosure of the impacts associated with assets managed by BFS on behalf of clients; these impacts are measured by reference to the 18 mandatory PAI indicators detailed in the SFDR RTS, which are disclosed in tables 1 to 3 below.

The SFDR RTS also requires disclosure of two additional PAI indicators, which must be selected from a list of additional PAI indicators detailed in the SFDR RTS. The additional PAI indicators associated with assets managed by BFS on behalf of clients are disclosed in table 4 below. The process by which BFS has selected the additional PAI indicators is detailed in section 3.3 below.

In addition to the quantitative disclosures referenced above, this statement also includes qualitative disclosures that outline, for example, a description of the policies to identify and prioritise PAIs of investment decisions on sustainability factors, the data processes and limitations associated with the calculation and disclosure of PAI indicators, and BlackRock's engagement policies.

As referenced above, BFS aligns with relevant BlackRock policies, processes and methodologies, and draws upon the expertise of the wider BlackRock business, where required and appropriate. As such, and unless otherwise stated, references throughout this statement to BlackRock's policies, processes or methodologies encompass BFS and its activities.

Summary of Principal Adverse Impacts

As an asset manager and fiduciary to its clients, BlackRock's investment approach is informed by three principles:

- understanding the client's investment objectives and providing choice to meet their needs;
- seeking the best risk-adjusted returns within the scope of the mandate given by clients; and
- underpinning its work with research, data and analytics.

BlackRock recognises that different clients have different investment preferences and objectives. BlackRock provides choice to clients, including by offering a wide range of investment Products to help them meet their investment goals, and delivering on the instructions and guidelines that clients ultimately select. As a fiduciary, BlackRock considers relevant and material risks and opportunities that could impact portfolios, when consistent with investment guidelines. When financially material, BlackRock incorporates sustainability-related data and/or information alongside other information in its firmwide processes, where relevant, with the objective of enhancing risk-adjusted returns within the scope of the mandate given by clients. For clients interested in sustainability, BlackRock offers a wide range of investment Products, analytics and research to help them achieve their chosen investment objectives.

The PAI indicators disclosed by BFS relate to the assets managed by BFS on behalf of clients. The PAI indicators disclosed by BFS are therefore predominantly influenced by two factors, (i) client preferences, on account of clients choosing which Products to invest in and the extent of investments made in those Products, and (ii) market conditions, which affect the assets and weighting of assets held in the Products that clients are invested in.

The avoidance or reduction of PAIs may depend on the investment strategy of the relevant Product, as disclosed to clients in pre-contractual disclosures and periodic reporting. This may include, for example, the application of specific screens that constrain investments by avoiding issuers or business activities with certain characteristics, or the inclusion of specific objectives or commitments in the Product.

2. Description of the principal adverse impacts on sustainability factors

Tables 1 to 3 below contain the 18 mandatory PAI indicators, as required by the SFDR RTS, associated with assets managed by BFS on behalf of clients, presented for both the current year and the prior year. Each of the 18 mandatory PAI indicators is applicable to a particular issuer type / investment type and, in some instances, a subset of the issuer sector. The 18 mandatory PAI indicators are presented as follows:

- Table 1 presents the PAI indicators associated with investments in investee companies. PAI indicators 1 to 9 are climate and other environmental-related indicators, and PAI indicators 10 to 14 are indicators for social and employee, respect for human rights, anti-corruption, and anti-bribery matters.
- Table 2 presents the PAI indicators applicable to investments in sovereigns and supranationals.
- Table 3 presents the PAI indicators applicable to investments in real estate assets.

The SFDR RTS requires that BFS disclose one additional climate and other environmental-related indicator (to be selected from the list of additional indicators in SFDR RTS Annex 1 table 2), and one additional indicator for social and employee, respect for human rights, anti-corruption and anti-bribery matters (to be selected from the list of additional indicators in SFDR RTS Annex 1 table 3). BFS has selected to disclose:

- 'The share of investments made on behalf of clients in companies without carbon emission reduction initiatives' ('additional PAI indicator 4'); and
- 'The share of investments made on behalf of clients in entities without a human rights policy' ('additional PAI indicator 9').

These additional PAI indicators are disclosed in table 4 below.

The specific metric used to assess each PAI indicator is disclosed in the "metric" column of each table, and the measurement outcome is disclosed in the "impact" column. Some PAI indicators are calculated as absolute metrics and may therefore fluctuate over time in line with changes to the value of investments managed by BFS. Other PAI indicators are disclosed as relative metrics and will therefore take account of changes over time to the relevant calculation base. For PAI indicators presented as a relative metric, the "metric" column clarifies the basis of the calculation.

Consideration of the changes in the PAI indicators between the current year and the prior year are discussed in section 6 '*Historical comparison*', below.

Scope of assets reflected in the PAI indicators

The matters disclosed in this statement relate exclusively to BFS's asset management activities performed on behalf of clients. Specifically, the scope of this statement, including the PAI indicators disclosed in tables 1 to 4, encompass (where relevant to the PAI indicator issuer type / investment type) assets for which BFS is the manager.[12] These assets may include investments in Products managed by other BlackRock financial market participants, including other entities that are in scope of the SFDR requirement to publish an entity statement. As a result, there may be instances where the impact associated with a single asset, as measured by reference to the PAI indicators, is disclosed in more than one PAI statement. It is therefore not appropriate to aggregate the PAI indicators disclosed across different BlackRock financial market participants.

Investment coverage

Tables 1 to 4 disclose a coverage percentage for each PAI indicator. This is presented in the "explanation" column of each table. The coverage percentage reflects the proportion of assets managed by BFS for which BFS has been able to collect the data (whether reported or estimated) required to calculate the corresponding PAI indicator. The coverage percentage is calculated relative to the value of

[12] This applies irrespective of whether BFS has delegated investment management of its Products to another BlackRock entity.

assets managed by BFS that are invested in the issuer type / investment type to which the PAI indicator relates. Further information relating to data sources and data availability is provided in section 3 below.

Table 1: Indicators applicable to investments in investee companies

Indicators applicable to investments in investee companies[1]						
Adverse sustainability indicator		**Metric**	**Impact (2023)**	**Impact (2022)**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**.
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions (tCO_2e)	**33,364**	**15,844**	Coverage: 33% (2022: 14%) Scope 1 GHG emissions are direct emissions from sources that the investee company owns or controls.	The values represented for different PAI indicators at an entity level are derived from data relating to BFS's assets under management. As a result, these figures may vary from period to period as a result of both client inflows and outflows and market conditions. **Entity approach** BlackRock recognises that different clients have different investment preferences and objectives. The aggregation of PAI data for BFS is a function of the particular Product suite managed by BFS. Consequently, the PAI data is predominantly influenced by two factors; client preferences (i.e., which Products clients invest in) and market conditions (affecting the assets held in, and weightings of assets within, those Products). BlackRock provides choice to clients, including by offering a wide range of investment Products to help them meet their investment goals, and delivering on the instructions and guidelines that clients ultimately select.
		Scope 2 GHG emissions (tCO_2e)	**3,159**	**2,139**	Coverage: 33% (2022: 14%) Scope 2 GHG emissions are indirect emissions that an investee company causes from the generation of energy that it purchases or uses.	
		Scope 3 GHG emissions (tCO_2e)	**148,626**	**77,075**	Coverage: 30% (2022: 14%) Scope 3 GHG emissions are emissions produced by other companies or parties involved in the investee company's value chain.	
		Total GHG emissions (tCO_2e)	**170,772**	**95,581**	Coverage: 30% (2022: 14%) Due to the methodology from the underlying data providers, the 'Total GHG emissions' indicator is not an aggregate of the reported Scope 1, 2, and 3 GHG emissions. The Scope 1, 2, and 3 GHG emissions figures reflect the latest available data (as at the data collection date), in line with the regulatory requirements. Comparatively, the Total GHG emissions figure is calculated using the latest year for which data is available across the 3 scopes, for consistency.	
	2. Carbon footprint	Carbon footprint (tCO_2e / mEUR AUM)	**3**	**5**	Coverage: 30% (2022: 14%)	

	3. GHG intensity of investee companies	GHG intensity of investee companies (tCO2e / mEUR revenue)	**4.6**	**11**	Coverage: 30% (2022: 15%)	For clients interested in sustainability, BlackRock offers a wide range of investment Products, analytics and research to help them achieve their chosen investment objectives. BlackRock's clients' choices and preferences always take precedence. BFS ensures that the Products it manages that include a sustainability-related screen, target or commitment are designed to align with all set expectations, considering relevant environmental, social and / or governance characteristics and PAIs, as detailed in Investment Management Agreements and Product prospectuses. Outside of Products with a sustainability-related screen, target or commitment, BFS does not make Product-level commitments to meet environmental and social standards. BlackRock incorporates into firmwide processes relevant financially material information, including financially material environmental, social and governance-related data and information, which may or may not include data or information relevant to PAIs. Further detail on BlackRock's approach to principal adverse impacts is detailed in section 3.1 below. BlackRock's framework for environmental, social and / or governance integration permits a diversity of approaches across
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector (%)	**9%**	**3%**	Coverage: 32% (2022: 13%)	
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources (%)	**51%**	**45%**	Coverage: 32% (2022: 14%) The 'Percentage of non-renewable energy consumption' reflected here is only calculated for companies that do not belong to the Utilities sector. The data provider considers both renewable energy purchased and renewable energy produced for self-consumption in the calculation of the metric.	
		Share of non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	**58%**	**61%**	Coverage: 60% (2022: 41%) The 'Percentage of non-renewable energy production' reflected here is only calculated for companies in the Utilities sector. The data provider considers both renewable energy purchased and renewable energy produced for self-consumption in the calculation of the metric.	
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	**2.2**	**0.7**	Coverage: 85% (2022: 13%) This metric is calculated in relation to all high impact climate sectors that are disclosed individually below.	
		Energy Consumption Intensity per High Impact Climate Sector A (GWh / mEUR rev)	**0.0**	**0.0**	Sector A refers to agriculture, forestry and fishing	
		Energy Consumption Intensity per High Impact Climate Sector B (GWh / mEUR rev)	**0.8**	**1.0**	Sector B refers to mining and quarrying	
		Energy Consumption Intensity per High	**0.9**	**0.3**	Sector C refers to manufacturing	

		Impact Climate Sector C (GWh / mEUR rev)				different investment teams, strategies, and particular Products and client mandates (where applicable). **Environmental, social and / or governance integration** Environmental, social and / or governance integration at BlackRock is detailed in the following statement: blk-esg-investment-statement-web.pdf (blackrock.com). Each risk assessment is specific to the asset class and to the Product's objectives. Risks are considered and managed concurrently, by prioritizing based on materiality and on the Product's objective, to ensure that risk taking is deliberate, diversified and scaled. Such risks may, in some cases, also align with the themes of certain PAI indicators. **Heightened environmental and / or social risks** Certain issuers may be particularly exposed to heightened environmental and / or social risks through their sector or business practices. BlackRock has a framework to identify and monitor issuers particularly exposed to environmental and / or social risks. This framework relates to PAI indicators 1-6, as well as to the identification of social risks related to PAI indicator 14 in active portfolios. **Exclusions and screening** The application of screens based on set thresholds and/or business
		Energy Consumption Intensity per High Impact Climate Sector D (GWh / mEUR rev)	**3.5**	**3.0**	Sector D refers to electricity, gas, steam and air conditioning supply	
		Energy Consumption Intensity per High Impact Climate Sector E (GWh / mEUR rev)	**0.0**	**1.3**	Sector E refers to water supply: sewerage, waste management and remediation activities	
		Energy Consumption Intensity per High Impact Climate Sector F (GWh / mEUR rev)	**0.0**	**0.0**	Sector F refers to construction	
		Energy Consumption Intensity per High Impact Climate Sector G (GWh / mEUR rev)	**0.0**	**0.0**	Sector G refers to wholesale and retail trade; repair of motor vehicles and motorcycles	
		Energy Consumption Intensity per High Impact Climate Sector H (GWh / mEUR rev)	**0.1**	**0.0**	Sector H refers to transportation and storage	
		Energy Consumption Intensity per High Impact Climate Sector L (GWh / mEUR rev)	**0.2**	**0.1**	Sector L refers to real estate activities	
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas (%)	**2%**	**1%**	Coverage: 23% (2022: 13%)	
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a	**0.00**	**0.00**	Coverage: 21% (2022: 8%)	

		weighted average (t / m EUR EVIC[13])				activities, alone or in combination, will depend on a Product's investment objective and / or policy. For example, controversy-based screens, business involvement screens, risk score or sanctions-based screens, and other fund specific screens. Screens may be applied at the Product level, where instructed in client mandates, or included as part of the design of BFS Products that include a sustainability-related screen or commitment. This relates to PAI indicators 4, 6, 7, 8, 9, 10, 14, 15,16 for applicable Products. **A binding Product objective / target** Execution of a specific binding Product objective(s) or binding asset class investment process characteristic(s) that leads to improvement or reduction in a specific PAI(s) (for example, carbon reduction relative to a benchmark). Targets are applied at the Product level when instructed in client mandates or included as part of BFS Products that include a sustainability-related screen or commitment. This relates to PAI indicators 1, 2 and 3 for applicable Products.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average (t / m EUR EVIC)	**3.6**	**0.0**	Coverage: 30% (2022: 6%)	
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation	Share of investments in investee companies that have been involved in violations of the	**16%**	**6%**	Coverage: 23% (2022: 13%)	See actions taken and actions planned disclosed above.

[13] 'EVIC' refers to Enterprise value including cash.

	for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprise	UNGC principles or OECD Guidelines for Multinational Enterprises (%)				
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises (%)	**0%**	**<0.5%**	Coverage: 38% (2022: 14%)	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	**18%**	**20%**	Coverage: 27% (2022: 10%) Per the SFDR RTS, 'unadjusted gender pay gap' means the difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees.	
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	**39%**	**36%**	Coverage: 39% (2022: 18%)	
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	**<0.01%**	**<0.01%**	Coverage: 34% (2022: 6%)	

	biological weapons)						

[1]There are several limitations associated with these figures. Please review the PAI indicators disclosed above in conjunction with the limitations detailed in section 3.4.

Table 2: Indicators applicable to investments in sovereigns and supranationals

Indicators applicable to investments in sovereigns and supranationals[1]						
Adverse sustainability indicator		**Metric**	**Impact (2023)**	**Impact (2022)**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Environmental	15. GHG intensity	GHG intensity of investee countries (tCO2e / m EUR GDP)	**4.5**	**8**	Coverage: 88% (2022: 79%)	See actions taken and actions planned disclosed in Table 1.
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	**0.0**	**0.0**	Coverage: 94% (2022: 87%)	
		Number of investee countries subject to social violations (relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	**0%**	**0%**	Coverage: 94% (2022: 87%)	

[1] There are several limitations associated with these figures. Please review the PAI indicators disclosed above in conjunction with the limitations detailed in section 3.4.

Table 3: Indicators applicable to investments in real estate assets held in funds/portfolios

Indicators applicable to investments in real estate assets[1]						
Adverse sustainability indicator		**Metric**	**Impact (2023)**	**Impact (2022)**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	**0%**	**0%**	Coverage: 100% (2022: 100%)	Across BlackRock's real estate portfolios, climate related risks and opportunities are reviewed in accordance with environmental, social and / or governance integration at BlackRock: blk-esg-investment-statement-web.pdf (blackrock.com)
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	**53%**	**49%**	Coverage: 90% (2022: 68%) Per the SFDR RTS, this PAI shall be calculated in accordance with a formula which includes value of real estate assets built before 31/12/2020 with EPC of C or below, Value of real estate assets built after 31/12/2020 with Primary Energy Demand ('PED') below nearly zero-energy building ('NZEB') in Directive 2010/31/EU, and value of real estate assets required to abide by EPC and NZEB rules. BFS also holds investments in real estate assets that are not in-scope of the EPC and NZEB rules. In line with the regulatory guidance, only assets in scope for PAI 18 were included in the denominator for this calculation.	For its real estate portfolios, BlackRock places an emphasis on ownership and asset management in equity real estate investments. Where applicable, BlackRock has strategies to improve energy efficiency, including assessment of repositioning and capital expenditure costs, for example, by integrating such considerations within asset management activities, sustainability actions plans and net zero roadmaps, and by targeting energy performance via maintenance, upgrade, refurbishment and/or redevelopment activities. For new construction and major development projects, BlackRock reviews the opportunities for achieving higher energy performance certificate ('EPC') ratings. Risks and opportunities are reviewed in accordance with environmental, social and / or governance integration at BlackRock: blk-esg-investment-statement-web.pdf (blackrock.com).

						Integration efforts are underpinned by the collation of detailed data and BlackRock has established data programmes for property-level and aggregated portfolio-level sustainability performance metrics, including energy consumption and associated greenhouse gas emissions.

[1] There are several limitations associated with these figures. Please review the PAI indicators disclosed above in conjunction with the limitations detailed in section 3.4.

Table 4: Other indicators for principal adverse impacts on sustainability factors

Other indicators for principal adverse impacts on sustainability factors[1]						
Adverse sustainability indicator		**Metric**	**Impact (2023)**	**Impact (2022)**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	**82%**	**93%**	Coverage: 40% (2022: 20%) A company is deemed to have an emissions reduction initiative in place if it has a Science Based Targets initiative ('SBTi') approved target set to 1.5˚C or well-below 2.0˚C. Companies with only committed targets but which are not SBTi approved are not considered to have emission reduction initiatives in place.	See actions taken and actions planned disclosed in Table 1
Human Rights	9. Lack of a human rights policy	Share of investments in entities without a human rights policy	**13%**	**8%**	Coverage: 38% (2022: 6%)	

[1] There are several limitations associated with these figures. Please review the PAI indicators disclosed in conjunction with the limitations detailed in section 3.4.

3. Description of policies to identify and prioritise principal adverse impacts of investment decisions on sustainability factors

3.1. BlackRock's approach to principal adverse impacts

BlackRock recognises that different clients have different investment preferences and objectives. BlackRock provides choice to clients, including by offering a wide range of investment Products to help them meet their investment goals, and delivering on the instructions and guidelines that clients ultimately select.

BlackRock incorporates financially material sustainability data or information alongside other information into firmwide processes, where relevant, with the objective of enhancing risk-adjusted returns. BlackRock has a framework for environmental, social and governance integration that permits a diversity of approaches across different investment teams, strategies and particular client mandates. As with other investment risks and opportunities, the financial materiality of environmental, social and / or governance considerations may vary by issuer, sector, Product, mandate and time horizon. Where relevant, Products use environmental, social and / or governance data as a portfolio construction input.

Products with a sustainability-related commitment or objective, which may or may not align with any of the mandatory or additional PAIs considered in this statement, may include:

- The application of different screens, either alone or in combination, to constrain investments by avoiding issuers or business activities with certain environmental, social and / or governance characteristics.
- A commitment to investments with improved environmental, social and / or governance characteristics versus a stated universe of benchmark.
- Targeted investments in issuers whose business models may not only benefit from but also may drive long-term sustainability outcomes.
- A commitment to generate positive, measurable, and additional sustainability outcomes.

While investments held in Products managed by BFS can have positive impacts on stakeholders and society, the business activities of certain issuers / investments reflected in BFS's Products may have adverse impacts on the environment or people. The PAI indicators disclosed by BFS relate to the assets managed by BFS on behalf of clients. The PAI indicators disclosed by BFS are therefore predominantly influenced by two factors (i) client preferences, on account of clients choosing which Products to invest in and the extent of investments made in those Products, and (ii) market conditions, which affect the type and weighting of assets held in the Products that clients are invested in.

Where BFS's Products include a commitment or objective relevant to specific PAIs (or a subset of PAIs), BFS discloses how it considers those PAIs, whether through screens or investment commitments as referenced above, in its pre-contractual disclosures and periodic reporting.

BlackRock's approach to investment risk

BlackRock considers many investment risks in its firmwide processes. To seek the best risk-adjusted returns for clients, BlackRock manages material risks and opportunities that could impact portfolios, including financially material environmental, social and / or governance-related data or information.

Sustainability risk is not a standalone risk; hence the risk identification, assessment and monitoring of sustainability risk cannot be performed on a standalone basis. Sustainability risks may be identified through exposure to Key Performance Indicators linked directly to environmental, social and / or governance-related activities, or identified indirectly through their effect on different existing risk types (including, but not limited to, market, liquidity, concentration, credit, asset-liability mismatches, etc.). Sustainability risk factors may have a material impact on an investment held in a Product, may increase volatility, and may result in a loss to the value of units in a Product.

Sustainability risks, which may or may not include the PAI indicators considered above, are identified at various steps of the investment process, where relevant, from research, allocation, selection, portfolio construction decisions, or management engagement, and are considered relative to the funds' risk and return objectives. Assessment of these risks is done relative to their materiality (i.e. likeliness of impacting returns of the investment) and in tandem with other risk assessments (e.g. liquidity, valuation, etc.). How sustainability considerations are sourced, assessed, and incorporated will vary with portfolio objective, investment style, and asset class. BlackRock's investment professionals assess a variety of economic and financial indicators, including relevant material environmental, social and / or governance factors, to make investment decisions that align with the Product objectives. The role of BlackRock's investment professionals, and the three lines of defence more broadly, is considered in more detail in section 3.2 below.

Engagement

The BlackRock Investment Stewardship ('BIS') team engages with publicly listed investee companies to improve its understanding of a company's business model and material risks and opportunities, including, when relevant, sustainability-related risks and opportunities, likely to impact performance. Engagement can also help inform BIS' voting decisions for those clients who authorise it to vote on their behalf. However, at a Product level, engagement activities may be carried out in addition to binding Product-level commitments or objectives, but engagement will not necessarily be focused on, or result in, a company committing to a reduction of PAIs. Further information on the engagement policies / activities performed by both BIS and BlackRock's active investments teams is provided in Section 4 '*Engagement Policies*' below.

3.2. Governance & accountability

The Board is responsible for the oversight and approval of this entity statement and ensuring that the technical infrastructure and human resources necessary to exercise related activities are in place. In doing so, the Board leverages the skills, experience, and depth of resource of the Board and Senior Management, as well as the expertise of the wider BlackRock business. BFS ensures and verifies on a regular basis that the investment commitments and strategies of its Products comply with and reflect the relevant pre-contractual disclosures, including any investment commitments that consider the PAI indicators disclosed in Section 2 above. These Product level commitments, and the associated BlackRock methodologies, are periodically reviewed to ensure they remain accurate and are subject to governance and oversight that ensure the ongoing appropriateness of BFS's approach to the SFDR. This includes consideration of the associated disclosure of PAI indicators.

BFS leverages the expertise of the wider BlackRock business, including the Finance and Strategy, Risk and Quantitative Analysis ('RQA'), Sustainable and Transitions Solutions ('STS'), Technology and Operations, and Legal & Compliance functions in respect of delivering PAI data and disclosures on an ongoing basis. Representatives of BFS contribute to the preparation and review of the BFS PAI Statement.

Though the responsibility for implementing the BFS PAI Policy (approved 18 June 2024) ultimately sits with the Board, the below framework and internal functions facilitate the implementation of BFS's PAI Policy. The functions considered below (see section titled 'The three lines of defence') report to the BFS Board or its appointed committee via their existing governance model. Rigorous risk management is critical to the delivery of high-quality asset management services. The majority of BFS and BlackRock's pre-existing investment, Product and / or risk management policies are internal to BlackRock and have a broad coverage and may, therefore, not specifically reference PAIs but nonetheless remain relevant in relation to PAIs.

The three lines of defence

BlackRock employs a three-lines of defence approach to managing investment risks in client portfolios:

1. BlackRock's investments and business management teams are the primary risk owners, or first line of defence. Portfolio managers and research analysts are responsible for evaluating the financially material environmental, social and governance risks and opportunities for an industry

or company consistent with the portfolio's investment guidelines, just as they consider other potentially material economic issues related to their investments. See the section titled '**Role of Investment Professionals**' below for further detail on the role of BlackRock's investment teams.

2. BlackRock's risk management function, RQA, serves as the second line of defence in BlackRock's risk management framework. RQA evaluates investment risks, including financially material sustainability-related risks, on an ongoing basis as part of regular risk management processes and, where applicable, during regular reviews with portfolio managers. This helps to ensure that such risks are understood, deliberate, and consistent with client objectives, complementing the first line monitoring. RQA also has a dedicated Sustainability Risk group that partners with risk managers and business functions to oversee sustainability risk across the platform.
3. The third line of defence, BlackRock's Internal Audit function, operates as an assurance function. The mandate of Internal Audit is to independently assess the adequacy and effectiveness of BlackRock's internal control environment to improve risk management, control, and governance processes.

The role of Investment Professionals

Investment professionals contribute to the consideration of sustainability factors, including financially material environmental, social, and / or governance-related risks stemming from the presence of PAIs, in BlackRock's investment decisions. BlackRock has a framework for environmental, social and / or governance integration that permits a diversity of approaches across different investment teams, strategies, and particular funds or client mandates. As with other investment risks and opportunities, the financial materiality of environmental, social and / or governance considerations may vary by issuer, sector, Product, mandate, and time horizon. As such, BlackRock's environmental, social and / or governance integration framework allows for flexibility across investment teams. Environmental, social and / or governance integration is a part of the investment process, and as with all other components of the investment process, is the responsibility of BlackRock's investment teams.

The process for assessing and managing financially material environmental, social and/or governance risks in BlackRock's active funds and advisory strategies, where applicable, is consistent with BlackRock's approach to managing other risk criteria and includes the following: i) each strategy has a description of how financially material environmental, social and / or governance data or information fits into its investment process, ii) Portfolio Managers are accountable for managing exposure to financially material environmental, social and / or governance risks, and iii) investment teams are able to provide evidence of how they consider financially material environmental, social and / or governance data or information in their investment processes.

In index portfolios, BlackRock's responsibility is to track a predetermined benchmark index. Index portfolios will reflect the characteristics of the index providers' methodology. For BlackRock's European domiciled funds, as required by regulation, BlackRock assesses financially material environmental, social and/or governance risks: i) as part of the process for selecting an index for the portfolio and ii) when engaging with third-party index providers to provide input on the design of their benchmark indices.

Please refer to BlackRock's firm-level ESG Integration Statement for additional information. Further information is also available in the BFS sustainability risk statement (prepared in accordance with SFDR Article 3).

3.2.1 Global and regional governance considerations[14]

The following regional and global fora contribute to the setting and implementation of BlackRock's sustainability strategy and should be considered alongside the responsibilities of the BFS Board and senior management, and the three lines of defence more broadly.

[14] The organisational structure referred to in this section reflects arrangements as at 31 December 2023.

Product Development Committee ('PDC'): Product development and governance around sustainable funds is managed through BlackRock's Global Product Group ('GPG') and the EMEA Product Development Committee (and its sub committees) which are responsible for: a) Centralised governance of EMEA sustainable investment funds; b) Platform alignment to ensure all funds are appropriately classified, positioned and marketed, including setting naming conventions; c) Management of new sustainable funds in the pipeline; and d) Governance of screening policies and accreditations including the baseline screens policy, where applicable. The members of these committees include representatives from STS, GPG, RQA, Legal & Compliance, the Exchange Traded Funds ('ETFs') and Index Investments Group, the Portfolio Management Group, Institutional and Wealth Product Strategy Teams and BlackRock Private Markets. After the PDC process is completed, the Board considers all new Products.

BlackRock Group Executive Oversight: BlackRock's governance with respect to sustainability-related matters reflects the firm's commitment to strong leadership and oversight of such matters at the BlackRock board of directors and BlackRock senior management levels. At BlackRock, sustainability issues are regularly part of board-level discussions of firm and business line strategy, and responsibility for sustainability oversight is shared across the full board and its committees.

BlackRock's board of directors engages with senior leaders on near- and long-term business strategy and reviews management's performance in delivering long-term financial value creation on behalf of clients. Helping clients meet their sustainability-related investment objectives and preferences is a component of the firm's overall business strategy and among one of several senior management responsibilities over which the board has oversight.

BlackRock's board is responsible for overseeing risk management activities. The Risk Committee of the board assists the board with its oversight of BlackRock's levels of risk, risk assessment, and risk management, including with respect to climate and other sustainability risks. The Nominating, Governance & Sustainability Committee ('NGSC') of the BlackRock board oversees investment stewardship, public policy, corporate sustainability, and social impact activities. The NGSC periodically reviews corporate and investment stewardship-related policies and programmes, as well as significant publications relating to environmental (including climate), social, and other sustainability matters.

The BlackRock Global Executive Committee ('GEC') sets the strategic vision and priorities of the firm and drives accountability at all levels. The Investment Sub-Committee of the BlackRock GEC oversees the investment process of its clients' portfolios across the firm's investment groups. Members of the Investment Sub-Committee include the Chief Risk Officer and the global heads or sponsors of all major investment divisions; the major investment divisions include ETFs and Index Investments, Portfolio Management Group, Global Trading & Transition Management, and BlackRock Private Markets.

3.3. Methodologies to select the additional indicators

In line with the SFDR RTS, and as detailed in section 2 above, BFS discloses at an entity-level principal adverse impacts in relation to the 18 mandatory indicators, 1 additional environmental indicator and 1 additional social indicator.

The selection of additional PAI indicators, as disclosed in table 4 above, was influenced by several factors, including:

a. Availability of inputs provided by primary sources e.g., corporate issuers, government issuers, etc.
b. Degree of interpretation associated with calculation/derivation of metric.
c. Proportion of investable universe for which the information is available.
d. Materiality to financial performance.

With the above selection methodology in mind, BlackRock selected the following two additional PAI indicators, in consultation with the BFS Board.

1. **Environmental indicator: Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement.**
   Climate risk is an investment risk. It is one of many risks BlackRock considers. Government policies, technological innovation, and consumer and investor preferences are driving a material economic transformation. Physical climate change also continues to create financial risk (e.g., through extreme weather), which is affecting asset prices.

   Against a broad global investment universe (MSCI All Country World Index), it was found that the proportion of the universe for which relevant information was available was 95.4% by count of securities and 94.0% of names by market value (as of 24 April 2023)[15].

   The data provider with whom BlackRock engages for the provision of PAI data uses SBTi data to determine the existence of a 'carbon reduction initiative'. Room for interpretation and uncertainty exists in how different methodologies applied by companies advance an emission reduction outcome and the achievement of the corporate commitment. The calculation of the indicator does not consider these and other subjective upstream elements.

2. **Social indicator: Share of investments in entities without a human rights policy.**
   BlackRock approaches human rights as an asset manager with a responsibility to manage material risks to client portfolios, including engaging companies on their adverse human rights impacts.

   Against a broad global investment universe (MSCI All Country World Index) it was found that the proportion of the universe for which relevant information was available was 84% by count of securities and 87.5% of names by market value (as of 24 April 2023)[16].

   While the indicator itself is binary ('Yes' / 'No'), the process employed to generate each policy commitment is subjective and based on differing perspectives and governance structures adopted by the underlying companies in whom BFS's assets under management are invested. Room for interpretation and uncertainty exists in how different approaches chosen by companies advance and support their chosen policy outcomes and commitments.

3.4. Methodologies to identify and assess principal adverse impacts

BlackRock's internal processes are focused on delivering high-quality, standardised and consistent data to be used by investment professionals and for transparency and reporting purposes. Environmental, social and / or governance-related data, including PAI data, is received through BlackRock's existing interfaces, and then processed through a series of data quality and completeness checks.

BlackRock's integrated technology enables it to compile data about issuers and investments. This data spans a variety of environmental, social and / or governance metrics and a variety of data providers. BlackRock makes this data available to investment teams, as well as other support and control functions, including BlackRock's RQA function.

BlackRock Portfolio Managers have access to research, data, tools, and analytics to integrate environmental, social and / or governance insights, including PAIs as appropriate and relevant, into their investment process. BlackRock Aladdin is BlackRock's operating system that connects the data, people, and technology necessary to manage portfolios in real time, as well as the engine behind BlackRock's environmental, social and governance analytics and reporting capabilities. BlackRock's Portfolio Managers use Aladdin to make investment decisions, monitor portfolios and to access material environmental, social and / or governance-related data and information that can inform the investment process.

The disclosures contained in this section should be reviewed in conjunction with section 3.1 above.

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[15] Source: BlackRock, April 2023.
[16] Source: BlackRock, April 2023.

Data Sources Used
Environmental, social and governance datasets, including PAI datasets, applicable to investee companies and sovereigns are sourced from external third-party data providers. These datasets include data reported by the underlying issuers and data estimated by third-party data providers. These datasets have been incorporated into Aladdin tools that are available to Portfolio Managers and employed in BlackRock investment strategies. Such tools support the full investment process, from research, to portfolio construction and modelling, to reporting.

BlackRock applies a comprehensive due diligence process to evaluate provider offerings with highly targeted methodology reviews and coverage assessments. BlackRock's process entails both qualitative and quantitative analysis to assess the suitability of data providers in line with regulatory standards and client demand as applicable.

BlackRock assesses environmental, social and / or governance-related data and data providers, including in relation to PAI data, across the five core areas outlined below:

6. **Data Collection:** the assessment includes but is not limited to assessing the data providers underlying data sources, technology used to capture data, process to identify misinformation, and any use of machine learning or human data collection approaches. BlackRock will also consider planned improvements relevant to these matters.
7. **Data Coverage:** the assessment includes but is not limited to the extent to which a data package provides coverage across BlackRock's investible universe of issuers and asset classes. This will include consideration of the treatment of parent companies and their subsidiaries, as well as the use of estimated or reported data.
8. **Methodology:** the assessment includes but is not limited to consideration of the third-party providers' methodologies, including in relation to collection and calculation approaches, alignment to industry or regulatory standards / frameworks, materiality thresholds and approach to data gaps.
9. **Data Verification:** the assessment includes but is not limited to the third-party providers' approaches to verification of data collected and quality assurance processes, including engagement with issuers.
10. **Operations:** the assessment includes consideration of a data vendors operations, including but not limited to policies and procedures (including consideration of any conflicts of interest) the size and experience of data research teams, training programmes, and use of third-party providers.

Private markets data
When investing in private markets, including BlackRock's infrastructure, real estate, private equity and private credit strategies, the availability of reliable, accurate and complete environmental, social and / or governance-related data, including in relation to PAIs, remains challenging. BlackRock has developed proprietary approaches for collating a wide range of material environmental, social and / or governance-related datapoints across its portfolios, which in turn are helping inform the availability of relevant PAI data. For example, across many of BlackRock's real estate and infrastructure strategies, BlackRock is partnering with third-party sustainability data management system providers to collate material environmental, social and / or governance-related datapoints at the individual investment-level. Where possible, BlackRock may also partner with third-party specialist consultants and other service providers to drive engagement programmes across private portfolios. In doing so, BlackRock's objective is to encourage the sharing of such information, and to advance the development of more consistent methodologies to collate this information going forward.

In addition, BlackRock undertakes direct engagement and outreach programmes across BlackRock's private markets portfolios, helping BlackRock to better understand environmental, social and / or governance-related performance across its portfolio companies, and to source PAI and other related information.

Margin of error in the collation of PAI indicators inputs
Methodologies and processes to identify and monitor PAIs are reliant on data availability and are exposed to quality imperfections. Despite the data assessments performed by BlackRock, as outlined

above, BlackRock is reliant on the quality of data received from investee companies and third-party data providers, including the methodologies and assumptions underpinning the data. While specific data limitations may apply to each of the PAI indicators, the following overarching limitations should be considered when reviewing the PAI indicators disclosed in tables 1 to 4.

- **Data quality**: the accurate computation of PAI indicators in investment portfolios requires high-quality security-level data for underlying investee companies. While many companies are measuring and publicly reporting metrics relevant to the calculation of the PAI indicators disclosed in tables 1 to 4, divergence in the reporting and disclosure frameworks applicable across issuers, sectors and jurisdictions creates inconsistency in the availability of the required metrics. As such, while data reported by investee companies is prioritised, BlackRock relies on estimated or proxy measures from third-party data providers to cover BlackRock's broad investible universe of issuers, where necessary / appropriate. Estimated data may reduce the reliability of the metrics since estimated data may not accurately reflect the actual impact of any given company. However, BlackRock seeks to ensure that its use of estimates is in line with regulatory guidance and that BlackRock has the necessary documentation and transparency from data providers in respect of their methodologies.

- **Lagged data:** Environmental, social and / or governance data reporting by companies is often produced on a lag relative to financial data — as most sustainability data disclosure and reporting takes place on an annual basis and requires significant time to produce. In addition, there may be a lag between the time when data is disclosed by companies and when it is incorporated into the dataset produced by the third-party data providers with whom BlackRock engages.

- **Sensitivity to market volatility:** the PAI indicators disclosed in tables 1 to 4 are sensitive to fluctuations in asset values and increases / decreases in assets under management. Market volatility can introduce noise that reduces comparability from one year to the next. Other factors that drive changes in PAI indicators are: (i) a reflection of changes made by an investee company across reporting period, and (ii) changes to asset allocation. Sensitivity to market volatility can obscure which of these factors is driving the changes in a PAI indicator year-over-year. As such, the PAI indicators disclosed in tables 1 to 4 are not directly comparable across reporting periods.

- **Indirect investments**: in some instances, BlackRock may not be able to obtain the requisite information in respect of indirect investments, including in relation to, for example, fund-of-fund investments and certain derivatives.

As detailed in section 2 above, a coverage percentage is disclosed alongside each PAI indicator in tables 1 to 4. On account of the data limitations detailed above, the PAI indicators should be considered in conjunction with the corresponding coverage percentage.

BlackRock will continue to review its approach to the disclosures contained in this statement, including in relation to environmental, social and governance-related datasets, as disclosure frameworks and industry practice continue to evolve.

4. Engagement Policies

4.1. BlackRock Investment Stewardship

BFS may leverage the BlackRock Investment Stewardship team to carry out engagement, where required, noting that most BFS Products are invested in private markets.

Engagement plays a key role in the way BlackRock interacts with the companies in which it invests clients' assets. However, it is important to recognise that engagements occur at multiple levels within BlackRock. Namely, they are carried out by the BIS team in the way described below, as well as by members of BlackRock's Investment Teams. Please refer to the paragraphs below, for a detailed explanation of these engagement activities.

At a Product level, engagement activities may be carried out in addition to binding Product-level commitments (such as the application of screens or certain objectives), but engagement will not necessarily be focused on, or result in, a company committing to a reduction of PAIs.

As part of BlackRock's fiduciary duty to its clients, BlackRock considers it one of its responsibilities to promote sound corporate governance as an informed, engaged shareholder on their behalf. The BlackRock Investment Stewardship team is the function within the firm responsible for such engagement. BIS serves as a link between BlackRock's clients and the companies they invest in. In conducting its stewardship programme, BIS focuses on how companies will deliver financial returns over time. BIS does this through engagement with public company management teams and/or Board members on material business issues and, for those clients who have given BlackRock authority, through voting.

The BIS Global Principles set out BIS' stewardship philosophy and views on the corporate governance and business practices that support long-term financial value creation by companies. BIS' activities are not designed to drive any specific sustainability, or in this context PAI, outcome. As one of many minority shareholders in public companies, BIS cannot – and does not try to – direct a company's strategy or its implementation. Rather, BIS engages companies to improve its understanding of a company's business model and material risks and opportunities. BIS encourages companies to publish disclosures that help investors understand how they identify and manage material risks and opportunities, in the context of their business model, sector, and geography. BIS' approach to investment stewardship – including engagement and voting on behalf of clients - is explained in the BIS Global Principles and regional voting guidelines. While BIS' activities are not designed to drive PAI outcomes, the themes of BIS' engagement under its Policies may, at times, align with the themes of certain PAI indicators.

Each year, BIS prioritises its engagement work around themes that in BIS' experience are consistent with sound governance and business practices aligned with companies' ability to deliver long-term financial returns. Some governance issues are perennial, such as board quality and performance, although the areas of focus may change over time. Other issues have become priorities more recently, driven by the team's observations of emerging risks and opportunities material to financial value creation for companies, market developments, and changing client expectations. The BIS priorities and related engagement commentaries are published on the BIS website. BIS may discuss business-relevant, sustainability-related risks and opportunities in its engagement with companies. BlackRock's approach to engaging on these issues, where relevant, is explained here: https://www.blackrock.com/corporate/literature/publication/blk-stewardship-priorities-final.pdf.

BIS is an independent function within BlackRock and works across the entirety of the BlackRock public equity platform. While BIS engages with a broad range of internal groups, the team's responsibilities are separate from the activities of any portfolio management team.

Separately, as announced in February 2024, BlackRock is developing a decarbonisation stewardship option for funds and clients with decarbonisation or climate-related investment objectives in addition to financial objectives. Both in the case of funds and separately managed accounts, the option will only be implemented upon explicit selection and approval by the applicable fund board or client.

Further details on the above will be published in due course.

Separately, BlackRock's Shareholder Rights Directive II Engagement Policy is applied by all its asset manager entities within the scope of the Shareholder Rights Directive II (Directive 2007/36/EC as amended by Directive 2017/828). BlackRock adheres to the reporting requirements of the Shareholder Rights Directive II. https://www.blackrock.com/uk/professionals/solutions/shareholder-rights-directive.

4.2. Engagement policies besides SRD II to address PAIs

BlackRock Investment Team Engagement

Separately to BIS' engagements with investee companies, BlackRock active investment teams may also engage with the companies they invest in on governance and sustainability-related issues, including PAIs, across public and private markets. Investment team engagement is undertaken as part of the investment decision making process.

Where engagement is identified by a particular portfolio management team as a means by which to assess an investee company's commitment to high standards of corporate governance and business practices on material sustainability-related risks and opportunities, the engagement approach will be described in the prospectus and website disclosures particular to that Product.

Where active portfolio management teams choose to leverage engagement, this can take a variety of forms but, illustratively, the teams may seek to have regular and continuing dialogue with executives or board directors of relevant investee companies. Teams may engage on how investee companies manage material sustainability-related risks and opportunities in their business models, which may encompass PAIs. In their engagement, a portfolio management team may discuss concerns, build their understanding of opportunities, and share constructive feedback, based on the view that material sustainability-related risks and opportunities may impact a business's long-term strategy and fundamental value, across all asset classes.

For BFS's sustainable index fund ranges or client mandates, Index investment teams do not perform direct engagement with the companies / issuers within the index for the purposes of a specific sustainable outcome. Index investment teams may engage directly with the index and data providers to ensure better analytics and stability in environmental, social and / or governance-related metrics. BIS engagement activities described above are fundamental to the Index platform's stewardship approach.

Investment team engagement approaches may adapt as PAI information, industry practice, disclosure standards or regulatory guidance evolves.

5. References to international standards

BlackRock participates in industry initiatives to represent its clients' interests in dialogue with governments, companies and financial institutions on issues that might impact client portfolios, as well as those that support the development of consistent industry standards, including material sustainability-related disclosure standards.

BlackRock's investment decisions and its stewardship engagement and voting are governed strictly by its fiduciary duty to clients. As such, BlackRock does not make any commitments or pledges that would interfere with its independent determination on how to engage with issuers and vote proxies on behalf of its clients.

Please note, in addition to standards, the references contained in this section also encompass industry memberships where they are relevant to Taskforce on Climate-related Financial Disclosure reporting requirements.

Climate

BlackRock is a member of the Net Zero Asset Managers Initiative ('NZAMI') on the basis of its 2030 net zero statement. BlackRock also serves on the Principals Group for the Glasgow Financial Alliance for Net Zero and has participated in workstreams sponsored by that initiative. BlackRock International is a member of Climate Action 100+.[17]

While BlackRock participates in these organisations on behalf of its clients, it does not make commitments on their behalf, however some of the outputs of these organisations and industry associations align thematically with the PAI indicators related to GHG emissions (Table 1, indicators 1-6).

BlackRock Products may reference international standards. This may include, for example, EU Paris Aligned Benchmark / EU Climate Transition Benchmark Index Products that have decarbonisation commitments linked to international standards / the aims of international initiatives, for clients who choose such investment strategies.

Climate scenario analysis

BlackRock uses proprietary forward-looking climate scenario modelling capabilities through its operating system Aladdin. While scenarios are widely used by BlackRock investment teams, they are not relied upon by these teams as a means of considering PAIs. The binding investment processes, described above in this statement, do not include this scenario analysis.

Natural capital

BlackRock is a member of the Taskforce on Nature-related Financial Disclosures ('TNFD'). TNFD's goal is to encourage consistent and comparable nature-related disclosures for a better assessment of how companies are managing and mitigating these risks. There are biodiversity, water, and waste related PAI indicators that align thematically with the work of the TNFD (Table 1, indicators 7, 8, 9).

Human capital

BlackRock is a participant of the United Nations Global Compact ('UNGC'). Participation affirms BlackRock's support of the ten principles of the UNGC, covering, human rights, labour, environment, and anti-corruption. A key requirement for participation in the UNGC is the annual submission of a Communication on Progress that describes operational[18] practices related to the Ten Principles.

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[17] BlackRock International is comprised of BlackRock's businesses in Europe, the Middle East, India and Asia Pacific. In early 2024, BlackRock transferred its Climate Action 100+ membership to BlackRock International. Please see BlackRock's 2024 letter to Climate Action 100+ regarding the transfer of membership to BlackRock International at: https://www.blackrock.com/corporate/literature/publication/2024-our-participation-in-climate-action-100.pdf.

[18] BlackRock complies with this submission requirement in respect of its own operations.

There are also human rights and anti-corruption PAI indicators that refer to the UNGC principles (Table 1, indicators 10, 11).

Corporate governance

BlackRock is a member of the International Corporate Governance Network ('ICGN'). The ICGN's goal is to advocate for the highest standards of corporate governance and investor stewardship worldwide in pursuit of long-term value creation.

Real Estate

BlackRock has been a member of the Global Real Estate Sustainability Benchmark ('GRESB') since 2011 and where applicable, BlackRock annually submits its real estate and infrastructure portfolios for assessment in GRESB, and discloses to investors its results, including key outputs, scores and peer rankings. GRESB is a leading industry sustainability benchmark for Real Assets, which has the objective of providing standardised and validated data on environmental, social and / or performance-related performance of real estate assets, which align thematically with the PAI indicators related to real estate investments (Table 1, indicators 17, 18).

6. Historical comparison

PAI indicators for the 2022 and 2023 reporting periods are provided above in Tables 1 to 4. BlackRock's approach to the assessment of PAI indicators and the other matters disclosed in this entity statement has not substantially changed between the two reporting periods.

BlackRock's approach to PAIs recognises that different clients have different investment preferences and objectives. The aggregation of PAI data for BFS is a function of the particular Product suite managed by BFS. Consequently, the PAI data is predominantly influenced by two factors; (i) client preferences (which Products clients choose to invest in) and (ii) market conditions (affecting the assets held in, and weightings of assets within, those Products). Changes in the PAI indicators disclosed in tables 1 to 4 above are reflective of those two factors. More specifically, changes in PAI indicators disclosed results from the preferences and choices made by BFS client, including how clients have allocated capital to BlackRock as their fiduciary. This includes any fund closures/launches in the period. Change is also driven by market movements between the two measurement periods and any increases / decreases in the data coverage for the measured PAIs, as illustrated by reference to the coverage percentage disclosed in tables 1 to 4. In this respect, BFS has observed increased data coverage between the prior year and current year across the majority of the PAI indicators disclosed in this statement. Any changes in the underlying issuers PAI measures are reflected through the data.

BlackRock's clients' choices and preferences always take precedence. BFS ensures that its sustainable Products that it manages are designed to align with all set expectations, considering relevant environmental, social and / or governance characteristics and PAIs, as detailed in Investment Management Agreements and Product prospectuses.

Outside of Products with a sustainability-related screen or commitment, BFS does not make Product-level commitments to meet environmental and social standards. BlackRock incorporates into firmwide processes relevant, financially material information, including financially material environmental, social and governance-related data and information, which may or may not include data or information relevant to PAIs.

APPENDIX A. Definitions

- “**BlackRock”** means any company within the BlackRock group of companies, of which BlackRock, Inc. is the ultimate parent.
- **“BFS”** means BlackRock France S.A.S (“BFS”), Legal Entity Identifier: 549300J8EENG40ZIIN89.
- “**Clients**” means the entity’s clients or investors in Products managed by BFS.
- “**Financial market participants**” covers EU alternative investment fund managers, UCITS management companies, and regulated investment firms providing portfolio management services. BlackRock’s financial market participants are: (i) BlackRock Asset Management Ireland Limited; (ii) BlackRock Asset Management Deutschland AG; (iii) BFS.; (iv) BlackRock (Luxembourg) S.A.; and (v) BlackRock (Netherlands) B.V.
- **“Principal adverse impacts” (“PAIs)** means a list of indicators defined by the Regulation that have negative, material, or likely to be material effects on sustainability factors that are caused, compounded by or directly linked to investment decisions and advice performed by the legal entity.
- **“Portfolio Managers”** means those persons within the investment manager to whom day to day responsibility for managing a Product has been allocated.
- **“Product”** means funds and/or separate account portfolios (as applicable).
- “**SFDR**” means Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector.
- “**SFDR RTS**” means Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council.

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