BlackRock

Sustainability-related Website Disclosure

1895 Wereld Bedrijfsobligaties Fonds

Effective Date: 10 April 2025

This website disclosure provides sustainability-related information about the Fund pursuant to Article 10. of the EU Sustainable Finance Disclosure Regulation (EU) 2019/2088 ("SFDR").

A. Summary

The Sub-Fund promotes environmental or social characteristics, but does not have as its objective sustainable investment. The Sub-Fund partially invests in Sustainable Investments. BlackRock defines Sustainable Investments as investments in issuers or securities that contribute to an environmental or social objective, do not significantly harm any of those objectives and where investee companies follow good governance practices. BlackRock refers to relevant sustainability frameworks to identify the alignment of the investment to environmental or social objectives. Sustainable Investments should also meet the do no significant harm (DNSH) requirements, as defined by applicable law and regulation. BlackRock has developed a set of criteria to assess whether an issuer or investment does significant harm. The Sub-Fund seeks to:(i) apply a set of exclusionary screens.

The Sub-Fund seeks to provide a total return over a period of at least 5 years whilst also seeking to outperform the Bloomberg Global Aggregate Corporate Index (EUR Hedged) (75%) and the Bloomberg MSCI Global Green Bond Corporate 5% Issuer Cap Index (EUR Hedged) (25%) (the "Performance Index") and seeks to invest in a manner consistent with the principles of environmental, social and governance ("ESG") investing. The binding elements of the investment strategy are as follows: (1) Maintain that from the end of the Initial Period the Sub-Fund holds at least 20% in Sustainable Investments; and (2) Apply the exclusionary screens. The Sub-Fund considers PAIs on sustainability factors through the application of its exclusionary policy and holdings in green bonds.

A minimum of 80% of the Sub-Fund's total assets will be invested in investments that are aligned with the environmental and/or social characteristics. In relation to these investments, a minimum of 20% of the Sub-Fund's total assets will be invested in Sustainable Investments, and the remainder will be invested in investments aligned with other environmental and/or social characteristics. The Sub-Fund may invest up to 20% of its total assets in other investments.The Sub-Fund does not currently commit to investing more than 0% of its assets in Sustainable Investments with an environmental objective aligned with the EU Taxonomy, however, these investments may form part of the portfolio.BlackRock has developed a highly automated compliance process to help ensure that the Fund is managed in accordance with its stated investment guidelines and applicable regulatory requirements. This includes monitoring of the environmental or social characteristics of the Fund in accordance with the relevant methodology.

The Fund does not currently commit to invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy, however, these investments may form part of the portfolio.

BlackRock has developed a proprietary methodology for determining Sustainable Investments and the Fund uses a number of other methodologies to measure how the social or environmental characteristics promoted by the Fund are met.

BlackRock Portfolio Managers have access to research, data, tools, and analytics to integrate ESG insights into their investment process. ESG datasets are sourced from external third-party data providers, including but not limited to MSCI, Sustainalytics, Refinitiv, S&P and Clarity AI. BlackRock applies a comprehensive due diligence process to evaluate provider offerings with highly targeted methodology reviews and coverage assessments based on the sustainable investment strategy of the product. Data, including ESG

data, received through our existing interfaces, and then processed through a series of quality control and completeness checks which seeks to ensure that data is high-quality data before being made available for use downstream within BlackRock systems and applications, such as Aladdin. BlackRock strives to capture as much reported data from companies via 3rd party data providers as practicable, however, industry standards around disclosure frameworks are still evolving, particularly with respect to forward looking indicators. As a result, in certain cases we rely on estimated or proxy measures from data providers to cover our broad investible universe of issuers.

BlackRock continues to monitor developments in the EU's ongoing implementation of its framework for sustainable investing and its investment methodologies seeking to ensure alignment as the regulatory environment changes. ESG data sets are constantly changing and improving as disclosure standards, regulatory frameworks and industry practice evolve. BlackRock continues to work with a broad range of market participants to improve data quality. Sustainable investing and understanding of sustainability is evolving along with the data environment. Industry participants face challenges in identifying a single metric or set of standardized metrics to provide a complete view on a company or an investment. BlackRock has therefore established a framework to identify sustainable investments.

BlackRock applies a high standard of due diligence in the selection and ongoing monitoring of investments made by the Fund for the purpose of compliance with the investment, liquidity and risk guidelines of the Fund, as well as the sustainability risk and ESG criteria and general performance.

Where third party investment managers have been appointed they have been given the necessary authority under their discretionary sub-investment management agreement to act upon all proxies solicited by or with respect to the issuers of securities in which the assets of those funds pursuing fixed income strategies invest.

Engagement with companies in which we invest our clients' assets occurs at multiple levels within BlackRock. Where investment teams chooses to leverage engagement, this can take a variety of forms but, in essence, the portfolio management team would seek to have regular and continuing dialogue with executives or board directors of engaged investee companies to advance sound governance and sustainable business practices targeted at the identified ESG characteristics and principal adverse indicators, as well as to understand the effectiveness of the company's management and oversight of activities designed to address the identified ESG issues. Engagement also allows the portfolio management team to provide feedback on company practices and disclosures.

There is no specific index designated as a reference benchmark to determine whether this Sub-Fund is aligned with the environmental and/or social characteristics that it promotes.

B. No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

Sustainable Investments meet the DNSH requirements, as defined by applicable law and regulation. BlackRock has developed a set of criteria across all Sustainable Investments to assess whether an issuer or investment does significant harm. Investments considered to be causing significant harm do not qualify as Sustainable Investments.

The indicators for adverse impacts on sustainability factors for each type of investment are assessed using BlackRock's Sustainable Investments proprietary methodology. BlackRock uses third-party data and/or fundamental analysis to identify investments which negatively impact sustainability factors and cause significant harm.

Sustainable Investments are assessed to consider any detrimental impacts and ensure compliance with international standards of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights. Issuers deemed to have violated these conventions are not considered as Sustainable Investments.

C. Environmental or social characteristics of the financial product

The Sub-Fund invests a minimum of 20% of its total assets in Sustainable Investments across environmental and social objectives. BlackRock defines Sustainable Investments as investments in issuers or securities that contribute to an environmental or social objective, do not significantly harm any of those objectives and where investee companies follow good governance practices. BlackRock refers to relevant sustainability frameworks to identify the alignment of the investment to environmental or social objectives.

Sustainable Investments should also meet the do no significant harm (DNSH) requirements, as defined by applicable law and regulation. BlackRock has developed a set of criteria to assess whether an issuer or investment does significant harm.

The Investment Manager may, when selecting investments to be held directly by a Sub-Fund, invest in Sustainable Investments and apply exclusionary screens based on certain environmental, social and governance (ESG) related characteristics. The Investment Manager intends to limit and/or exclude direct investment (as applicable) in issuers which are identified using available data from an external ESG research provider as having exposure to, or ties with, certain activities as described in summary below (exposure and ties may be based on either the issuers activity exceeding a threshold criteria or the issuer having any direct engagement in the activity) and which may be amended from time to time at the Investment Manager's discretion. However, the Sub-Funds' asset allocation will not solely be driven by these exclusionary criteria, rather such considerations may be used by the Investment Manager in determining whether an investment may be appropriate for the Sub-Fund.

1. Issuers which are engaged in, or are otherwise exposed to, the production of weapons (including, but not limited to, small arms, cluster munitions, anti-personnel mines, white phosphorus used in incendiary weapons or munitions, depleted uranium munitions, biological, chemical and nuclear weapons) and issuers deriving more than 5% of revenue from small arms retail or distribution;
2. Issuers deriving more than 5% of revenue from thermal coal extraction;
3. Issuers generating more than 5% of power from thermal coal and issuers who extract more than 5% of their average production from oil tar sands (also known as oil sands);
4. Issuers deriving more than 5% of revenue from oil and gas exploration in offshore Arctic regions;
5. Issuers deriving more than 5% of revenue from shale energy, gas and/or oil, extraction and/or production;

6. Issuers deriving more than 5% of revenue from tobacco production;
7. Issuers deriving more than 5% of revenue from the production of cannabis (for recreational use);
8. Issuers deriving more than 5% of revenue from production of fur products;
9. Issuers deriving more than 5% of their revenue from the production of palm oil and have been indicated as involved in one or more high or severe rated controversies by Sustainalytics Controversy, Event and Incident indicators and/or not involved in the most relevant Food and Beverage sustainability related industry initiatives assessed by Sustainalytics;
10. Issuers deriving more than 5% of their revenue from involvement in the production of pesticides and have been indicated as involved in one or more high or severe rated controversies by Sustainalytics Controversy, Event and Incident indicators;

11. Issuers which have been deemed to have failed to comply with UN Global Compact Principles (which cover human rights, labour standards, the environment and anti-corruption).

12. Issuers which have been indicated as involved in one or more very severe controversies by MSCI ESG Controversies relating to (i) biodiversity & land use, (ii) water stress, (iii) operational waste (non-hazardous), and (iv) toxic emissions & waste;

13. Issuers involved in such other activities which the Investment Manager has determined (in its absolute discretion) conflict with the Investment Manager's consideration of ESG related issues or characteristics.

In addition to the relevant exclusionary criteria above, the Investment Manager intends to seek to limit and/or exclude direct investment (as applicable) in sovereign issuers and related local authority issuers which are identified using available data from an ESG research provider as being deemed to:

1. Be involved in social violations and as such may be subject to broad arms embargoes imposed through UN sanctions;
2. Be ranked in the bottom 25% of the scores, being scores of 2.5 or lower in the BlackRock Sovereign Sustainable Index;
3. Be ranked in the bottom 20% of the sovereign list as assessed by the JP Morgan ESG Methodology;
4. Be higher ranking issuers (i.e. those whose scores do not cause them to be "red flagged") in the Global Peace Index, issuers with a Red flag in the Global Peace index are excluded.

The Sub-Fund does not use a refrence benchmark for the purposes of attaining the ESG characteristics that it promotes.

D. Investment strategy

The Sub-Fund seeks to provide a total return over a period of at least 5 years whilst also seeking to outperform the Bloomberg Global Aggregate Corporate Index (EUR Hedged) (75%) and the Bloomberg MSCI Global Green Bond Corporate 5% Issuer Cap Index (EUR Hedged) (25%) (the "Performance Index") and seeks to invest in a manner consistent with the principles of environmental, social and governance ("ESG") investing.

In seeking to achieve its investment objective, and, subject to the Sub-Fund increasing its allocation to "green bonds", "sustainable bonds" and "social bonds" (each as defined by its corresponding proprietary methodology which is guided by the International Capital Markets Association Green Bond, Sustainable Bond and Social Bond Principles, respectively) during the Initial Period (as set out below), the Sub-Fund will invest at least 80% of its total assets in fixed-income securities (i.e. bonds) and fixed-income related securities (i.e. other investments whose value is related to fixed-income securities) of issuers worldwide.

The Sub-Fund's investments will normally be listed or traded on regulated markets. The Sub-Fund may also invest in other fixed income securities (such as bonds issued by governments and government agencies and supranational bonds domiciled globally). All fixed income securities in which the Fund invests will be investment grade rated by Moody's, Standard & Poor's Corporation or Fitch Ratings at the time of purchase or are deemed by the Investment Manager to be of an equivalent rating. If the credit ratings of such fixed income securities are downgraded, the SubFund may continue to hold the affected fixed income securities for a period of time, at the discretion of the Investment Manager, in order to avoid a distressed sale of the downgraded security.

The Sub-Fund will exclude fixed-income securities of issuers that do not comply with the Sub-Fund's environmental, social and governance investment policy (as described in the section headed "ESG Policy" of this Prospectus) (the "ESG Policy"). The Sub-Fund may also seek to invest in fixed income securities of the issuers of which have in aggregate lower carbon emissions than the aggregate constituents in the Performance Index. The Sub-Fund is unconstrained meaning that it is not mandated to invest in the constituent securities of the Performance Index and can seek to achieve its investment objective through an active selection methodology.

The Sub-Fund may also invest in other asset classes to seek to achieve its investment objective and/or for liquidity purposes. These other asset classes include money market instruments (i.e. debt securities with short-term maturities), collective investment schemes (i.e. other investment funds which may be Associated Funds), cash, or assets that can be turned into cash quickly in accordance with the limits in Appendix C of the Prospectus.

The Sub-Fund may use derivatives (i.e. investments the prices of which are based on one or more underlying assets) to further the Sub-Fund's investment objective, reduce investment costs and generate additional income for the Sub-Fund. The Sub-Fund will not be permitted to hold direct interests in Contracts for Difference ("CFDs") and binary options.

The binding elements of the investment strategy are as follows:

1. Maintain that from the end of the Initial Period the Sub-Fund holds at least 20% in Sustainable Investments.
2. Application of the exclusionary screens.

<u>Consideration of principal adverse impacts on sustainability factors</u>

The Sub-Fund considers PAIs on sustainability factors through the application of its exclusionary policy and holdings in green bonds.

The Sub-Fund takes into account the following PAIs:

- GHG emissions.
- GHG intensity of investee companies.
- Exposure to companies active in the fossil fuel sector.
- Activities negatively affecting biodiversity sensitive areas.
- Emissions to water.
- Hazardous waste and radioactive waste ratio.
- Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.
- Exposure to controversial weapons (anti personnel mines, cluster munitions, chemical weapons and biological weapons)
- Investee countries subject to social violations.

In addition, this Sub-Fund takes into account the PAIs through BlackRock's DNSH standard for Sustainable Investments. This Sub-Fund will provide information on the PAIs in its annual report.

Good governance policy

Good governance checks are carried out by the Investment Manager on the issuers to exclude issuers which have been identified, using available data from external ESG research providers, to have (i) failed to comply with UN Global Compact Principles (which cover human rights, labour standards, the environment and anti-corruption), or (ii) been involved in one or more very severe ESG controversies relating to (a) governance structures (b) labour management relations (c) supply chain labour standards (d) discrimination and workforce diversity (e) collective bargaining and unions and (f) bribery and fraud.

Where the Investment Manager appoints one or more external sub-investment managers (i.e. that are not Affiliates of the Investment Manager) to carry out investment management for a Fund, certain external sub-investment managers may use data (a) from one or more external ESG research providers, and/or (b) generated by the Investment Manager using external ESG research provider data, at a point in a month, and updated on a monthly basis, to apply the Good Governance exclusionary criteria. This means that securities of issuers not excluded as at the last ESG data update can be acquired and held in the Fund until implementation of the next data update shows that the issuers should be excluded at which point the holding may be divested as soon as reasonably practicable.

E. Proportion of Investments

A minimum of 80% of the Sub-Fund's total assets will be invested in investments that are aligned with the environmental and/or social characteristics. In relation to these investments, a minimum of 20% of the Sub-Fund's total assets will be invested in Sustainable Investments, and the remainder will be invested in investments aligned with other environmental and/or social characteristics.

The Sub-Fund may invest up to 20% of its total assets in other investments.

The Sub-Fund may use derivatives for investment purposes and for the purposes of efficient portfolio management. For derivatives, any ESG rating or analyses referenced above will apply only to the underlying investment.

Sustainable Investments

The Sub-Fund does not currently commit to investing more than 0% of its assets in Sustainable Investments with an environmental objective aligned with the EU Taxonomy, however, these investments may form part of the portfolio.

The Sub-Fund does not currently commit to invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy, however, these investments may form part of the portfolio.

The Sub-Fund does not commit to making investments in transitional and enabling activities, however, these investments may form part of the portfolio.

A minimum of 20% of the Sub-Fund's total assets will be invested in Sustainable Investments. As noted above, these Sustainable Investments will be a mix of Sustainable Investments with an environmental objective that is not aligned with the EU taxonomy or a social objective or a combination of both, and the exact composition may fluctuate.

The Sub-Fund invests in Sustainable Investments that are not aligned with the EU Taxonomy for the following reasons: (i) it is part of the investment strategy of the Sub-Fund; (ii) data to determine EU Taxonomy-alignment may be unavailable; and / or (iii) underlying economic activities may not be eligible under the EU Taxonomy's available technical screening criteria or may not comply with all requirements set out in such technical screening criteria.

Other holdings

Other holdings are limited to 20% and may include derivatives, cash and near cash instruments and shares or units of CIS and fixed income transferable securities (also known as debt securities) issued by governments and agencies worldwide.

These investments may be used for investment purposes in pursuit of the Sub-Fund's (non ESG) investment objective, for the purposes of liquidity management and/or hedging.

The Sub-Fund may use derivatives for investment purposes and for the purposes of efficient portfolio management. For derivatives, any ESG rating or analyses referenced above will apply only to the underlying investment.

No other holdings are considered against minimum environmental or social safeguards.

F. Monitoring of enviromental or social characteristics

BlackRock has developed a highly automated compliance process to help ensure that the Fund is managed in accordance with its stated investment guidelines and applicable regulatory requirements. This includes monitoring of the environmental or social characteristics of the Fund in accordance with the relevant methodology as described in 'Section G - Methodologies.'

Portfolio Managers have the primary responsibility for complying with the contractual terms of the prospectus and other governing documents for the Fund and are supported by Aladdin, BlackRock's portfolio and risk management software.

The Portfolio Compliance Group ("PCG"), a group within BlackRock's Business Operations, is responsible for the coding of the Fund's investment restrictions, that are capable of being coded, within BlackRock's pre and post trade compliance monitoring system in Aladdin. Where an investment restriction cannot be coded, a manual process is established for guidelines testing.

Pre-Trade & Post Trade Monitoring

When a trade or order is created, the transaction is reviewed against the Fund's investment guidelines by the front-end compliance system on a real time basis prior to execution. If a non-compliant condition is detected, the trade or order will be unable to progress further.

Compliance tests are also run on a post trade basis overnight based on the end-of-day positions and reported on a T+1 basis. Compliance exceptions and warnings are identified and escalated for investigation to relevant investment professionals, who will engage with relevant subject matter experts as appropriate to resolve. Identification and investigation of potential items is recorded on an electronic system that contains a comprehensive workflow which provides an audit trail. Appropriate corrective action will be taken as needed to resolve exceptions.

The monitoring of certain ESG characteristics may not be able to be automated due to system functionality or data limitations. Such ESG characteristics are subject to periodic review and monitoring, to ensure that the product adheres to the related commitments.

Breaches are reported as required under our regulatory obligations to the revelant management company, auditor, depositary and regulator.

Where BlackRock delegates part of the management of a Fund to a third-party manager, the third-party manager is responsible for ensuring compliance with the investment guidelines and investment restrictions as per the agreed Investment Management Agreement in place, including those pertaining to the environmental or social characteristics for the Fund. The investment restrictions pertaining to the environmental or social characteristics are generally communicated to the third-party manager which may updated by BlackRock from time to time in line with the environmental and social characteristics of the Fund. When the third-party manager runs a passive strategy, the third-party manager may also monitor whether the environmental or social characteristics are met by tracking a benchmark index embedding these characteristics in its methodology. BlackRock receives a daily feed of the positions held by the third-party manager and runs post-trade compliance checks in accordance with the back-end compliance process previously described. BlackRock also undertakes periodic due diligence on third party manager to ensure the monitoring frameworks in place remain appropriate.

G. Methodologies

BlackRock has adopted the following methodologies in respect of this Sub-Fund:

Sustainable Investments Methodology

BlackRock has developed a proprietary methodology for determining Sustainable Investments which is broken down into a four-part assessment:

(i) Economic activity contribution to environmental and/or social objectives;

(ii) Do no significant harm;

(iii) Meets minimum safeguards; and

(iv) Good governance (where relevant).

It is necessary for an investment to meet all four limbs of this test to be considered a Sustainable Investment. Sustainable Investments are subject to a robust oversight process to ensure that regulatory standards are met.

(i) Economic activity contribution to environmental and/or social objectives.

Environmental and social objectives.

The Fund invests in Sustainable Investments which contribute to a range of environmental and / or social objectives which may include but are not limited to alternative and renewable energy, energy efficiency, pollution prevention or mitigation, reuse and recycling, health, nutrition, sanitation and education and the UN Sustainable Development Goals ("Environmental and Social Objectives").

Economic activity assessment.

An investment will be a Sustainable Investment (subject to it satisfying the other three limbs):

Business activity.

- Where more than 20% of its revenue attributable to products and/or services is systematically mapped as contributing to Environmental and/or Social Objectives using third-party vendor data. Fundamental analysis may also be used to assess a company where there is no third-party vendor data or where an analyst determines that the data is inaccurate or that there is a more appropriate materiality metric than revenue for identifying a company's contribution such as capital expenditure or recycled inputs.

Business practices.

- Where the issuer has set a de-carbonization target in accordance with the Science Based Targets initiatives as validated by third-party vendor data or by way of fundamental assessment.
- Demonstrable leadership attribute that evidences a company's critical role as an enabler of sustainable practices.

Fixed income securities.

- A use-of-proceeds bond will be a Sustainable Investment where the use of proceeds substantially contributes to an Environmental and/or Social Objective as determined by fundamental assessment.

- Other fixed income securities will be a Sustainable Investment where the security is aligned with Environmental and/or Social Objectives as determined by fundamental assessment such as environmental and/or social asset-backed and mortgage-backed securities issued by supranational entities committed to the promotion of UN SDGs.

(ii) Do no significant harm (DNSH)

Sustainable Investments meet the DNSH requirements, as defined by applicable law and regulation. BlackRock has developed a set of criteria across all Sustainable Investments to assess whether an investment does significant harm which consider both third party data points as well as fundamental insights. Investments are screened against these criteria using system-based controls and any which are considered to be causing significant harm do not qualify as Sustainable Investments. BlackRock assesses the indicators for adverse impacts on sustainability factors for each type of investment as defined by the regulation.

Climate principal adverse impact indicators will be assessed using BlackRock's proprietary Heightened Scrutiny Framework which identifies investments which present significant climate-related risk by assessing: (i) carbon emissions; (ii) readiness for the net zero transition; and (iii) climate-related disclosures.

All other indicators for adverse impacts are assessed using third-party vendor data on controversies to exclude investments which BlackRock has determined are harmful to sustainability indicators subject to limited exceptions, for example, where the data is determined to be inaccurate or not up to date.

Where no data is available, or it is substantially incomplete, fundamental analysis will be undertaken using reasonable efforts to identify impacts which BlackRock determines to be harmful to the sustainability indicators.

(iii) Meet minimum safeguards.

Sustainable Investments are assessed using third party data provider information to consider compliance with international standards of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights. Issuers deemed to have violated these conventions are not considered as Sustainable Investments.

(iv) Good Governance.

BlackRock ensures Good Governance checks are incorporated into the Fund's strategy by way of exclusing issuers based on an ESG controversy score (which measures an issuer's involvement in ESG related controversies) and also the exclusion of companies that are classified as violating United Nations Global Compact Principles.

<u>Other methodologies</u>

In addition, the following methodologies are used to measure how the social or environmental characteristics promoted by the Sub-Fund are met:

1. The Sub-Fund applies a set of exclusionary screens. Further details on the methodology of the exclusionary screens are set out in 'Section C – Environmental or social characteristics' above.

H. Data sources and processing

Data Sources

BlackRock Portfolio Managers have access to research, data, tools, and analytics to integrate ESG insights into their investment process. Aladdin is the operating system that connects the data, people, and technology necessary to manage portfolios in real time, as well as the engine behind BlackRock's ESG analytics and reporting capabilities. BlackRock's Portfolio Managers use Aladdin to make investment decisions, monitor portfolios and to access material ESG insights that can inform the investment process to attain ESG characteristics of the Fund.

ESG datasets are sourced from external third-party data providers, including but not limited to MSCI, Sustainalytics, Refinitiv, S&P and Clarity AI. These datasets may include headline ESG scores, carbon emissions data, business involvement metrics or controversies and 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.

Measures taken to ensure Data Quality

BlackRock applies a comprehensive due diligence process to evaluate provider offerings with highly targeted methodology reviews and coverage assessments based on the sustainable investment strategy (and the environmental and social characteristics or sustainable objective) of the product. Our process entails both qualitative and quantitative analysis to assess the suitability of data products in line with regulatory standards as applicable.

We assess ESG providers and data across five core areas outlined below:

1. Data Collection: this 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. We will also consider planned improvements.
2. Data Coverage: our assessment includes but is not limited to the extent to which a data package provides coverage across our investible universe of issuers and asset classes. This will include consideration of the treatment of parent companies and their subsidiaries as well as use of estimated data or reported data.
3. Methodology: our assessment includes but is not limited to consideration of the third-party providers methodologies employed, including considering the collection and calculation approaches, alignment to industry or regulatory standards or frameworks, materiality thresholds and their approach to data gaps.
4. Data Verification: our assessment will includes but is not limited to the third party providers' approaches to verification of data collected and quality assurance processes including their engagement with issuers.

5. Operations: we will assess a variety of aspects of a data vendors operations, including but not limited to their policies and procedures (including consideration of any conflicts of interest) the size and experience of their data research teams, their training programs, and their use of third-party outsourcers.

Additionally, BlackRock, actively participates in relevant provider consultations regarding proposed changes to methodologies as they pertain to third party data sets or index methodologies and submits considered feedback and recommendations to data provider technical teams. BlackRock often has ongoing engagement with ESG data providers including index providers to keep abreast of industry developments.

Describe how data is processed

At BlackRock, our internal processes are focused on delivering high-quality standardized and consistent data to be used by investment professionals and for transparency and reporting purposes. Data, including ESG data, received through our existing interfaces, and then processed through a series of quality control and completeness checks which seeks to ensure that data is of a high-quality before being made available for use downstream within BlackRock systems and applications, such as Aladdin. BlackRock's integrated technology enables us to compile data about issuers and investments across a variety of environmental, social and governance metrics and a variety of data providers and make those available to investment teams and other support and control functions such as risk management.

Use of Estimated Data

BlackRock strives to capture as much reported data from companies via 3rd party data providers as practicable, however, industry standards around disclosure frameworks are still evolving, particularly with respect to forward looking indicators. As a result, in certain cases we rely on estimated or proxy measures from data providers to cover our broad investible universe of issuers. Due to current challenges in the data landscape, while BlackRock relies on material amount of estimated data across our investible universe, the levels of which may vary from data set to data set, we seek to ensure that use of estimates is in line with regulatory guidance and that we have necessary documentation and transparency from data providers on their methodologies. BlackRock recognizes the importance in improving its data quality and data coverage and continues to evolve the data sets available to its investment professionals and other teams. Where required by local country-level regulations, funds may state explicit data coverage levels.

I. Limitations to methodologies and data

Limitations to Methodology

Sustainable investing is an evolving space, both in terms of industry understanding but also the regulatory frameworks on both a regional and global basis. BlackRock continues to monitor developments in the EU's ongoing implementation of its framework for sustainable investing and is seeking to evolve its investment methodologies to ensure alignment as the regulatory environment changes. As a result, BlackRock may update these disclosures, and the methodologies and sources of data used, at any time in the future as market practice evolves or further regulatory guidance becomes available.

The UN Sustainable Development Goals and sub-targets are used by BlackRock as a list of environmental and/or social objectives. Any assessment will be undertaken strictly in accordance with the methodology set out in the Prospectus. Assumptions associated with the conventional use of the SDGs are not

considered as part of the assessment including but not limited to applicable geographical limitations and those commitments that may be limited by time or scope, such as goals that may be applicable only to governments.

Limitations in relation to the data sources are noted below.

Limitations to Data

ESG data sets are constantly changing and improving as disclosure standards, regulatory frameworks and industry practice evolve. BlackRock continues to work with a broad range of market participants to improve data quality.

Whilst each ESG metric may come with its own individual limitations, data limitations may broadly be considered to include, but not be limited to:

- Lack of availability of certain ESG metrics due to differing reporting and disclosure standards impacting issuers, geographies or sectors.
- Nascent statutory corporate reporting standards regarding sustainability leading to differences in the extent to which companies themselves can report against regulatory criteria and therefore some metric coverage levels may be low.
- Inconsistent use and levels of reported vs estimated ESG data across different data providers, taken at varied time periods which makes comparability a challenge.
- Estimated data by its nature may vary from realized figures due to the assumptions or hypothesis employed by data providers.
- Differing views or assessments of issuers due to differing provider methodologies or use of subjective criteria.
- Most corporate ESG reporting and disclosure takes place on an annual basis and takes significant time to produce meaning that this data is produced on a lag relative to financial data. There may also inconsistent data refresh frequencies across different data providers incorporating such data into their data sets.
- Coverage and applicability of data across asset classes and indicators may vary.
- Forward looking data, such as climate related targets may vary significantly from historic and current point in time metrics.

For more information about how metrics that are presented with sustainability indicators are calculated, please see the Fund's annual report.

Sustainable Investments and Environmental and Social criteria

Sustainable investing and understanding of sustainability is evolving along with the data environment. Industry participants face challenges in identifying a single metric or set of standardized metrics to provide a complete view on a company or an investment. BlackRock has therefore established a framework to identify sustainable investments, taking into account the regulatory requirements.

BlackRock uses third-party vendor data in assessing whether investments cause significant harm and have good governance practices. There may be some circumstances where data is unavailable, incomplete, or inaccurate, in which case fundamental assessments may be undertaken, taking a proportionate approach and using reasonable efforts, to identify issues likely to have a significant impact. Despite reasonable efforts, information may not always be available in which case a subjective assessment will be made based on BlackRock's knowledge of the investment or industry. In certain cases data may reflect actions that issuers may have taken only after the fact, and do not reflect all potential instances of significant harm.

J. Due Diligence

BlackRock applies a high standard of due diligence in the selection and ongoing monitoring of investments made by the Fund for the purpose of compliance with the investment, liquidity and risk guidelines of the Fund, as well as the sustainability risk and ESG criteria and general performance. Portfolio Managers are subject to pre and post trade controls within the investment platform where the funds promote environmental or social characteristics, integrate sustainability into the investment process in a binding manner or have a sustainable investment objective. The Investment Oversight team conducts due diligence engagement with the portfolio managers and oversees internal restrictions that may expand upon requirements set out in the fund prospectus. The Portfolio Managers also comply with related EMEA policies, including Investment Due Diligence policies which have been updated to integrate sustainability risk. Legal and Compliance have implemented a framework to ensure that the relevant policies and procedures are adopted and complied with by all employees, including Portfolio Managers.

The Investment Adviser integrates sustainability risks into the investment due diligence process of the Fund. The portfolio managers of the Fund are primarily responsible for considering sustainability risks. They are subject to an oversight framework within the Investment Adviser and BlackRock's risk management function, RQA group also provides independent reviews of sustainability risks and the compliance team provides further oversight and monitors the ESG requirements relevant to each fund and the investment restrictions for each fund. RQA, serves as the second line of defence in BlackRock's risk management framework. RQA is responsible for BlackRock's Investment and Enterprise risk management framework which includes oversight of sustainability-related investment risks. RQA Investment Risk conducts regular reviews with portfolio managers to ensure investment teams are advised of relevant sustainability risks, complementing the first-line monitoring and oversight of sustainability considerations across our investment platform. RQA also has a dedicated Sustainability Risk Team that partners with risk managers and businesses to reinforce this constructive engagement. RQA collaborates with working groups throughout the Investments Platform and with Aladdin Sustainability Lab to advance the firm's sustainability toolkit through consultation on firmwide data, modelling, methodologies, and analytics. In addition, BlackRock makes data relating to principal adverse impacts available to all portfolio managers and BlackRock integrates consideration of the principle adverse impacts of investment decisions on sustainability factors in the investment due diligence process. For further information, please see 'Section D – Investment strategy' above.

K. Engagement Policies

The Fund

The Fund does not use engagement as a means of meeting its binding commitments to environmental or social characteristics or sustainable investment objectives. Third party investment managers have been

given the necessary authority under their discretionary sub-investment management agreement to act upon all proxies solicited by or with respect to the issuers of securities in which the assets of those funds pursuing fixed income strategies invest. The principles applied by each third party investment manager with regard to engagement can be obtained from BlackRock upon request.

General

Engagement with companies in which we invest our clients' assets occurs at multiple levels within BlackRock.

Where engagement is specifically identified by a particular portfolio management team as one of the means by which they seek to demonstrate a commitment to environment, social and governance issues within the context of SFDR, the methods by which the effectiveness of such engagement policy and the ways in which such an engagement policy may be adapted in the event that they do not achieve the desired impact (usually expressed as a reduction in specified principal adverse indicators) would be described in the prospectus and website disclosures particular to that fund.

Where investment teams chooses to leverage engagement, this can take a variety of forms but, in essence, the portfolio management team would seek to have regular and continuing dialogue with executives or board directors of engaged investee companies to advance sound governance and sustainable business practices targeted at the identified ESG characteristics and principal adverse indicators, as well as to understand the effectiveness of the company's management and oversight of activities designed to address the identified ESG issues. Engagement also allows the portfolio management team to provide feedback on company practices and disclosures.

Where a relevant portfolio management team has concerns about a company's approach to the identified ESG characteristics and/or principal adverse indicators, they may choose to explain their expectations to the company's board or management and may signal through voting at general meetings that they have outstanding concerns, generally by voting against the re-election of directors they view as having responsibility for improvements in the identified ESG characteristics or principal adverse indicators.

Separate from the activities of any particular portfolio management team, at the highest level, as part of its fiduciary approach, BlackRock has determined that it is in the best long-term interest of its clients to promote sound corporate governance as an informed, engaged shareholder. At BlackRock, this is the responsibility of BlackRock Investment Stewardship. Principally through the work of BIS team, BlackRock meets the requirements in the Shareholder Rights Directive II ('SRD II") relating to engagement with public companies and other parties in the investment ecosystem. A copy of BlackRock's SRD II engagement policy can be found at https://www.blackrock.com/corporate/literature/publication/blk-shareholder-rights-directiveii-engagement-policy-2022.pdf.

BlackRock's approach to investment stewardship is outlined in the BIS Global Principles and market-level voting guidelines. The BIS Global Principles set out our stewardship philosophy and our views on corporate governance and sustainable business practices that support long-term value creation by companies. We recognize that accepted standards and norms of corporate governance differ between markets; however, we believe there are certain fundamental elements of governance practice that are intrinsic globally to a company's ability to create long-term value. Our market-specific voting guidelines provide detail on how BIS implements the Global Principles – taking into consideration local market standards and norms – and

inform our voting decisions in relation to specific ballot items for shareholder meetings. BlackRock's overall approach to investment stewardship and engagement can be found at: https://www.blackrock.com/uk/professionals/solutions/shareholder-rights-directive and https://www.blackrock.com/corporate/about-us/investment-stewardship.

In undertaking its engagement, BIS may focus on particular ESG themes, which are outlined in BlackRock's voting priorities https://www.blackrock.com/corporate/literature/publication/blk-stewardship-priorities-final.pdf.

L. Designated reference benchmark

There is no specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes. However, before the end of the Initial Period the Sub-Fund does not use a reference benchmark for the purposes of attaining the ESG characteristic that it promotes, however, from the end of the Initial Period the €STR are used to compare certain ESG characteristics promoted by the Sub-Fund.

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