BlackRock

Shareholder Rights Directive ('SRD')

Disclosure requirements from BlackRock Life Limited ('BLL') as an Institutional Investor under SRD

July 2026

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Introduction

The Shareholder Rights Directive (Asset Managers and Insurers) Instrument 2019 ("SRD") is a UK legal instrument which transposes in UK law the requirements under the European Union's Shareholder Rights Directive II ("EU SRD II"), which sets out to improve corporate governance in companies whose securities are traded on regulated markets, strengthen the position of shareholders and to reduce short termism and excessive risk taking by companies. SRD also seeks to strengthen shareholder engagement and increase transparency of issuers, investors and intermediaries. SRD led to an update of the Financial Conduct Authority's ("FCA") Conduct of Business sourcebook ("COBS") and its Senior Management Arrangements, Systems and Controls sourcebook ("SYSC").

One of the key rules focuses on institutional investors and asset managers and requires them to develop a policy on shareholder engagement, to make this policy available on their website as well as to annually disclose how they have implemented the policy and how they have cast votes at general meetings. Institutional investors must disclose certain aspects of their equity investment strategy and the main elements of any arrangement with an asset manager which invests on its behalf. SRD considers 'institutional investors' as being life assurance companies within the scope of Solvency II[1] or occupational pension schemes falling within the scope of UK law which was relied on prior to 31 December 2020 to implement the EU's Directive on Institutions for Occupational Retirement Provision[2]. BLL is therefore an institutional investor as defined by SRD and this document seeks to set out BLL's disclosure requirements to its policyholders.

BLL, operating within the BlackRock Group, is a UK based insurance company authorised by the Prudential Regulation Authority ("PRA") and regulated by the FCA and the PRA. BLL's principal activity is to provide pooled investment funds to predominantly UK employer-sponsored pension schemes, both directly and via insurance platforms. Pooled investment funds are provided to BLL policyholders via a policy of unit-linked life insurance. BLL only offers unit-linked life insurance policies and does not offer any other form of insurance policy or product nor any annuities or guarantees.

The rules in SYSC 3.4 set out the requirements in relation to investment strategy and arrangements between institutional investors and with asset managers:

1) Firms must publicly disclose how the main elements of their equity investment strategy are consistent with their liability profile and duration (and, in particular, their long-term liabilities) and how they contribute to the medium to long-term performance of their assets.

2) Where an asset manager invests on behalf of an institutional investor (either on a segregated mandate basis or through a collective investment undertaking), the institutional investor must publicly disclose information about its arrangement with the asset manager, including:

[1] Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)
[2] Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision (IORPs)

a) how the arrangement incentivises the manager to align its investment strategy and decisions with the profile and duration of the institutional investor's liabilities (and, in particular, its long-term liabilities)

b) how the arrangement incentivises the manager to make investment decisions based on assessments about the medium and long-term performance of the investee company and to engage with investee companies in order to improve their medium to long-term performance

c) how the method and time horizon for assessing the manager's performance and remuneration for its services are in line with the profile and duration of the institutional investor's liabilities (and, in particular, its long-term liabilities) and take absolute long-term performance into account

d) how the institutional investor monitors portfolio turnover costs incurred by the manager and how it defines and monitors a targeted portfolio turnover or turnover range

e) the duration of the arrangement between the institutional investor and the asset manager

This document aims to increase transparency for policyholders and fulfill the disclosure requirements on engagement and investment strategies as required under SRD, as listed above.

1. Institutional investors must publicly disclose how the main elements of their equity investment strategy are consistent with the profile and duration of their liabilities, in particular long-term liabilities, and how they contribute to the medium to long-term performance of their assets

The purpose of BLL is to act primarily as a vehicle for the BlackRock Group client businesses. It has no financial targets other than to remain financially sound. BLL is therefore structured to avoid or mitigate risks where possible; it does not underwrite traditional insurance risks, and market and counterparty risks are almost wholly transferred to policyholders.

The majority of BLL's liabilities are unit-linked in nature. BLL is obliged, via the policy issued to its policyholders, to pay the value of the units from time to time of the relevant pooled fund in which the policyholder is invested. The value of units is derived from the value of the underlying assets allocated to the relevant pooled fund of BLL. The pooled fund's strategy as well as its underlying assets are managed in accordance with the fund's investment objective and BLL has appointed BlackRock Investment Management (UK) Limited ("BIMUK") and BlackRock Advisors (UK) Limited ("BAL") as its investment managers to manage each pooled fund.

The majority of BLL's clients have a long-term investment horizon, so in our approach to investment and engagement, we have assumed that they are long-term investors. BLL provides pooled investment funds to predominantly UK employer sponsored pension schemes and reinsurance platforms therefore given the strategic allocation of assets by these types of clients are a long-term view, plans to allocate to firms such as BLL are set well in advance. The decision to change asset allocations cannot be made without governance decisions which take time to implement. In addition, as the majority of BLL's equity holdings are in index-tracking portfolios, BLL assumes its clients as being, by definition, long-term shareholders.

Notwithstanding the long-term goals referred to above, BLL permits redemptions, via the policy's terms and conditions to policyholders upon their request and BLL regards its pooled funds as liquid due to their daily dealing nature.

BLL ensures that BIMUK and BAL manage each pooled fund in accordance with its investment strategy and that liquidity is maintained to enable redemptions and, in doing so, ensures that BLL can meet its liabilities. BLL itself does not have any long-term liabilities other than those of the BLL pooled funds.

2. Institutional investors that appoint discretionary asset managers or invest in funds, must publicly disclose the following information regarding their arrangement with the asset manager:

a) *how the arrangement incentivises the asset manager to align its investment strategy and decisions with the profile and duration of the liabilities of the Institutional Investor, in particular long-term liabilities;*

BIMUK and BAL have been appointed by BLL to act as BLL's investment manager pursuant to investment management agreements. BIMUK and BAL are subject to oversight and monitoring processes and procedures as delegated by the Board of BLL to senior management functions of BLL. As BIMUK and BAL are also part of the BlackRock Group and involved in the creation of BLL's life insurance policies, they are attuned to and aligned with the profile and duration of BLL's liabilities to policyholders.

BLL's revenue is earned as a percentage of assets under management, with an agreed percentage of this revenue paid to the BlackRock Group in return for the provision of all required services, including investment management services provided by BIMUK and BAL.

The terms of the arrangement with BIMUK and BAL require that the assets are managed as per the requirements of BLL and failure to do so would make BIMUK and BAL liable to BLL for any failures in accordance with investment management agreements.

b) *how that arrangement incentivises the asset manager to make investment decisions based on assessments about medium to long-term financial and non-financial performance of the investee company and to engage with investee companies in order to improve their performance in the medium to long-term;*

BIMUK and BAL have been appointed to act as investment managers under the terms of an investment management agreement and to act in compliance with applicable laws and regulations. As they are part of the BlackRock Group, BIMUK and BAL's approach to investment and engagement is aligned with BLL and the broader BlackRock Group. Accordingly, BIMUK and BAL manage BLL's pooled funds in accordance with the BlackRock Group shareholder engagement policy.

The BlackRock Group offers a range of investment stewardship options to reflect clients' individual investment choices and goals.

As of January 1, 2025, the BlackRock Group's stewardship policies are developed and implemented separately by two independent, specialist teams, BlackRock Investment Stewardship (BIS) and BlackRock Active Investment Stewardship (BAIS). While the two teams operate independently, their general approach is grounded in widely recognized norms of corporate governance and shareholder rights and responsibilities.

BIS is a dedicated function within BlackRock, which is responsible for stewardship activities in relation to clients' assets invested in index equity strategies. Approximately 90% of BlackRock

clients' public equity assets under management are held in index equity strategies, as of December 31, 2025.[3]

BAIS partners with BlackRock's active investment teams in relation to their holdings. BAIS is a specialist team within the Portfolio Management Group and manages BlackRock's stewardship engagement and voting on behalf of clients invested in active strategies globally. BAIS is also responsible for engagement with issuers in index fixed income strategies, where appropriate

BlackRock stewardship teams, and all of the BlackRock Group's stewardship efforts, are focused on making decisions consistent with clients' stated objectives.

The BlackRock Group's stewardship program has four key pillars:

- Engaging with the boards and management of companies
- Proxy voting on clients' behalf at shareholder meetings
- Contributing to industry dialogue on stewardship
- Reporting on stewardship activities to inform clients

BLL may also facilitate voting by policyholders in certain unit-linked funds. Further information is available upon request.

c) *how the method and time horizon of the evaluation of the asset manager's performance and the remuneration for asset management services are in line with the profile and duration of the liabilities of the Institutional Investor, in particular long-term liabilities, and take absolute long-term performance into account;*

BIMUK and BAL are remunerated in accordance with the terms of the investment management agreements and associated intercompany agreements in relation to BlackRock Group transfer pricing. The remuneration of BIMUK and BAL on this basis reflects the fact that BIMUK and BAL are obliged to manage the BLL pooled funds in accordance with the relevant investment strategy and to ensure liquidity of the BLL pooled funds.

The monitoring and oversight of BIMUK and BAL is undertaken by the BLL Board, the BLL Investment Policy Committee and via the CEO of BLL, meeting on a regular basis and carrying out oversight across a range of indicators.

The BLL Investment Policy Committee ("IPC") is made up of BLL directors (including the CEO) and BLL non-executive directors. The BLL Chief Actuary, the BLL Chief Risk Officer and a member of the BIM UK and BAL's product strategy team also attend IPC meetings as standing attendees. The role of the IPC is to review investment policies for all funds and the performance of the unit linked funds. Throughout its proceedings, the BLL IPC engages with the regulatory risk and investment

[3] BlackRock, Inc. Estimate based on figures reported in BlackRock, Inc.'s financial results as of December 31, 2025, which indicated that approximately 51% of total equity AUM was held in iShares ETFs, and a further 42% of total equity AUM was invested in index strategies on behalf of institutional and retail clients. Source: BlackRock Inc. "BlackRock Reports Full Year 2025 Diluted EPS of $35.31, or $48.09 as adjusted Fourth Quarter 2025 Diluted EPS of $7.16, or $13.16 as adjusted".

risk functions to assist the BLL Board in overseeing risks in relation to the management of portfolios.

d) how the Institutional Investor monitors portfolio turnover costs incurred by the asset manager and how it defines and monitors a targeted portfolio turnover or turnover range; and

In addition to our response in section (c) above, the IPC also reviews on a quarterly basis the performance of the unit linked funds managed by the asset manager including:

- The portfolio management arrangements and team;
- The tracking error of passive funds;
- Consideration of transaction costs and other items related to value for money for customers;
- The performance of active funds;
- Fund flows and the impact on investors;
- Review of benchmark for appropriateness where escalations arise during the performance review process and for product launches and changes; and
- Review of investments including costs and charges and the consistency with policyholders' reasonable expectations and the fair treatment of customers.

e) the duration of the arrangement with the asset manager

The investment management agreements with BIMUK and BAL are in force on a rolling basis. BLL can terminate the agreements at any time by providing advance notice in writing.

BlackRock Life Limited

This document has been issued by BlackRock Life Limited which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority and is intended for UK defined contribution and defined benefit pension scheme trustees only.

Any opinions contained herein reflect our judgements at the date of publication and are subject to change.

Copies of this document are available from your client service representative and on our website at www.blackrock.com. For other documentation referred to herein please contact your client service representative.

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