

BlackRock

**BlackRock Fund Managers
Limited**

TCFD Entity Report

For the year ending 31 December 2025

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1. Introduction and context

1.1 Purpose

BlackRock Fund Managers Limited ('BFM', 'the Company') is regulated by the Financial Conduct Authority ('FCA') as a collective portfolio management firm.

This document fulfils the FCA's Environmental, Social and Governance ('ESG') sourcebook requirement for firms to prepare and publish a 'TCFD entity report' containing climate-related disclosures consistent with the Task Force on Climate-Related Financial Disclosures ('TCFD') *Recommendations and Recommended Disclosures*.¹ This TCFD entity report sets out how the Company considers climate-related matters when managing assets on behalf of clients, encompassing disclosure of *Governance, Strategy and Risk Management* arrangements, as well as relevant climate-related *Metrics and Targets*.

This report contains entity-level disclosures; whilst some of the disclosures contained in this report may be relevant for product-level reporting, this should not be considered a product-level report.

1.2 BlackRock structure and business activities

BFM's principal activity is the management and oversight of UK Undertakings for Collective Investment in Transferable Securities ('UCITS') funds and both authorised and unauthorised Alternative Investment Funds ('AIFs').

BFM is a subsidiary of BlackRock Investment Management (UK) Limited ('BIM (UK)'), which itself is a subsidiary of BlackRock Finance Europe Limited ('BRFE').² BRFE is a subsidiary of BlackRock Group Limited ('BGL'), a company domiciled in the UK and the holding company for certain of BlackRock's regulated businesses in Europe, the Middle East and Africa ('EMEA'), known as the 'BGL Group'. The BGL Group's principal activity is the provision of investment management and advisory services through its regulated subsidiaries. BGL is owned by BlackRock, Inc. ('BlackRock', the 'firm') through multiple holding companies.

BFM has no direct employees; other BGL Group subsidiaries, including BIM (UK), carries out investment management activities on BFM's behalf. BIM (UK) is also required to prepare a TCFD entity report in accordance with the requirements of the FCA ESG sourcebook. This can be accessed via the following link: [BIM \(UK\)'s TCFD entity report](#).

1.3 Basis of preparation

This TCFD entity report has been prepared for BFM on a solo basis in accordance with the relevant provisions contained in the ESG sourcebook, the TCFD Recommendations and Recommended Disclosures, and the applicable sections of the 2021 TCFD Annex³ as required under ESG 2.1.6R. Where appropriate, this entity report cross-refers to the [BlackRock 2025 Climate Report](#); cross-referral is made only in respect of matters that are directly relevant to BFM.

Chapter 2.1 of the ESG sourcebook requires firms to prepare and publish a TCFD entity report no later than 30 June each calendar year. The BFM TCFD entity report adopts a 12-month reporting period that ends on 31 December of the year prior to the date of publication.

¹ TCFD Recommendations and Recommended Disclosures is a reference to the TCFD report entitled 'Recommendations of the Task Force on Climate-related Financial Disclosures' (the 'TCFD Final Report') and, specifically, the four pillars and the eleven recommended disclosures detailed in section C (Figure 4) of the report. The TCFD was formally disbanded in October 2023 following the incorporation of its recommendations into the International Sustainability Standards Board Climate disclosure standard. BFM continues to prepare this report in alignment with the TCFD Recommendations, as required under the FCA's ESG Sourcebook.

² On 19 January 2026, BIM (UK)'s immediate holding company changed from BlackRock Finance Europe Limited to BlackRock Group Limited.

³ The 2021 TCFD Annex updates and supersedes the 2017 version of "Implementing the Recommendations of the TCFD". It provides both general and sector-specific guidance on implementing the Task-Force's recommendations. ESG 2.1.6R(1) and (3) require the company to ensure its TCFD entity report reflects, to the extent it is relevant, the guidance in section C and part 4 section D of the TCFD Annex. 2021-TCFD-Implementing-Guidance.pdf (bbhub.io)

In line with the requirements outlined in the ESG sourcebook chapters 1.1 and 1.2, the disclosures contained in this report relate to assets managed in connection with the Company's TCFD in-scope business. For BFM, TCFD in-scope business is the management of UK UCITS and AIFs. The disclosures provided in this report relate only to BFM as an asset manager acting on behalf of clients and do not encompass BFM's corporate operations.

In the event that the entity-level governance, strategy or risk management arrangements disclosed in this report diverge from the approach taken at a product level, such divergence will be explained in the relevant TCFD product or on demand report, as appropriate. Clients should refer to the relevant product-level or on-demand report for further information. BFM is also required to produce TCFD product reports in line with the ESG sourcebook. These reports can be accessed at [Product Level Disclosures](#).

BFM leverages relevant BlackRock policies, processes and methodologies, and draws upon the expertise of the wider BlackRock business, including business functions that are organised globally, where required and appropriate. As such, and unless otherwise stated, references throughout this report to BlackRock's policies, processes or methodologies encompass BFM and its activities.

It is anticipated that BFM's approach to TCFD entity reporting will continue to evolve, particularly as climate-related data and quantification methodologies develop further. The quantitative methodologies adopted for the current report, together with the known limitations of those methodologies, are referenced in section 5 of the report.

1.4 Compliance statement

The ESG sourcebook requires that the TCFD entity report include a statement confirming that the disclosures contained in the report comply with the requirements of the ESG sourcebook.

In respect of the BFM TCFD entity report, this compliance statement is underpinned by BlackRock's internal control and governance procedures. This provides assurance that the disclosures contained in this report, including any matters cross-referred to in the [BlackRock 2025 Climate Report](#), comply with the ESG sourcebook TCFD entity reporting requirements. This compliance statement should be read in conjunction with section 1.3, which details the basis on which this report has been prepared and includes an expectation that the matters disclosed will continue to evolve in line with market practice and the ongoing development of quantification methodologies.



Emma Millar
BlackRock Global Corporate Sustainability Controller

2. Governance

A strong corporate governance framework is critical to executing on BlackRock's strategy, fulfilling its fiduciary responsibilities to clients, and serving employee and shareholder interests over the long term.

BlackRock's governance with respect to climate and sustainability-related⁴ matters reflects the firm's commitment to strong leadership and oversight of such matters at the senior management and BlackRock Board of Directors ('BlackRock Board') levels. At BlackRock, sustainability issues are integrated into and regularly form part of BlackRock's Board-level discussions of firm and business line strategy, and responsibility for sustainability oversight is shared across the full BlackRock Board and its committees. The BlackRock Global Executive Committee ('GEC') informs and operationalises the firm's strategy, including with respect to sustainability. [BlackRock's Proxy Statement](#), [Governance Overview](#) and [Corporate Governance Guidelines](#) provides more information on BlackRock's Corporate Governance framework, including the role and responsibilities of the BlackRock Board.

The activities of BFM are managed by the BFM Board of Directors ('the BFM Board', 'the Board'). The Board has established a number of committees that support it in discharging its responsibilities, this includes: the Accounts Approval Committee, the Investment Performance and Risk Committee ('the IPR'), the Legal, Compliance and Regulatory Affairs Committee ('the LCR')⁵, and the Oversight of Delegates Committee.⁶

The principal responsibilities of the BFM Board are set out in its terms of reference. The Board has overall responsibility for, among other matters, the management and oversight of the Company's business and operations, oversight of investment management and risk management activities, and responsibility for the Company meeting its regulatory requirements. The Board has appointed a Chief Executive Officer who is responsible under the immediate authority of the Board for the day-to-day operation of the Company, excluding matters specifically reserved for decision by the Board.

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

Sustainability- and climate-related oversight

The BFM Board reviewed and discussed aspects of BFM's sustainability strategy throughout 2025. Illustratively, the topics considered by the Board included sustainability-related regulatory developments, and sustainability-related product development updates, the oversight of environmental, social and governance data providers, and sustainability risk.

In addition to the considerations of the Board, the IPR also considered sustainability-related matters during the period. This included, illustratively, quarterly risk oversight reporting, including consideration of sustainability-related risk analytics and periodic sustainability integration assessments, and quarterly investment and performance reporting in respect of BFM funds included in BlackRock's sustainable and transition investing platform. Further detail on BlackRock's sustainable and transition investing platform is provided in section 3.1 below.

⁴ References throughout this document to "sustainability" encompass climate-related matters, unless otherwise stated.

⁵ The LCR was disbanded in August 2025.

⁶ With effect from May 2026, the BFM Management Committee was also established to support the executive management of the Company.

BFM Board evaluation process

The BFM Board performs an annual evaluation exercise in which each BFM Board Director self-evaluates their skills and experience, and the effectiveness of the Board's functioning. This evaluation is performed on a look-back basis, with the 2025 Board evaluation having concluded in early 2026. The 2025 evaluation included consideration of the Board's engagement with relevant industry themes, including climate-related matters.

2.1 Functional groups

In practice, consideration of sustainability is integrated into different business units across the firm. Several teams focus on sustainability, while others integrate sustainability into their broader functional responsibilities, as appropriate. Figure 2.1 contains further information on the climate and sustainability-related responsibilities of the relevant teams. While many of these functions are organised globally, including either a direct or indirect reporting line into BlackRock's GEC, each function works with local teams to deliver on client requirements, as required.

Figure 2.1 Functional groups involved in climate & sustainability-related matters⁷

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 analytics (Aladdin Climate) to support management of climate-related risks and portfolio decarbonisation analysis. Provides sustainability data for Private Markets. 	Global Head of Aladdin is a GEC member
BlackRock Investment Institute ('BII')	<ul style="list-style-type: none"> Produces macro and portfolio research, including BlackRock's Capital Market Assumptions. The Sustainable Investment Research and Analytics team produce sustainable investment insights, including thought leadership and research on investment implications of a low-carbon transition. 	Head of BII reports to the Deputy Head of BlackRock's Portfolio Management Group (GEC member)
Corporate Sustainability	<ul style="list-style-type: none"> Leads efforts to drive operational sustainability, establishes and implements sustainable business programs and policies, and engages key stakeholders on operational sustainability-related matters. 	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 real estate footprint, including the energy efficiency and emissions 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 BlackRock'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 regulatory 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 matters related to material sustainability-related risks or opportunities, through engagement with policymakers and standard setters globally, and 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 GEC member

⁷ As of 31 December 2025.

Investment Divisions	<ul style="list-style-type: none"> • BlackRock investment divisions include BlackRock Global Markets and Index Investments, Portfolio Management Group, Private Financing Solutions, Global Infrastructure Partners ('GIP'), and Real Estate. • 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 teams and offerings. 	Heads of major investment verticals are GEC members
Investment Stewardship	<ul style="list-style-type: none"> • BlackRock Investment Stewardship ('BIS') is a dedicated function, which is responsible for stewardship activities, including engagement and voting, in relation to clients' assets invested in index equity strategies. BIS' Benchmark Policies take a financial materiality-based approach, focused on advancing clients' long-term financial interests. • For clients that have sustainability objectives, BIS offers the Climate and Decarbonisation Stewardship program for in-scope funds with explicit climate and decarbonisation objectives. • In addition, BlackRock Voting Choice provides eligible clients with opportunities to participate in the proxy voting process, where legally and operationally viable. 	Global Co-heads of BIS report to Co-Head of Global Partners Office (GEC member)
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 the firm. 	General Counsel / Chief Legal Officer is a GEC member
Risk & Quantitative Analysis Group ('RQA')	<ul style="list-style-type: none"> • Responsible for BlackRock's Investment and Enterprise risk management framework, including 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. • Maintains a dedicated Sustainability Risk group that partners with risk managers and businesses to oversee sustainability risk across the platform. 	Chief Risk Officer is a member of GEC

2.2 Remuneration

BlackRock has a clear and well-defined pay-for-performance philosophy and compensation programs 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).

The BGL Group, of which BFM is a subsidiary, has a remuneration policy in place, the responsibility for which rests with the BGL Group Board. This includes responsibility for the adoption and ongoing oversight of the remuneration policies and practices for BGL employees based in EMEA.

The Management Development and Compensation Committee, which is the global, independent remuneration committee for BlackRock and comprises the Non-Executive Directors (“NEDs”) of BlackRock, also acts as the independent remuneration committee for the BGL Group. It therefore supports the BGL Group Board in meeting its remuneration related obligations by overseeing the design and implementation of the remuneration policy in accordance with applicable regulations.

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.

As a fiduciary, BlackRock considers relevant and material risks and opportunities that could impact portfolios, when consistent with investment guidelines. In addition, climate risk and the economic opportunities arising from a low-carbon transition are among the top priorities for many of BlackRock's clients. For those interested clients, BlackRock offers a wide range of investment products, analytics and research to help them achieve their chosen investment objectives.

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.

3.1 Investment approach

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 analytics⁸.

As an asset manager, it is BlackRock's fiduciary duty to consider material risks where they may impact the financial returns of investments the firm makes on behalf of clients. The risks considered can be intra-market (e.g., security-specific) or extra-market (e.g., geopolitics or central bank policy). How such risks are considered, and how they are incorporated into the investment processes, depends on the particular investment strategy, guidelines, risk tolerance, and time horizon of the fund or client on whose behalf the assets are managed.

In line with this philosophy, and where relevant and consistent with the fund or account's investment objectives, BlackRock incorporates data or information relating to financially material climate factors⁹, alongside other information, into investment processes, with the objective of enhancing the risk-adjusted returns of clients' portfolios. As with other investment risks and opportunities, the relevance and financial materiality of environmental, social and /or governance factors may vary by issuer, sector, product, mandate and time horizon. Depending on the investment approach, relevant data or information related to financially material environmental, social and/or governance factors may help inform due diligence, portfolio construction, and/or monitoring processes of the portfolios, as well as the firm's approach to risk management.

Active investment teams may consider a range of sustainability metrics in the research, due diligence, portfolio construction and/or ongoing monitoring phases of the investment process. This information may include metrics such as emissions exposure per unit of output or investment (i.e., revenue, assets under management ('AUM'), MWh¹⁰), Science Based Targets initiative ('SBTi') alignment or transition directed capital expenditure, where applicable. In index portfolios, BlackRock's responsibility is to track a predetermined benchmark index. Therefore, index tracking investment approaches do not allow for consideration of sustainability metrics aside from those approaches where the underlying indices incorporate sustainability metrics in their explicit product design. Please refer to BlackRock's firm-level [ESG Integration Statement](#) for additional information.

Research is at the centre of BlackRock's investment approach and processes, informing the firm's investment decisions and product innovation. BlackRock focuses on major structural trends shaping

⁸ Please see [Our approach to sustainability](#).

⁹ Any data or information around climate issues that could impact a company's ability to perform over time

¹⁰ Megawatt-hour

the economy and markets, including the transition to a lower-carbon economy and its macroeconomic and portfolio implications.

Sustainable and transition investment solutions

Many clients are focused on sustainability-related considerations in their investment approach, including many of BlackRock’s largest clients who have made net zero commitments for their organisations.¹¹ To meet this demand and enable client choice, BlackRock offers a wide range of sustainable and transition investment strategies. As of 31 December 2025, BlackRock had over 500 sustainable funds globally, covering a spectrum of sustainable and transition solutions, as well as customised solutions to meet clients’ objectives, and managed over \$1.3 trillion globally of sustainable and transition investing AUM on behalf of clients. The sustainable and transition investing platform includes assets managed by BFM.

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 seeks 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 a low-carbon transition.

An overview of BlackRock’s sustainable and transition investing platform is provided in Figure 3.1.

Figure 3.1 BlackRock sustainable and transition investing platform¹²

	Screened	Uplift	Thematic	Impact
Investment Approach	Constrain investments by avoiding issuers or business activities with certain environmental, social and / or governance characteristics.	Investments that seek 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 .	Investments that seek to generate positive, measurable, and additional sustainability outcomes .
Illustrative Portfolio Characteristics	<ul style="list-style-type: none"> • Business involvement screens 	<ul style="list-style-type: none"> • Better-than-benchmark • Portfolio decarbonisation 	<ul style="list-style-type: none"> • Sustainable energy • Critical minerals • Circular economy 	<ul style="list-style-type: none"> • Climate infrastructure • Green bonds

Further information on BlackRock’s sustainable and transition investment strategies is available in the **Strategy** section of the [BlackRock 2025 Climate Report](#).

¹¹ Source: BlackRock as of February 2026. Includes a select group of BlackRock’s largest client relationships globally. Climate commitments and targets are sourced from each respective client’s website or public disclosures.

¹² As of 31 December 2025

3.2 Investment stewardship

As a link between BlackRock's 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 through a selection of proxy voting policies.

BlackRock's stewardship policies are developed and implemented separately by two independent, specialist teams, BIS and BAIS. While the two teams operate independently, their general approach is grounded in widely recognised norms of corporate governance and shareholder rights and responsibilities. BIS is a dedicated function within BlackRock, which is responsible for stewardship activities in relation to clients' assets invested in index equity strategies. Approximately 90% of BlackRock clients' public equity AUM are held in index equity strategies, as of 31 December 2025.¹³ BAIS is a specialist team within the Portfolio Management Group that operates as a separate, dedicated stewardship function working closely with BlackRock's active investors. Its approach is consistent with the ability portfolio managers have always had to engage companies and exercise votes aligned with their investment objectives. BlackRock's stewardship teams, and all stewardship efforts across the firm, are focused on making decisions consistent with clients' investment mandates.

BlackRock's stewardship program has four key pillars:

1. **Engaging with the boards and management of companies** in which clients are invested to deepen the teams' understanding of a company's business model, including how companies are overseeing material business risks and opportunities over time, and to help inform each team's voting on behalf of clients.¹⁴
2. **Voting at shareholder meetings** on management and shareholder proposals for clients who have authorised BlackRock to vote on their behalf.
3. **Contributing to industry dialogue on stewardship** to share BlackRock's perspectives on matters that may impact clients' investments.
4. **Reporting on BlackRock's activities to inform clients** about the firm's stewardship efforts on their behalf through a range of publications on the BlackRock [website](#) and direct client communications.

BlackRock Investment Stewardship

BIS' approach to stewardship is outlined in its Benchmark Policies, which are comprised of the [BIS Global Principles](#), [Regional Voting Guidelines](#), and [Engagement Priorities](#). The Benchmark Policies take a financial materiality-based approach and are focused solely on advancing clients' long-term financial interests.

Appropriate oversight of material risks and opportunities, including material sustainability-related risks and opportunities, is an important component of having an effective governance framework that supports durable, long-term financial value creation.¹⁵ BIS looks to companies to provide robust disclosure that allows investors to effectively evaluate companies' strategy and business practices related to material sustainability-related risks and opportunities. BIS finds it helpful when companies' disclosures demonstrate that they have a resilient business model that integrates material

¹³ BlackRock, Inc. Estimate based on figures reported in BlackRock Inc.'s financial results as of 31 December 2025, which indicated that approximately 51% of total equity AUM was held in iShares ETFs, and a further 42% of total equity AUM was invested in index strategies on behalf of institutional and retail clients. See: "[BlackRock's Q4 2025 Quarterly Results](#)."

¹⁴ On 11 February 2025, the U.S. Securities and Exchange Commission (SEC) staff issued updated guidance for shareholders to maintain their eligibility to report their beneficial ownership under Schedule 13G of the Exchange Act. BlackRock complies fully with these requirements and does not engage with portfolio companies for the purpose, or with the effect, of changing or influencing control of any company.

¹⁵ By material sustainability-related risks and opportunities, BIS means the drivers of risk and financial value creation in a company's business model that have an environmental or social dependency or impact. Examples of environmental issues include, but are not limited to, water use, land use, waste management, and climate risk. Examples of social issues include, but are not limited to, human capital management, impacts on the communities in which a company operates, customer loyalty, and relationships with regulators.

sustainability-related risks and opportunities into their strategy, risk management, and metrics and targets, including industry-specific metrics.

BlackRock Active Investment Stewardship

BAIS' approach to stewardship is outlined in the [BAIS Global Engagement and Voting Guidelines](#) and [BAIS Engagement Priorities](#), which provide high-level guidance on how the active stewardship team views corporate governance matters that are commonly put to a shareholder vote, or on which investors engage with issuers. The guidance sets out the benchmark policy, which applies to nearly all active equity holdings, as well as to engagements BAIS may have with fixed income issuers, as relevant.

In partnership with active portfolio managers, BAIS seeks to understand how companies manage the risks and opportunities inherent in their business operations. They recognise that the specific sustainability-related factors that may be financially material or business relevant will vary by company business model, sector, key markets, and time horizon, amongst other considerations. From company disclosures and engagement, BAIS aims to understand how management is identifying, assessing and integrating material sustainability-related risks and opportunities into their business decision-making and practices. Doing so contributes to a more holistic assessment of a company's potential financial performance and the likely risk-adjusted returns of an investment.

BlackRock Voting Choice

Launched in January 2022, BlackRock Voting Choice – sometimes known as pass-through voting – provides eligible clients with opportunities to participate in the proxy voting process, where legally and operationally viable.¹⁶ Since launch, BlackRock has expanded Voting Choice by increasing the pool of eligible client assets and broadening the range of available voting policies.

As of 31 December 2025, \$3.76 trillion of BlackRock's \$7.7 trillion in total index equity AUM are eligible to participate in BlackRock Voting Choice, with clients representing approximately \$885 billion in index equity AUM exercising this option.¹⁷ Clients invested in certain institutional pooled funds that implement Systematic Active Equity strategies are also eligible for Voting Choice.

Stewardship for funds with explicit climate and decarbonization objectives

In July 2024, BlackRock launched the Climate and Decarbonization Stewardship program ('Program'). The Program applies only to funds that have climate and decarbonization objectives and that have been explicitly approved for inclusion in the programme by the respective governing body. Separately managed accounts clients may also instruct BlackRock to apply the program to their holdings. BIS and BAIS separately administer the program for their respective in-scope strategies. Globally, total funds and separately managed accounts that have chosen to apply the Program represent \$194 billion of client AUM, or approximately 2% of clients' total public equity AUM with BlackRock.

3.3 Risks opportunities, and scenario analysis

BlackRock recognises the importance of effective identification, monitoring, and management of climate-related risks and opportunities across its global business and corporate operations.

BFM's exposure to climate-related risk is primarily indirect, with such risks having the potential to affect future revenues and expenses, as opposed to assets and liabilities.¹⁸ The assets that BFM manages belong to clients, not to BFM. BFM typically earns investment management fees as a percentage of AUM. BFM also earns performance fees on certain portfolios relative to an agreed-upon benchmark or return hurdle.

¹⁶ BlackRock will determine eligibility criteria under this program based upon, among other things, local market regulation and practice, cost considerations, operational risk and/or complexity, and financial considerations, including the decision to lend securities.

¹⁷ Assets include index equity assets held in multi-asset fund of funds strategies, as at 31 December 2025.

¹⁸ As a corporate entity, BFM may also be exposed to climate-related risks. However, as outlined in section 1.3, the scope of this report is limited to the assets associated with BFM's TCFD in-scope activities (in line with the requirement contained in ESG 1.1.3 of the ESG sourcebook).

Climate-related opportunities

BlackRock offers one of the industry’s widest sustainable and transition investment platforms to deliver for a wide range of client preferences and objectives within this space. BlackRock believes the platform is well-positioned to meet current and future demand for this theme, as evidenced by the platform’s growth to \$1.3 trillion¹⁹ across over 500 strategies, including assets managed on behalf of BFM clients. Further information on BlackRock’s sustainable and transition investing platform is available in Figure 3.1.

Climate-related risks

Figure 3.2 contains a summary of the principal climate-related risks that BlackRock has identified, and which have also been deemed relevant to BFM’s business strategy, together with an indication of the primary anticipated financial impact arising from each of these risks for BFM.

Figure 3.2 Summary of key climate-related risks²⁰

Risk	Description	Primary anticipated financial impact ²¹
Market	Market-related risks are among the key risks to BlackRock’s business. Fluctuations in asset values due to climate-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 climate 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 climate-related matters, which may present real or perceived reputational risks that could impact BlackRock’s business.	Reduced revenues
Legal and Regulatory	New, extensive and/or divergent 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, as well as sustainability-related scrutiny, litigation or regulatory actions could affect BlackRock or its clients’ investment strategies or allocations in a manner that could impact BlackRock’s business.	Increased expenses and/or reduced revenues

The BGL Group strategy and financial performance, including the impact of relevant risks, is considered in the BGL Group internal capital adequacy and risk assessment (‘ICARA’) process and, specifically, through the ICARA stress testing. BFM is included within the scope of the BGL Group ICARA.

Climate scenario analysis & stress testing

Scenario analysis is a dynamic exercise and an iterative process that is meant to help envision potential future outcomes, rather than predict the future. The climate scenario analysis exercise conducted by BlackRock provides a structured way to evaluate climate-related risks and opportunities and it opens a wider discussion as to how transition and physical risks could affect BlackRock’s AUM. BlackRock leverages climate scenario analysis in various contexts, including for clients who choose to use Aladdin Climate for their portfolios, and to illustrate how a low-carbon transition may unfold across technologies, sectors and regions using the BlackRock Investment Institute’s Transition Scenario (‘BIITS’). BIITS can help portfolio managers identify risks and opportunities associated with the transition to a lower carbon economy and provide greater clarity to investors when making investment decisions.

¹⁹ This reflects the value of assets under management globally in the sustainable and transition investment platform as at 31 December 2025.

²⁰ The inclusion of climate-related risks in Figure 3.2 should not be construed as a characterisation regarding materiality or financial impact of these risks.

²¹ There is no guarantee that the primary anticipated financial impact referenced above will be realised.

Climate scenario analysis also allows an organisation to develop insight into how the physical and transition risks and opportunities arising from climate change might impact its business and corporate operations over time. While climate scenario analysis is not intended to predict the future, it enables organisations, like BlackRock, to explore possible outcomes, the assumptions underpinning these, and the actions and/or events that could lead to these outcomes. BlackRock has performed a climate scenario analysis to stress-test the resilience of its business model against a range of climate risk scenarios over time horizons.

The risks of climate change can be considered in two categories:

Transition risk. Climate-related transition risks arise as the economy moves toward a low-carbon economy through policy, regulation, technology and market changes. Depending on the nature, speed and focus of these changes, the global climate transition is expected to create meaningful shifts within sectors and across the entire economy.

Physical risk. Physical climate-related risks may consist of acute impacts such as extreme weather and climate events, or chronic impacts representing longer-term shifts in the climate such as temperature increases and sea level rises. Such risks may impact operations, leading to impairment of infrastructure and facilities, as well as disruption of supply chains.

2025 scenario analysis

In 2025, BlackRock continued to leverage Aladdin Climate analytics to conduct its analysis on the valuation of its AUM, including the assets managed by BFM, and associated management fees. The firm utilised scenarios from the Network for Greening the Financial System ('NGFS') and the Intergovernmental Panel on Climate Change ('IPCC'). The NGFS scenarios readily provide analytics to assess both physical and transition risks, while the IPCC scenarios are largely focused on assessing physical risks.

The results of the climate scenario analysis indicate that BlackRock's diversified platform and commitment to providing choice to its clients creates flexibility in its business model that is likely to support BlackRock's resilience across different scenarios as it adapts to the impacts of both transition and physical climate-related risks. Additionally, BlackRock's clients are supported by Aladdin Climate's capabilities which provide them with the ability to assess the physical and transition risks associated with their investments.

While BlackRock's AUM and associated revenues and profit margin have the potential to be impacted by climate change, each scenario reviewed presented different plausible challenges, risks, and opportunities that may occur through 2050.

Over the long-term through 2050, if significant acceleration in a low-carbon transition occurs, the potential magnitude of physical climate-related risks may be reduced. However, in the short- and medium-term, delayed transition scenarios create risks that would need to be managed, including through continued efforts to adapt BlackRock's business to account for the transition to a low-carbon economy.

Further information on BlackRock's approach to scenario selection, impact assessment and scenario conclusions, together with the limitations inherent in the scenario analysis exercise, is available in the **Strategy** section of [BlackRock's 2025 Climate Report](#). While scenario analysis is not currently prepared at the subsidiary entity-level, it is anticipated that BlackRock's approach to climate scenario analysis may continue to evolve.

BGL Group ICARA

For the BGL Group, including BFM, the ICARA process includes sustainability related stress testing, which considers the impact of sustainability, including climate-related, risks on the strategy and financial performance of the BGL Group. The BGL Group ICARA is intended to assess the level of capital and liquidity that adequately supports relevant current and future risks to which the BGL Group may be exposed, given its business activities and operating model.

The 2026 BGL Group ICARA includes a sustainability-related stress test, that considers reputational and competitive pressures arising from evolving stakeholder expectations and diverging sustainability policies across jurisdictions, which may impact client sentiment, asset flows and product demand. The

impact of the stress test is assessed over a three-year planning horizon. While a reduction in profitability is forecast in the stress test, the BGL Group remains profitable and maintains sufficient capital and liquidity to satisfy its regulatory own funds requirements.

3.4 Industry engagement and 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 with 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,²² 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.²³

As it relates to climate- and sustainability-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. This includes contributing to policy discussions on sustainability-related financial disclosures, sustainable products labelling, and transition planning. BlackRock also participates in public policy discussions on investments and industrial policies and the mobilisation of private capital.

Industry initiatives

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.

BlackRock's investment decisions and its stewardship engagement and voting are governed strictly by its fiduciary duty to clients. As such, BlackRock does not make any commitments or pledges that would interfere with its independent determination on how to engage with issuers and vote proxies on behalf of its clients.

Further details on BlackRock's participation in industry initiatives can be found [here](#).

²² Please see additional information on BlackRock Public Policy ViewPoints, at: <https://www.blackrock.com/corporate/insights/public-policy/viewpoints-letters-consultations>.

²³ Please see additional information on BlackRock Public Policy letters and consultations, at: <https://www.blackrock.com/corporate/insights/public-policy/viewpoints-letters-consultations#letters-and-consultations>.

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. This section discusses BlackRock's approach to risk management, including the risk identification and assessment processes adopted by BlackRock.

BFM operates within the BGL Group's risk management framework. This internal control system is based on the three lines of defence, comprising primary risk owners (first line), independent risk management and control functions (second line) and an independent internal audit and assurance group (third line). This is consistent with BlackRock's global risk management structure and the BFM Board considers it appropriate to the management of the risks faced by BFM.

4.1 Risk management approach

BlackRock employs a three-lines of defence approach to managing investment risks in client portfolios. BlackRock's investment teams and business management are the primary risk owners, or first line of defence. Portfolio managers and research analysts are responsible for evaluating the financially material environmental (as well as social and 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 climate-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. In addition, BlackRock has developed a framework to monitor exposure to carbon-intensive assets to support the understanding and management of potential climate-related risks.

BlackRock's risk management function, RQA, serves as the second line of defence in BlackRock's risk management framework along with BlackRock L&C. RQA is responsible for BlackRock's Investment and Enterprise risk management frameworks, 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 defence, 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.

4.2 Climate risk – identification

BlackRock considers many investment risks in its firmwide processes. In order to seek the best risk-adjusted returns for its clients, BlackRock manages material risks and opportunities that could impact portfolios, including financially material environmental, social and / or governance-related factors.

Climate-related risk includes:

- **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.

Climate risks are identified at various steps of the investment process, where relevant, from research, allocation, selection, portfolio construction decisions, or management engagement, and are considered relative to portfolio risk and return objectives.

Climate risks may be identified through exposure to key performance indicators linked directly to particular activities or identified indirectly through their effect on different existing risk types

(including, but not limited to, market, liquidity, concentration, credit, asset-liability mismatches, etc.). Climate risk factors may have a material impact on an investment held in a portfolio, may increase volatility and may result in a loss to the value of a portfolio.

Certain issuers may be particularly exposed to heightened climate risks through their sector or business practices. As referenced above, BlackRock has a framework to identify and monitor issuers particularly exposed to climate risks.

4.3 Climate risk – assessment

Assessment of climate risks is done on an ongoing basis relative to their materiality (i.e., likelihood of impacting returns of the investment) and in tandem with other risk assessments (e.g., liquidity, valuation, etc.). How climate considerations are sourced, assessed, and incorporated will vary with portfolio objective, investment style, and asset class. BlackRock's investment professionals assess a variety of economic and financial indicators, including relevant financially material climate factors, to make investment decisions that align with the investment objectives.

5. Metrics and Targets

As an asset manager, BlackRock acts as an agent investing assets that belong to its clients on its clients' behalf. Consistent with the prior year, in this section, BFM discloses the following emission metrics in relation to the assets it manages on behalf of clients, subject to the availability of the requisite data:

- Estimated absolute Scope 1 and Scope 2 emissions associated with investments in corporate securities,²⁴ infrastructure debt and direct real estate assets.
- Estimated absolute Scope 3 emissions associated with investments in corporate securities.
- Carbon footprint²⁵ and weighted average carbon intensity for investments in corporate securities.
- Estimated emissions intensity metrics for investments in sovereign debt assets.²⁶

Figure 5.1 provides a summary of the Scope 1, Scope 2, and Scope 3 emission metrics reported across asset classes and the associated data sources. Certain asset classes, such as derivatives linked to non-corporate issuers, are not currently included in the emission metrics disclosed in this section due to limitations in data availability, methodological challenges, or lack of applicable industry standards.

Absolute emissions in this context refers to the proportionate exposure to an investee company or asset's emissions, calculated based on the percentage value of that investee company or asset held in portfolios managed by BlackRock on behalf of clients. While absolute emissions metrics are intellectually consistent with other GHG emission metrics reported at the corporate level, they do not account for changes in the size of investments over the reporting period. As a result, absolute emissions may increase where the total value of assets for which emissions data is collected increases and decrease where that value declines.

To account for this limitation, BlackRock also estimates carbon footprint, which represents absolute emissions divided by the value of assets (rounded to the nearest \$million) to which the emissions relate, normalising emissions for the size of the investment.

BFM does not set climate-related targets for the assets it invests on behalf of clients. BFM is a fiduciary and as such, recognises that different clients have different investment objectives and preferences. The metrics disclosed in this section are therefore predominantly influenced by two factors: (i) client preferences, on account of clients choosing which products to invest in and the extent of investments made in those products, and (ii) market conditions, which affect the assets and the weighting of assets held in the products that clients are invested in. For additional detail relating to product specific sustainability objectives, please refer to the relevant fund prospectuses, product briefs and fact sheets available on applicable public fund websites.

Methodology

BFM referenced the Partnership for Carbon Accounting Financials ('PCAF')²⁷ developed Global Greenhouse Gas ('GHG') Accounting & Reporting Standard for the Financial Industry ('PCAF Standard'), as a starting point for estimating the absolute emissions disclosed in this section. Please refer to the **Metrics and Targets** section of the [BlackRock 2025 Climate Report](#) for further detail relating to PCAF standards and BlackRock's adaptation of them for the asset classes included in the metrics disclosed below, and as summarised in Figure 5.1.

²⁴ Corporate securities relate to listed equities, corporate bonds, and associated derivatives. In-scope derivatives are derivatives with corporate issuer underliers.

²⁵ The term "carbon footprint" in this report refers to absolute emissions associated with the assets managed by BFM, on behalf of BFM's clients divided by the value of assets for which BFM has been able to obtain emissions data.

²⁶ Please refer to section 1.3 of this report for confirmation of the approach that has been adopted for determining the AUM in scope of BFM's emissions metrics.

²⁷ About PCAF: Available at: <https://carbonaccountingfinancials.com/about>.

Figure 5.1: Scope of Emissions Reported per Asset Class

Asset Classes Included	Scope 1 Emissions	Scope 2 Emissions	Scope 3 Emissions	Data source
Listed equities, corporate bonds, associated derivatives	✓	✓	✓	MSCI
Direct real estate and infrastructure debt	✓	✓		Directly from investments
Sovereigns	✓			MSCI

5.1 Corporate securities, Infrastructure Debt and Real Estate Assets

Figure 5.2 provides estimates of absolute emissions for BFM’s AUM in corporate securities, infrastructure debt and real estate assets where the requisite underlying emissions data was available. The availability of emissions data is referred to in the “Data Coverage” section of Figure 5.2 and denotes the percentage of BFM’s AUM for which emissions data was collected.

Figure 5.2: GHG emissions associated with BFM’s AUM²⁸

Metric ²⁹		2025 ³⁰	2024
Absolute Emissions	Scope 1 + 2 (million tCO ₂ e)	9.30	9.59
	Scope 1 + 2 data coverage ³¹	73.23%	79.72%
	Scope 3 (million tCO ₂ e)	88.31	87.18
	Scope 3 data coverage	73.25%	78.98%
Carbon Footprint (tCO ₂ e/\$m invested AUM)	Scope 1 + 2	32.04	31.80
	Scope 3	317.35	325.70
Weighted Average Carbon Intensity (tCO ₂ e/\$m Revenue)	Scope 1 + 2	76.36	73.75
	Scope 3	713.37	655.23

Absolute emissions and carbon footprint metrics are sensitive to fluctuations in asset values, including changes in EVIC³² from one period to the next. This volatility can reduce year-on-year comparability. Other factors that drive changes in absolute emissions are: (i) changes in the emissions profile of the underlying investee companies/assets, and (ii) changes to the asset allocation in portfolios managed by BlackRock on behalf of its clients.

²⁸ All metrics in this table include corporate securities (listed equity, corporate bonds, associated derivatives), infrastructure debt and real estate assets where data was available and excludes all other AUM. Where companies do not disclose their emissions, MSCI may apply proprietary methods to estimate emissions. The availability of emissions related data is referred to in the “Data Coverage” section of Figure 5.2 and denotes the percentage of BFM’s AUM for which emissions data (whether reported or estimated) was available.

²⁹ Data above represents unaudited estimates based on the portion of BFM’s AUM for which emissions data and methodologies are available. There are several limitations associated with these figures. Please review results in conjunction with the limitations section referenced below.

³⁰ Holdings value analysis dates are as of 31 December 2025 and 31 December 2024, respectively. Due to the known limitation of lagged emissions data reporting, emissions data included in the analysis for a given holding year may reflect GHG emissions from prior year(s) for at least a subset of holdings included in the analysis. See limitations section for more details.

³¹ Scope 1 & 2 data coverage includes both reported and estimated data (reported: 2025: 69.13%; 2024: 71.05%) (estimated: 2025: 4.10%; 2024: 8.67%). Scope 3 data coverage is based on estimated data only.

³² “EVIC” refers to Enterprise value including cash.

5.2 Sovereigns

BFM is reporting emissions intensity metrics for sovereign debt assets, where the requisite underlying emissions data was available. Due to fundamental differences between sovereign and corporate securities and to avoid double counting, emissions reporting for sovereign debt assets is reported separately. BFM is reporting GHG intensity and GHG per capita. GHG intensity of an economy is measured in units of tons per USD million nominal GDP. GHG per capita is measured in tons of CO₂e per capita. Figure 5.3 outlines the GHG emissions intensity metrics for sovereigns included BFM's AUM.

Figure 5.3: GHG emissions intensity metrics for Sovereigns included in BFM's AUM³³

Metric ³⁴	2025 ³⁵	2024
GHG intensity (tons/USD million nominal GDP)	134.26	145.15
GHG per capita (tons)	7.40	7.64

5.3 Limitations

The estimation of climate-related metrics is subject to a number of limitations that should be considered when reviewing the metrics disclosed in Figures 5.2 and 5.3. Some of these limitations are elaborated on below.

Data Quality

Accurate computation of climate-related metrics in investment portfolios requires high quality security-level data including GHG emissions data for underlying investments. Many companies are measuring and publicly reporting their GHG emissions, which facilitates the type of high-quality data that investors need to effectively calculate climate-related portfolio metrics. However, many companies have not fully reported comprehensive emissions profiles or have not yet started reporting. As deferring measurement and reporting until 100% of reported data is available would impede BlackRock's progress to provide transparency to stakeholders, estimates are used where necessary and appropriate to address data gaps. Estimated data reduces the reliability of the metrics since estimated emissions may not accurately reflect the actual emissions of any given investee company/asset.

Lagged Data

Environmental, social and/or governance data reporting by companies is often produced on a lag relative to financial data as most sustainability data disclosure and reporting takes place on an annual basis and requires significant time to produce. In addition, there may be a lag between the time when data is disclosed by companies and when it is incorporated into the dataset produced by MSCI, BlackRock's third-party data provider for the purpose of the metrics presented in this section. While BlackRock sought to mitigate the impact of lagged data on the metrics by varying the holdings analysis date and the emissions data collection date, emissions data included in the analysis for a

³³ GHG emissions intensity and GHG per capita include sovereign debt assets and excludes all other AUM.

³⁴ Data above represents unaudited estimates based on the portion of BFM's AUM for which emissions data and methodologies are available. There are several limitations associated with these figures. Please review results in conjunction with the limitations section referenced below.

³⁵ Holdings value analysis dates are as of 31 December 2025 and 31 December 2024, respectively. Due to the known limitation of lagged emissions data reporting, emissions data included in the analysis for a given holding year may reflect GHG emissions from prior year(s) for at least a subset of holdings included in the analysis. See limitations section for more details.

given holding each year may reflect GHG emissions from prior year(s) for at least a subset of holdings included in the analysis.

Backward-looking

While BlackRock believes that absolute emissions and carbon footprint are useful metrics, it is worth noting that these metrics are backward-looking in that they only consider past emissions of investee companies/assets. They do not provide an assessment of how the emissions profile of underlying investee companies/assets may evolve over time in response to, for example, the adoption by an investee company of a climate transition plan, and/or emission reduction targets.

Further information on the limitations inherent in the estimation of climate-related metrics is available in the **Metrics and Targets** section of the [BlackRock 2025 Climate Report](#), which should be considered in conjunction with the disclosure provided above.

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