

BlackRock Netherlands B.V. (‘BNBV’)

Investment Firm Regulation ESG Public Disclosure

For the six-month period ending 30 June 2025

1. Introduction and context 3

2. Governance 6

3. Strategy10

4. Risk Management.....15

1. Introduction and context

1.1 Purpose

BlackRock (Netherlands) B.V. ('BNBV', 'BNBV Solo', 'the firm') is headquartered in the Netherlands and is regulated by the Autoriteit Financiële Markten / The Netherlands Authority for the Financial Markets ('AFM') as the primary regulator, and De Nederlandsche Bank ('DNB') from a prudential perspective. BNBV is an Investment Firm authorised under the Markets in Financial Instruments Directive ('MiFID') and falls under the prudential framework consisting of the Directive (EU) 2019/2034 ('the Investment Firm Directive,' 'IFD') and the Regulation (EU) 2019/2033 ('the Investment Firm Regulation', 'IFR').

Under Part Six of the IFR, in conjunction with the applicable technical standards and guidelines issued by the European Banking Authority ('EBA'), BNBV is required to publicly disclose the following quantitative and qualitative information: (i) risk management objectives and policies; (ii) governance arrangements; (iii) capital adequacy, levels of own funds held and own funds requirements; (iv) remuneration policies and practices; (v) investment policy; and (vi) environmental, social and governance ('ESG') risks, to provide transparency to their investors and the wider markets.

This document fulfils the public disclosure requirements related to 'ESG risks'¹, hereafter referred to as "sustainability risks"², under Part Six, and specifically Article 53, of the IFR for BNBV Solo and the BNBV Investment Firm Group ('BNBV Group'). Further information on the structure of BNBV Group is provided in sections 1.2 and 1.3 below. This disclosure should be read and considered in conjunction with the broader BNBV Public Disclosure³ made under Part Six, and specifically Article 46, of the IFR. As no template for the IFR Article 53 disclosure has been mandated by the EBA, this disclosure has been prepared with reference to guidance provided by the EBA on ESG risks in accordance with Article 35 of the IFD.

This disclosure document has been reviewed internally and approved by the Board of Directors of BNBV ('BNBV Board', 'the Board') for publication on the BlackRock website (<https://www.blackrock.com/nl/particuliere-beleggers/educatie/documentatie>).

1.2 BlackRock structure

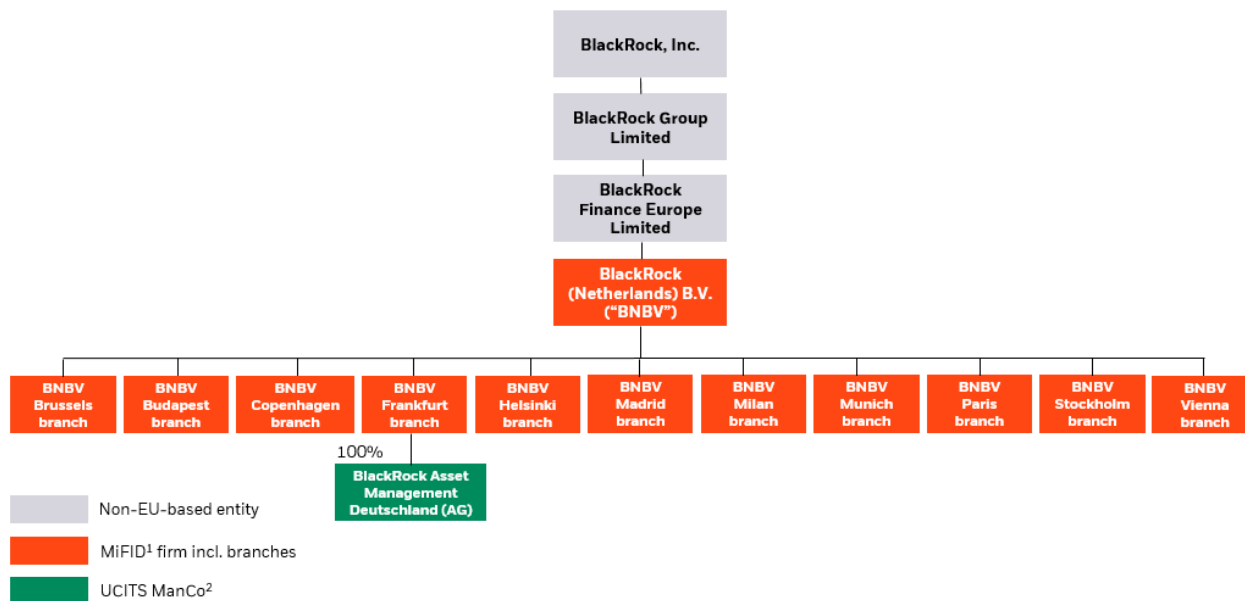
The firms which form the BNBV Group are illustrated in Figure 1. BNBV is a subsidiary of BlackRock Finance Europe Limited which is owned by BlackRock Group Limited ('BGL'). BGL, the holding company for certain of BlackRock's regulated business in Europe, the Middle East and Africa ('EMEA') (referred to collectively as the 'BGL Group'), is regulated in the United Kingdom ('UK') by the Financial Conduct Authority ('FCA'). The ultimate holding company for the BGL Group is BlackRock, Inc. (together with its subsidiaries, 'BlackRock').

¹ ESG risks or sustainability risks, are the risks of any negative financial impact on BNBV stemming from the current or prospective impacts of ESG factors on its investee companies or invested assets. ESG factors are environmental, social or governance matters that may have a positive or negative impact on the financial performance or solvency of an entity, sovereign or individual.

² For the purposes of this disclosure, 'sustainability risks' include climate-related risks wherever relevant.

³ The BNBV Disclosure document for the year ending 31st December 2024 is available at <https://www.blackrock.com/nl/particuliere-beleggers/literature/public-disclosure/bnbv-public-disclosure-2025.pdf>.

Figure 1 Summarised BNBV Group structure as at 30 June 2025



¹ MiFID is defined as Markets in Financial Instruments Directive.

² UCITS is defined as Undertakings in Collective Investment in Transferable Securities and ManCo is defined as Management Company.

BNBV holds a 100% controlling interest in a German subsidiary, BlackRock Asset Management Deutschland AG ('BAMDE') and a 24.26% economic interest in a German entity, Scalable GmbH ('Scalable'). Scalable is not regulated under IFR, however, it has three subsidiaries; Scalable Capital GmbH which is a digital investment manager and brokerage firm regulated under IFR, Scalable Capital Limited, which is a non-regulated UK company, and JustETF GmbH which is a non-regulated German company.

1.3 Basis of preparation

Article 5 of the IFR requires a firm to make public disclosures under Part Six of the IFR on an individual basis. Article 7(1) of the IFR requires firms to also comply with the requirements of Part Six (amongst other Parts) on a consolidated basis. Consequently, BNBV is required to disclose information on sustainability risks in line with Article 53 of the IFR on both an individual basis (i.e., for BNBV and its branches), and for the BNBV Group.

Under Article 7 of the IFR, prudential consolidation applies with respect to all investment firms, financial institutions, ancillary services undertakings and tied agents which form part of an investment firm group. During 2024, Commission Delegated Regulation (EU) 2024/1771 ('the Delegated Regulation') entered into force, specifying the scope and methods for prudential consolidation to be adopted for the purpose of IFR Article 7.

Prior to the publication of the Delegated Regulation, Scalable was included as a participation in the scope of the BNBV Group prudential consolidation. Following a review of the Delegated Regulation, and specifically Article 2, which clarifies the scope of prudential consolidation to be adopted for the purpose of IFR Article 7, it has been determined that BNBV's economic interest in Scalable does not meet the criteria for prudential consolidation. As a result, Scalable is no longer included in the prudential consolidation of the BNBV Group.

Article 46 of the IFR requires all information disclosed under Part Six to be published on the same date as the firm's annual financial statements. In addition, Article 53 of the IFR requires the disclosure on sustainability risks to be published biannually. BNBV will therefore publish an IFR Article 53 disclosure for the reference periods ending 30 June and 31 December each year.

In preparing this disclosure, BNBV has:

- Applied the principle of proportionality, taking into account its business model, size, the complexity of its activities and services, and the materiality of its exposure to sustainability risks; and
- Taken a gradual approach by giving greater focus to the integration of sustainability risk considerations within the firm's business strategy and governance arrangements in the first years of disclosure.

BNBV has disclosed all the information that it deems material. There have been no material changes in relation to BNBV's business in the six-month reference period ending 30 June 2025 that would impact this disclosure. For the purpose of this disclosure, information is regarded as material if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions.

1.4 Other sustainability-related disclosures

In addition to the requirements of the IFR, BNBV is also required to comply with the requirements of the Sustainable Finance Disclosure Regulation ('SFDR').⁴ This includes the requirement to prepare and publish a Statement on principal adverse impacts ('PAIs') of investment decisions on sustainability factors ('the PAI statement'). BNBV is required to publish a PAI statement no later than 30 June of each calendar year for the 12-month reference period that ends 31 December of the year preceding publication. The BNBV SFDR PAI statement is prepared for BNBV on a solo basis. BAMDE, which, as noted above, is a subsidiary of BNBV, also prepares an SFDR PAI statement.

The BNBV and BAMDE PAI statements include quantitative disclosures associated with the assets that BNBV and BAMDE, respectively, manage on behalf of their clients. The quantitative disclosures included in the PAI statement encompass 18 mandatory PAI indicators including, illustratively, the absolute Greenhouse Gas emissions associated with investments in investee companies, tonnes of emissions to water generated by investee companies, and exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) in investee companies. The PAI statements also include disclosure of two voluntary PAI indicators; for this purpose, both BNBV and BAMDE have elected to disclose (i) the share of investments in investee companies without carbon emission reduction initiatives aligned with the Paris Agreement, and (ii) the share of investments in entities without a human rights policy.

This disclosure should be read and considered in conjunction with the BNBV and BAMDE PAI statements.

⁴ This is a reference to 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. 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 the firm's commitment to strong leadership and oversight by the BlackRock Board and senior management. BlackRock's Board of Directors has oversight of the near- and long-term business strategy (including in relation to sustainability). The BlackRock Global Executive Committee ('GEC') sets the strategic vision and priorities of BlackRock and drives accountability at all levels. At BlackRock, sustainability issues are integrated into and regularly part of Board-level discussions of firm and business line strategy, and responsibility for sustainability oversight is shared across the full BlackRock Board and its committees. [BlackRock's Governance Overview](#) and [Corporate Governance Guidelines](#) provide more information on BlackRock's Corporate Governance framework, including the role and responsibilities of the BlackRock Board.⁵

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 BNBV Board aligns with BlackRock's strategy via its oversight and scrutiny of investment services offered by BNBV and ensures that it meets with local regulatory requirements as they relate to sustainability.

The BNBV Board has a critical role to play in ensuring that BNBV is aware of, and able to navigate, an ever-evolving risk landscape. BNBV operates under a one-tier management Board structure with a division of responsibility between the Non-Executive Directors ('NEDs') and the Executive Directors. Among other matters, the NEDs are responsible for ensuring that the BNBV Board is comprised of individuals who are best able to discharge the duties and responsibilities of directors. Their responsibilities focus primarily on the composition, appointment, succession, and effectiveness of the BNBV Board.

The NEDs' responsibilities include conducting an assessment of the skills, experience, independence, knowledge and diversity of both the individual Directors and the Board collectively. In addition, the NEDs are responsible for conducting a performance evaluation of the effectiveness of the BNBV Board, including the assessment of the Board structure, size, and composition. These reviews take place at least every two years and include consideration of sustainability-related knowledge and experience.

BNBV is committed to the highest governance standards. Sound internal governance arrangements are fundamental to the BNBV operational set up. In this context, the BNBV Board has adopted a governance structure comprised of Board and management committees to provide review, challenge, and oversight of the firm's risks. Governance arrangements, processes and mechanisms are in place to ensure BNBV has sufficient data and information to assess the group-wide risk profile. Furthermore, members of the BNBV Board represent BNBV on a wide range of cross-functional BlackRock committees within BlackRock EMEA and globally.

BNBV governance includes three entity-specific committees. The Operating Committee supports the Board by overseeing day-to-day operational execution. Following the governance requirements under the IFR and IFD regimes, BNBV established the Risk Committee and designated the BlackRock Management Development and Compensation Committee ('MDCC') to act as the BNBV Remuneration Committee. The Risk Committee covers risk matters pertaining to the BNBV Group (including its branches and its subsidiary), including in relation to sustainability-related risks. Board committees advise and support the NEDs in their supervisory role. An overview of BNBV's governance structure is provided in Figure 2.

⁵ As at 31 December 2024.

Figure 2 BNBV Governance structure as at 30 June 2025



To facilitate its oversight of sustainability-related risks and opportunities, the BNBV Board considered sustainability-related matters during the six months ending 30 June 2025. Topics considered by the Board included, illustratively, sustainability-related regulatory requirements, including in respect of the IFR and the SFDR. Where applicable, functional and business reporting to the Board continues to evolve, to enable the Board to exercise risk-related oversight (including in relation to sustainability risk) that is informed, strategic and closely aligned with the company’s business model and operations.

Functional groups

In practice, sustainability is integrated into different functions across BlackRock. Several teams focus on sustainability, while others integrate sustainability into their broader functional responsibilities, as appropriate. Figure 3 contains further information on the sustainability-related responsibilities of the relevant business functions. The functions noted here work with the local BNBV teams to deliver on client requirements, as required.

Figure 3 Functional Groups Involved in Sustainability-Related Matters⁶

Team	Sustainability-Related Responsibilities	Management Reporting Line
Aladdin	<ul style="list-style-type: none"> 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 the GEC
BlackRock Investment Institute ('BII')	<ul style="list-style-type: none"> Produces macro and portfolio research, including BlackRock's Capital Market Assumptions ('CMAs'). 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')	<ul style="list-style-type: none"> A dedicated function within BlackRock, which is responsible for stewardship activities on behalf of index equity strategies; engaging with companies, proxy voting on clients' behalf, contributing to industry dialogue on stewardship, and reporting on its activities. 	Global Head of BIS is a member of the GEC
Corporate Sustainability	<ul style="list-style-type: none"> Leads efforts to drive operational sustainability, establish sustainable business programs and policies, and engage key stakeholders on BlackRock's operational sustainability initiatives. 	Reporting line into Global Head of Corporate Affairs (GEC member)
Enterprise Services ('ES')	<ul style="list-style-type: none"> Manages BlackRock's owned and leased corporate footprint, including the energy efficiency and carbon reduction initiatives where BlackRock has operational control. Works alongside key stakeholders to plan and implement sustainability efforts in offices. Manages disaster recovery planning, strategy, and crisis activities. Monitors adherence to local environmental regulations and manages the firm's Environmental Management System. 	Global Head of ES reporting line to Global Head of Technology & Operations (GEC member)
Global Corporate Sustainability Controllers	<ul style="list-style-type: none"> 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 ('GAPP')	<ul style="list-style-type: none"> Engages in financial services public policy dialogue, including in relation to corporate disclosures, that include matters related to material risks and corporate sustainability, through engagement with policymakers and standard setters around the world, and through whitepapers, comment letters and consultation responses regularly published on BlackRock's website. 	Heads of GAPP report to Global Head of Corporate Affairs (GEC member)
Global Product Solutions ('GPS') / Sustainability and Transition Solutions ('STS')	<ul style="list-style-type: none"> Drives commercial strategy, shapes the firm's sustainability and transition product range and partners across the firm to deliver investment insights on topics such as the energy transition, physical climate risks and resilience. 	Chief Product Officer is a member of the GEC
Investment Divisions	<ul style="list-style-type: none"> BlackRock investment divisions include BlackRock Global Markets 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 the GEC and GEC Investment Sub-Committee

⁶ As at 31st December 2024

Legal & Compliance ('L&C')	<ul style="list-style-type: none"> 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')	<ul style="list-style-type: none"> Responsible for BlackRock's Investment and Enterprise risk management framework which includes oversight of sustainability-related investment risks. Evaluates investment risks, including financially material sustainability risks, 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. 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 the GEC and GEC Investment Sub-Committee

Remuneration

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).

BNBV is subject to BlackRock's governance processes with respect to remuneration. This helps ensure robust oversight of remuneration, effective management of any potential conflicts of interests and reflects the need to link remuneration decisions with risk appetite and profiles.

BlackRock's remuneration governance for EMEA operates as a tiered structure which includes: (i) the MDCC, which is the global, independent remuneration committee for BlackRock and is comprised entirely of NEDs of BlackRock, and also acts as Remuneration Committee of BNBV; and (ii) in respect of BNBV, the BNBV Board and the NEDs in particular. As the Remuneration Committee of BNBV, the MDCC is responsible for the preparation of decisions on remuneration of the Material Risk Takers ('MRTs') and putting those for approval to the BNBV NEDs. The BNBV NEDs have the task (acting on the recommendations of the MDCC) of approving the decisions prepared by the MDCC on the remuneration of MRTs, including BNBV's senior officers in the independent control functions.

BNBV's Human Resources, Legal & Compliance and Risk functions are involved in setting, implementing, overseeing, and reviewing the BNBV Remuneration Policy.

3. Strategy

BlackRock was founded with a commitment to understanding and managing investment risk, anticipating client needs, and working collaboratively to help clients achieve their investment goals. This dedication to making investing easier and more affordable is core to BlackRock’s strategy. BlackRock recognises that different clients have different investment preferences and objectives, and offers a wide range of investment products to help clients meet their investment goals, delivering on the instructions and guidelines that clients ultimately select.

This section discusses how sustainability risks and opportunities are considered within BlackRock’s strategy.

3.1 Sustainability-related risks and opportunities

BlackRock recognises the importance of effective identification, monitoring, and management of sustainability-related risks and opportunities across its global business and corporate operations. BNBV’s exposure to sustainability-related risk is primarily indirect, with such risks having the potential to affect future revenues and expenses, as opposed to assets and liabilities. The assets that BNBV manages belong to BNBV’s clients, not BNBV. BNBV typically earns investment management fees as a percentage of assets under management (‘AUM’). BNBV also earns performance fees on certain portfolios relative to an agreed-upon benchmark or return hurdle.

Sustainability-related opportunities

BlackRock believes that its \$1 trillion⁷ in dedicated sustainable and transition investment strategies, which includes assets managed on behalf of BNBV clients, is well-positioned to meet the demand of clients who are seeking to invest in products aligned with sustainability. Further information on BlackRock’s sustainable and transition investing platform is provided in section 3.2, below.

Sustainability-related risks

Figure 4 contains a summary of the principal climate and sustainability related risks that BlackRock has identified, and which have also been deemed relevant to BNBV’s business strategy, together with an indication of the primary anticipated financial impact arising from each of these risks on BNBV’s strategy.

Figure 4 Summary of climate and sustainability-related risks⁸

Risk	Description	Primary Anticipated Financial Impact
Market	Market-related risks are among the key risks to BlackRock’s business. Fluctuations in asset value due to sustainability-related risks could affect client investment strategies or allocations in a manner that could impact BlackRock’s business.	Reduced revenues
Product	Changes in client preferences and/or changes to regulation relating to sustainability considerations may impact product demand and in turn may impact BlackRock’s revenue and earnings.	Increased expenses and / or reduced revenues
Reputation	BlackRock is subject to preferences from different stakeholder groups with various views on sustainability-related matters, which may present real or perceived reputational risks that could impact BlackRock’s business.	Reduced revenues
Regulatory	New, extensive and/or divergent environmental and sustainability-related disclosure requirements, regulations, guidance or taxes that apply to BlackRock’s products or other aspects of BlackRock’s operations could increase compliance costs or require BlackRock to alter business or operating activities. New laws, regulations or guidance could affect client investment strategies or allocations in a manner that could impact BlackRock’s business.	Increased expenses and/or reduced revenues

⁷ As at 31 December 2024

⁸ The inclusion of sustainability-related risks in Figure 4 should not be construed as a characterisation regarding materiality or financial impact of these risks.

3.2 Investment Approach

While BlackRock has identified the principal sustainability related risks outlined above, BlackRock's diversified platform and commitment to providing choice to its clients creates flexibility in its business model that is likely to support the firm's resilience.

BlackRock's mission is to help more people invest better. 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.

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

- Understanding the client's investment objectives and then offering choice based on how and where clients wish to invest their money;
- Helping clients seek the best risk-adjusted returns based on their choices; and
- Underpinning its work with research, data, and analytics⁹.

Where relevant and consistent with a fund or account's investment objectives, BlackRock incorporates financially material sustainability data or information, alongside other information into firmwide processes, where relevant, with the objective of enhancing risk-adjusted returns of clients' portfolios. 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. Depending on the investment approach, this financially material environmental, social and/or governance data or information may help inform due diligence, portfolio construction, and/or monitoring processes of the portfolios, as well as the firm's approach to risk management. Please refer to the BlackRock [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.

Sustainable and transition investment solutions

To enable choice and meet client demand, BlackRock offers a wide range of sustainable and transition investment strategies to clients. As of 31 December 2024, BlackRock had over 500 funds globally covering a spectrum of sustainable and transition solutions, as well as customised solutions to meet clients' objectives, and managed \$1 trillion of sustainable and transition investing AUM on behalf of clients. The sustainable and transition investing platform includes assets managed on behalf of BNBV's clients.

BlackRock's sustainable and transition investment solutions provide clients with choice to invest in line with their specific investment goals and objectives. Across the available strategies, products use environmental, social and / or governance data as a portfolio construction input. A subset of those products also seek 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 5.

⁹ Please see: [Our approach to sustainability](#).

Figure 5 BlackRock sustainable and transition investing 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 “intentionality” in line with Operating Principles for Impact Management.

3.3 Investment Stewardship¹⁰

Investment stewardship is core to BlackRock’s role as an asset manager and a fiduciary to its clients.

As stewards of its clients' assets, BlackRock engage with companies and vote at shareholder meetings to promote sound corporate governance and business practices that support companies in delivering durable, risk-adjusted financial returns over time. BlackRock is committed to building strong relationships through constructive, on-going dialogue with the boards and executive management of the companies in which its clients are invested.

As a link between its clients and the public companies they are invested in, BlackRock offers a range of investment stewardship options to reflect clients’ individual investment choices and goals.

BlackRock’s stewardship policies are developed and implemented 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. BAIS partners with BlackRock’s active investment teams on company engagement and voting in relation to their holdings.

Index or active, BlackRock’s stewardship teams, and all of its stewardship efforts across the firm, are focused on making decisions consistent with clients stated objectives.

¹⁰ In October 2024, BlackRock announced the creation of BAIS, a dedicated stewardship team for active portfolios. Starting in 2025, BAIS supports BlackRock’s active investment teams and builds upon the ability they have always had to engage, and exercise votes consistent with their portfolio objectives.

BlackRock's stewardship program has four key pillars:

1. Engaging with companies

BlackRock stewardship analysts engage with the boards and management of companies in which clients are invested to listen to their perspectives on material business risks and opportunities they are facing to help make more informed voting decisions.

2. Proxy voting on behalf of clients

Voting at a company's shareholder meeting is a basic right of share ownership and the formal means by which investors express their views on a company's corporate governance and performance.

When authorised by clients to vote on their behalf, BlackRock votes to convey support for or concern about a company's approach to delivering financial returns for investors over time.

3. Contributing to industry dialogue on stewardship

BlackRock's stewardship teams contribute to market-level discussions to share perspectives on topical and emerging stewardship issues.

4. Reporting on BlackRock's stewardship activities

BlackRock informs clients about its stewardship activities on their behalf through a range of publications on the BlackRock website, as well as through direct reporting.

Offering more choice to meet our clients' investment needs

In addition to BlackRock's stewardship policies - developed and implemented independently by BlackRock Investment Stewardship and BlackRock Active Investment Stewardship - BlackRock offers two additional stewardship options to provide clients with more choice to meet their investment needs.

- BlackRock Voting Choice – sometimes known as pass-through voting – provides eligible clients with more opportunities to participate in the proxy voting process, where legally and operationally viable.
- The climate and decarbonisation stewardship program applies only to funds that have climate and decarbonisation objectives and that have been explicitly approved for inclusion in the program by the respective fund board. Separately managed accounts clients may also instruct BlackRock to apply the program to their holdings. BIS and BAIS will separately administer the program for their respective in-scope strategies.

3.4 Industry Engagement & Public Policy

BlackRock advocates for public policies that it believes are in the long-term financial 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 team contributes to financial services public policy discourse. The team comments on public policy topics through, among other things, its published *ViewPoints* series of whitepapers, which examine public policy issues and assess their implications for investors, and through comment letters and consultation responses that BlackRock submits to policy makers and publishes on the firm's website.

As it relates to climate and sustainability disclosure related policy matters, BlackRock strives to engage constructively in the global dialogue through participation in industry trade associations as well as through engagement with policymakers and standard setters around the world.

In order to better serve the firm's clients, BlackRock participates in hundreds of organisations and trade groups relevant to clients across different issues, sectors, and regions, and participates in dialogue that may impact client portfolios. Participation in these groups helps BlackRock provide insights to clients interested in ways to mitigate

risk and capture opportunities associated with, among other things, sustainability and the transition to a low-carbon economy.¹¹

3.5 Sustainability-related stress testing

BNBV performs an Internal Capital Adequacy and Risk Assessment Process ('ICARAP') to assess the level of capital and liquidity that is considered adequate to cover the nature and level of the risks which the firm is or might be exposed to. The potential financial impact of sustainability risk (among other risk types) is considered in the BNBV ICARAP using stress testing scenarios. The 2025 BNBV ICARAP incorporates sustainability related stress testing, including the consideration of sustainability-related regulatory and reputational risks. The impact of these stress test scenarios is assessed over a three-year time horizon. The stress tests illustrate that, while a reduction in profitability is forecast, BNBV remains profitable and maintains sufficient capital and liquidity to satisfy its regulatory own funds threshold requirements.

¹¹ In joining various industry groups, BlackRock does not make any commitments or pledges that may interfere with the firm's fiduciary duty to clients. BlackRock's investment decisions are governed strictly by the firm's fiduciary duty to clients, and that duty requires BlackRock to prioritise their financial interests above any commitments or pledges not required by law.

4. 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. BlackRock employs a three-lines of defense approach to managing investment risks in client portfolios. BlackRock's investment teams and business management are the primary risk owners, or first line of defense. Portfolio managers and research analysts are responsible for evaluating the financially material environmental, social and / or 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 sustainability-related risks taken into account may include risks from regulatory change or litigation and exposure to physical impacts such as flooding or other extreme weather events or changes in temperature.

BlackRock's risk management function, RQA, serves as the second line of defense 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, 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. 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 defense, 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.

4.1 Sustainability risk identification

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 are identified through exposure to risk management Key Performance Indicators ("KPIs") linked to environmental, social and/or governance-related risk factors. Certain issuers may be particularly exposed to heightened sustainability risks through their sector or business practices. BlackRock has developed a Heightened Scrutiny Framework to identify and monitor issuers particularly exposed to heightened environmental, social and/or governance risks.

4.2 Description of sustainability risks

BlackRock defines Sustainability risk as an inclusive term to designate an investment risk (risk of financial loss or adverse outcome to clients' performance or risk expectations) that may result from environmental, social and / or governance related circumstances. As with other investment risks and opportunities, the financial materiality of sustainability risks may vary by issuer, sector, product, mandate, and time horizon.

Investment risks can be grouped into two broad categories of risk: intra-market risks, those that fall within the financial market system and extra-market risks, those that are external to financial markets (please see BlackRock's [Investment Risks Statement](#) for further information). Examples of sustainability-related risks may include but are not limited to:

- **Environmental Risk:** Risk associated with environmental issues which may include but are not limited to water use or land use (which may be impacted by regulations or climate change), waste management and climate risk. Climate risks include:
 - **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.

- **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, forced labour exposure or human capital management, impacts on the communities in which a company operates, customer loyalty, and relationships with regulators.
- **Governance risk:** Governance related risks may include board structure, tax compliance or anti-bribery and corruption practices (or lack thereof) and anything related to the core means by which boards can oversee the creation of durable, long-term financial value.

4.3 Sustainability risk assessment

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.

Each sustainability risk assessment is specific to the asset class and to the product’s objectives. Different asset classes may utilise different data and tools to assess materiality and make meaningful differentiations among issuers and assets. Risks are considered and actively risk managed concurrently, by prioritising based on materiality and on the product’s / account's objective, as well as ensuring that the risk taking is deliberate, diversified and scaled.

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