

Companies Act s172 Statement

The Companies Act 2006 has been updated to include a new statutory reporting requirement for financial reporting years beginning on or after 1 January 2019. As a result, the directors of BlackRock Fund Managers Limited ("the Company") are required to give an annual statement which describes how they have had regard to the matters set out in section 172(1) of the Companies Act 2006 when discharging their duty under that section.

Under section 172 of the Companies Act 2006, the directors of the Company must act in the way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, they should have regard to other factors, including but not limited to:

- a) the likely consequences of any decision in the long term;
- b) the interests of the Company's employees;
- c) the need to foster the Company's business relationships with suppliers, customers and others;
- d) the impact of the Company's operations on the community and the environment;
- e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly as between members of the Company.

Upon appointment to the Board, and on an ongoing basis, the directors receive training covering, among other things, information on their duties, including under section 172 of the Companies Act 2006. The directors of the Company have had regard to each of the above requirements of section 172 of the Companies Act 2006 as follows:

The likely consequences of any decision in the long term

The Company is a subsidiary of BlackRock Investment Management (UK) Limited ("BIM"), which is itself a subsidiary of BlackRock, Inc. ("BlackRock"). Corporate strategy for BlackRock's business activities is developed and reviewed at both the global and EMEA regional level which includes the UK. As an integrated part of BlackRock, the Company operates within the established corporate governance framework in the EMEA region. As a subsidiary, the Company's strategy promotes the regional purpose (albeit adjusted for the UK market and regulatory framework) developed by the Head of EMEA (who serves as a member of the board of BIM), which in turn implements the global purpose developed by BlackRock, Inc. The EMEA Executive Steering Committee and EMEA Executive Committee act in an advisory and information sharing capacity to assist the Head of EMEA with strategy and planning. The Head of the UK and the EMEA Head of Corporate Strategy work with the Head of EMEA in order to ensure that strategy is designed and implemented in a manner that is consistent with BlackRock's global growth priorities, and in a manner that is suited to the UK market.

Global and regional industry trends and areas of strategic focus, and how they relate to the services that the Company provides, are outlined elsewhere in the Strategic Report within the Company's full financial statements. The CEO of the Company, together with the Board, is ultimately responsible for the conduct of the Company's business and escalates to the BlackRock Group Limited ("BGL") Board where appropriate (BGL is where all key regulated governance activities take place above BFM). The CEO of the Company takes the management lead on activities on behalf of the Company's Board as directed, securing access to resources and overseeing activities as required.

The Board is responsible for the management and oversight of the Company's business and operations. The Company acts as the manager of a number of open-ended UK domiciled Undertakings for Collective Investment in Transferable Securities ("UCITS") and Alternative Investment Funds ("AIFs"), as well as acting as the Alternative Investment Fund Manager ("AIFM") to a number of UK Investment Trusts, AIFs domiciled in the UK and in Jersey, and a range of AIFs domiciled in the Cayman Islands. The Board receive periodic updates from various BlackRock functions including, but not limited to, Legal, Compliance, Risk, Financial Crime, Client Assets and Client Money ("CASS"), Distribution, Client Business teams, Product Tax, Investment Oversight, Technology and Operations, Investment Trusts and Securities Lending. In addition, the Board receives key updates from Finance on quarterly financial performance and position, profitability and regulatory capital position; and also receives periodic updates from the Company's Internal Audit function in relation to key process and control observations. The EMEA Executive COO, who is also a member of the BIM Board of directors, attends meetings of the Company's Board of directors on a biannual basis to update the Company on the activities of its parent company.

Key examples of how the Board has considered the likely consequences of any decision in the long term in the current year include:

- On 31 January 2020 the United Kingdom (the "UK") formally withdrew and ceased being a member of the European Union (the "EU"). Following this, the UK entered into a transition period which lasted for the remainder of 2020, during which period the UK was subject to applicable EU laws and regulations. The transition period expired on 31 December 2020, and EU law no longer applies in the UK. To address the impact of the UK's exit, BlackRock successfully implemented its Brexit plans. These plans were limited in terms of impact on BFM. The impact was focussed on the registration of a relatively small number of non-EU

domiciled alternatives funds under Article 42 of Alternative Investment Fund Managers Directive "AIFMD". This enabled these funds, for which BFM acts as AIFM, to continue to be marketed in the EU.

- In March 2020, for the first time since its launch in 1982, the BlackRock UK Property Fund suspended all trading (subscriptions and redemptions) in its units. This was as a result of the initial impact of the COVID pandemic on the UK real estate market and the inability for valuers to accurately ascertain the value of the Fund's investments (and therefore its NAV). The suspension was lifted in September 2020, once the NAV of the Fund could be valued reliably. FCA guidance was taken into account in relation to lifting of the suspension, despite the Fund not being regulated by the FCA.
- Conversion of units held by existing corporate and retail unit holders for units in the same fund but charging a lower management fee where the directors considered this was in the unitholders' best interests;
- Throughout 2020 the Board critically assessed the value offered by each of its authorised funds, including taking corrective action and finally publishing a public assessment of value statement.

The impact of the Company's operations on the community and the environment

BlackRock has committed to put sustainability at the centre of risk management, portfolio construction, product design and investee company engagement. The commitment has been communicated to the Board by the Head of EMEA, and further communicated to all stakeholders in a letter to shareholders of BlackRock, Inc. during January 2020, which can be accessed at the following link:

<https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter>

BlackRock continues to work to decouple company growth from environmental impact, while increasing the efficiency and resiliency of operations. BlackRock's core environmental focus is on identifying innovative ways to lower emissions. BlackRock is committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner and has set science-based emissions reduction targets. This long-term view comes to life in BlackRock's commitment to saving, protecting, and restoring our natural environment by better managing our resources in the operations of our business and in the communities in which we operate. In December 2020 BlackRock Inc. published its first Task Force on Climate-Related Financial Disclosures ("TCFD")-aligned report detailing BlackRock's climate-related risks and opportunities, which can be accessed at the following link:

<https://www.blackrock.com/corporate/literature/continuous-disclosure-and-important-information/tcfd-report-2020-blkinc.pdf>

The desirability of the Company maintaining a reputation for high standards of business conduct The CEO of the Company, in particular, has an important role in ensuring the embedding of BlackRock's culture in the Company's activities and relations with stakeholders. To promote the success of the Company in this regard, the CEO of the Company has a robust understanding of BlackRock's culture, policies and practice, as well as the processes around performance management and rewards. The CEO of the Company also ensures that delegation arrangements, both internally and externally, are overseen with appropriate supervision and monitoring and that operations and resources, including the establishment and maintenance of effective internal controls and management information systems, are appropriate. In addition to this, the CEO also ensures the Company is fully compliant with the rules relating to the Senior Manager Certification Regime ("SMCR").

As referred to above, in its capacity as an Authorised Fund Manager ("AFM") and in adherence to the FCA rules following the FCA's Asset Management Market Study ("AMMS"), with effect from 2019, the Company annually conducts and provides to its investors an assessment of value for UK authorised funds. Other work conducted by BlackRock throughout 2019 and 2020 and pursuant to the AMMS, in respect of the Company includes:

- A review of the UK range of funds and their investment objectives and policy language, with subsequent revisions made to the Prospectus and Key Investor Information Document ("KIID") disclosures for the BlackRock Authorised Unit Trusts and BlackRock Authorised Contractual Schemes ("Schemes"), to provide a better description of the manner in which the Unit Trusts and Schemes are managed and perform against their objectives, so unitholders can better understand how to assess fund performance;
- the Board critically considered how remuneration and material relationships might impact the independent judgement and character of its Independent Non-Executive Directors.

The need to act fairly between members of the Company

The Company is a wholly owned subsidiary of BlackRock Investment Management (UK) Limited. Furthermore, the Company is part of a wider group and therefore the duties of the directors of the Company are exercised in a way that is most likely to promote the success of the Company for the BlackRock group as a whole, while having regard to factors outlined in section 172(1) Companies Act 2006.

This statement is also available on the Company's website at:

<https://www.blackrock.com/uk/individual/literature/policies/s172-corporate-governance-statements.pdf>