BlackRock Fund Managers Limited

Companies Act s172 Statement

Under section 172 of the Companies Act 2006 ("s172"), the board of directors ("Board") of BlackRock Fund Managers Limited (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:

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

The Board has had regard to each of the above requirements of s172 during the year ended 31 December 2021 as follows:

The likely consequences of any decision in the long-term
As a subsidiary of BlackRock Investment Management (UK) Limited ("BIM UK"), which is itself a subsidiary of BlackRock, Inc. ("Blackrock"), the Board shares the purpose developed by the BlackRock board of directors and considers how best to implement that purpose in the Company’s values, strategy and culture.

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 of directors where appropriate (BGL is the regional parent company). The CEO of the Company takes the management lead on activities on behalf of the Company’s Board as directed including liaising with the BGL board of directors, securing access to resources, and overseeing activities as required.

The Board is responsible for overseeing the implementation of the Company’s long-term strategic objectives and receives regular updates from the EMEA Chief Operating Officer ("EMEA COO") on the delivery of corporate strategy, regional and industry trends, in Board meetings and informal briefing sessions. The Board was kept informed by the EMEA COO regarding the results of BlackRock’s regular Employee Opinion Surveys, which included new questions in relation to employees' mental and emotional wellbeing in the context of the COVID-19 pandemic.

Key examples of how the Board have considered the likely consequences of any decision in the long-term for the year ended 31 December 2021 include:

• Critical assessment of the value offered by each of its authorised funds, including taking corrective action and publishing an Assessment of Value statement.
• Closure of Class A units for certain BlackRock Collective Investment Funds and the transition of investors to more competitively priced Class D shares where the Company has sufficient information to access and this was believed to be in their best interest overall.
• Negotiation with the administrator for all Annual Service Charge ("ASC") charging units of a circa $10m annual cost reduction of the ASC. The Board approved a 1 basis point reduction across all ASC charging unit classes to pass on this benefit to clients.

• Consideration of appropriate Alternative Reference Rates as part of the transition project for LIBOR-linked instruments and funds.

**The interests of the Company’s employees**

Although the Company has no employees, individuals employed by other group companies who undertake functional activities on behalf of the Company are subject to high standards of compliance and conduct training, in line with BlackRock’s global and regional standard requirements. BlackRock’s Code of Conduct requires all employees to comply with the FCA’s individual conduct rules: to act with integrity; to act with due skill, care and diligence; to be open and cooperative with the FCA and other regulators; to pay due regard to the interests of customers and treat them fairly; and to observe proper standards of market conduct.

BlackRock retained the law firm Paul Weiss to review the structure and process for internal HR investigations and grievances, which led to the following new appointments during 2021:

- Debbie Barry, Global Head of Employee Relations Investigations;
- Michelle Gadsden-Williams, Global Head of Diversity, Equity and Inclusion; and
- Rachael Akohonae, Global Head of Employee Relations.

In addition, BlackRock launched a mandatory ‘Citizen’s Academy’ online training program to promote an inclusive culture among employees.

**The need to foster the Company’s business relationships with suppliers, customers and others**

The Company uses suppliers to help support and enhance business activities. BlackRock has a dedicated service vendor management team responsible for onboarding and monitoring of its key vendors. In addition, BlackRock has formal processes and procedures in place to manage supplier risk and service delivery, such as regular performance reviews for key suppliers. BlackRock maintains a Supplier Code of Conduct & Ethics which outlines the minimum expectations and standards of all of BlackRock’s suppliers in relation to human rights, inclusion and diversity, environmental sustainability, integrity and ethics in management practices.

In response to the evolving needs of clients, BlackRock has evolved its distribution model across all BlackRock products, platforms and technology, to encourage the Company’s growth as a regional business in the United Kingdom. BlackRock is also introducing proxy voting choice for selected institutional funds, including the ACS1 and ACS2 fund ranges, in order to expand the opportunity for clients to participate in proxy voting decisions.

The Company is subject to regulatory oversight by the FCA in the UK. The Board and senior management ("Management") have regular interactions with the FCA, providing open and transparent information on a proactive and reactive basis at all levels of Management. A comprehensive control framework exists across Risk, Compliance and Internal Audit functions in order to oversee the Company’s business operations, with regular reporting provided to the Board on regulatory matters.

Material matters relating to business relationships with suppliers, customers and other stakeholders are reported to the Board by management as required.

**The impact of the Company’s operations on the community and the environment**

BlackRock’s purpose - to help more and more people experience financial wellbeing - reflects the belief that BlackRock has an important role to play in helping improve people’s lives, the community and the environment. BlackRock has a responsibility to millions of people in the UK (and around the world), and an urgent social purpose. By improving the relationship people have with their money, BlackRock can help improve their financial wellbeing - and their overall wellbeing. BlackRock has committed to integrate sustainable business practices into its strategy and operations.

As a subsidiary of the BlackRock group, the Company has considered the calculation methodology and presentation for its Streamlined Energy and Carbon Reporting ("SECR"), which comprises an annual statement on the Company’s energy consumption and greenhouse gas emissions. The Company opted for an approach that reflects the key aim of the SECR regulation and guidance on energy and carbon disclosures, i.e. greater transparency on energy usage and emissions by reporting entities.

BlackRock has also launched a Social Mobility Initiative, an employee-led initiative in the UK dedicated to socio-economic diversity at BlackRock. This forms a key part of BlackRock’s Diversity, Equity and Inclusion agenda,
focusing on equal access to opportunities, increased representation of people from lower socio-economic backgrounds at senior levels and driving increased transparency and change in the financial services industry.

S Corrigall - Chief Executive Officer - took up a position as co-Chair of BlackRock's internal GIVES network on 1 March 2022. This is a 600+ person employee network, aimed at championing employees' fundraising and volunteering initiatives, empowering them to become agents of social change and living BlackRock's purpose-driven culture.

In the UK, BlackRock has been a member of the Productive Finance Working Group, a group established by the Bank of England, HM Treasury and FCA to promote investment in UK productive finance assets supporting the growth of the UK economy.

BlackRock has communicated its sustainability commitments to all stakeholders in a letter to its shareholders, which can be accessed at the following link:

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

The Board believes that the actions outlined in this letter will assist clients in preparing their portfolios for a net zero world, including:

- publishing a temperature alignment metric for the Company’s public equity and bond funds, where sufficient data is available;
- incorporating climate considerations into BlackRock’s capital market assumptions;
- implementing a “heightened-scrutiny model” in our active portfolios as a framework for managing securities that pose significant climate risk; and
- using investment stewardship to help promote mitigation of climate risk by the companies our clients are invested in.

BlackRock made important commitments as a firm in its own corporate practices and disclosures, as well as in public policy. These commitments include the following:

- As a firm, BlackRock will work to meet the same standards of transparency that it asks of the companies its clients are invested in.
- As a voice for end investors, BlackRock will strive to advance a just transition to net zero.

**The desirability of the Company maintaining a reputation for high standards of business conduct**

BlackRock’s culture is a key differentiator of the Company’s strategy and helps to drive results and long-term growth. The Company’s culture unifies the firm and helps to reinforce ethical behaviour at all levels. BlackRock’s approach to instilling, reinforcing and enhancing our culture is deliberate and intentional. The Board embeds BlackRock’s culture of fiduciary commitment to serve clients and stay ahead of their needs. BlackRock has mandatory Senior Manager Certification Regime (“SMCR”) compliance training and the CEO of the Company is responsible for ensuring that the Company is fully compliant with the rules on SMCR.

The Board hold regular meetings with management, by way of formal meetings and education sessions, to ensure that oversight and control of the Company’s business operations is maintained, and where necessary, constructive challenge can be provided. This enables the Company’s businesses to deliver strategy in a manner consistent with the BlackRock group’s purpose and culture.

The Board also carried out an annual exercise to consider critically how remuneration and material relationships might affect the independent judgment and of its Non-Executive Directors.

**The need to act fairly between members of the Company**

The Company is a separate legal entity and is therefore making this statement as such, but in practical terms, the Company is part of a wider group and therefore the duties of the Board 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.