

BlackRock

**BlackRock International
Limited**

TCFD Entity Report

For the year ending 31 December 2024

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Introduction and context

1. Purpose

BlackRock International Limited ('BIL' or 'the Company') is a MiFID¹ Investment Firm, regulated by the Financial Conduct Authority ('FCA').

This document fulfils the regulatory requirement under the FCA's Environmental, Social and Governance ('ESG') sourcebook 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*.² 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.

1.1 BlackRock structure and business activities

BIL's principal activity is the provision of investment management and administrative services and trade executive services.

BIL is a subsidiary of BlackRock Group Limited ('BGL'), a company domiciled in the UK and the holding company for certain of BlackRock's regulated business 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. In addition to BIL, BGL has two further subsidiaries in the United Kingdom that are regulated by the FCA as MiFID Investment Firms; BlackRock Investment Management (UK) Limited ('BIM (UK)') and BlackRock Advisors Limited ('BAL'). Figure 2.1 below illustrates the BGL Group's structure.

The activities of BGL and the three UK MiFID Investment Firms are managed jointly by a common Board of Directors ('Joint Board'). Permission has been obtained from the FCA for each of the MiFID Investment Firms to use committees established for the BGL Group (i.e., Group committees) rather than establish an individual committee for each company.

1.2 Basis of preparation

This TCFD entity report has been prepared for BIL 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 2024 Climate Report](#); cross-referral is made only in respect of matters that are directly relevant to BIL.

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 BIL TCFD entity report adopts a 12-month reporting period that ends on 31 December of the year prior to the date of publication.

¹ UK Markets in Financial Instruments Directive.

² 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.

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 firm 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 BIL, TCFD in-scope business is limited to the provision of portfolio management.⁴ The disclosures provided in this report relate only to BIL as an asset manager acting on behalf of clients and do not encompass BIL's corporate operations. The metrics presented in section 5 of this report relate to assets belonging to clients with whom BIL has a direct contractual relationship for the provision of portfolio management, including assets for which BIL has subsequently delegated portfolio management to another entity. The metrics presented in section 5 also include assets that BIL manages by way of delegation *from* another entity.⁵ This approach has been adopted irrespective of where the client, product or portfolio is domiciled.

In the event of divergence between the relevant entity-level governance, strategy or risk management arrangements disclosed in this report and the approach taken at a product level, an explanation of such divergence will be provided in the relevant on-demand TCFD product report. Clients should refer to their on-demand product reporting for further information.

BIL 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 BIL and its activities.

It is anticipated that BIL'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

ESG 2.2.7R requires a firm's TCFD entity report to include a statement confirming that the disclosures contained in the report comply with the requirements of the ESG sourcebook.

In respect of the BIL 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 disclosures cross-referred to in the [BlackRock 2024 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 in this entity report will continue to evolve in line with market practice and the ongoing development of quantification methodologies.

Colin McDonald

Colin McDonald
BlackRock International Limited, Chief Financial Officer

⁴ Portfolio Management refers to the regulated activity of managing investments belonging to another person in circumstances which involve the exercise of discretion.

⁵ In addition to BIL, four further BGL Group subsidiaries are also required to publish TCFD entity reports for the reporting period ending 31 December 2024; BIM (UK), BAL, BlackRock Fund Managers Limited ('BFM') and BlackRock Life Limited ('BLL'). Where there are delegation arrangements between any of BAL, BIL, BIM (UK), BFM and BLL, the approach outlined here will result in emission metrics being reported in respect of the same assets in more than one TCFD entity report. It is therefore not appropriate to aggregate the metrics presented on a solo basis in the BAL, BIL, BIM (UK), BFM and BLL TCFD entity reports.

2. Governance

Effective corporate governance is critical to executing on BlackRock's strategy and fulfilling its responsibilities to clients.

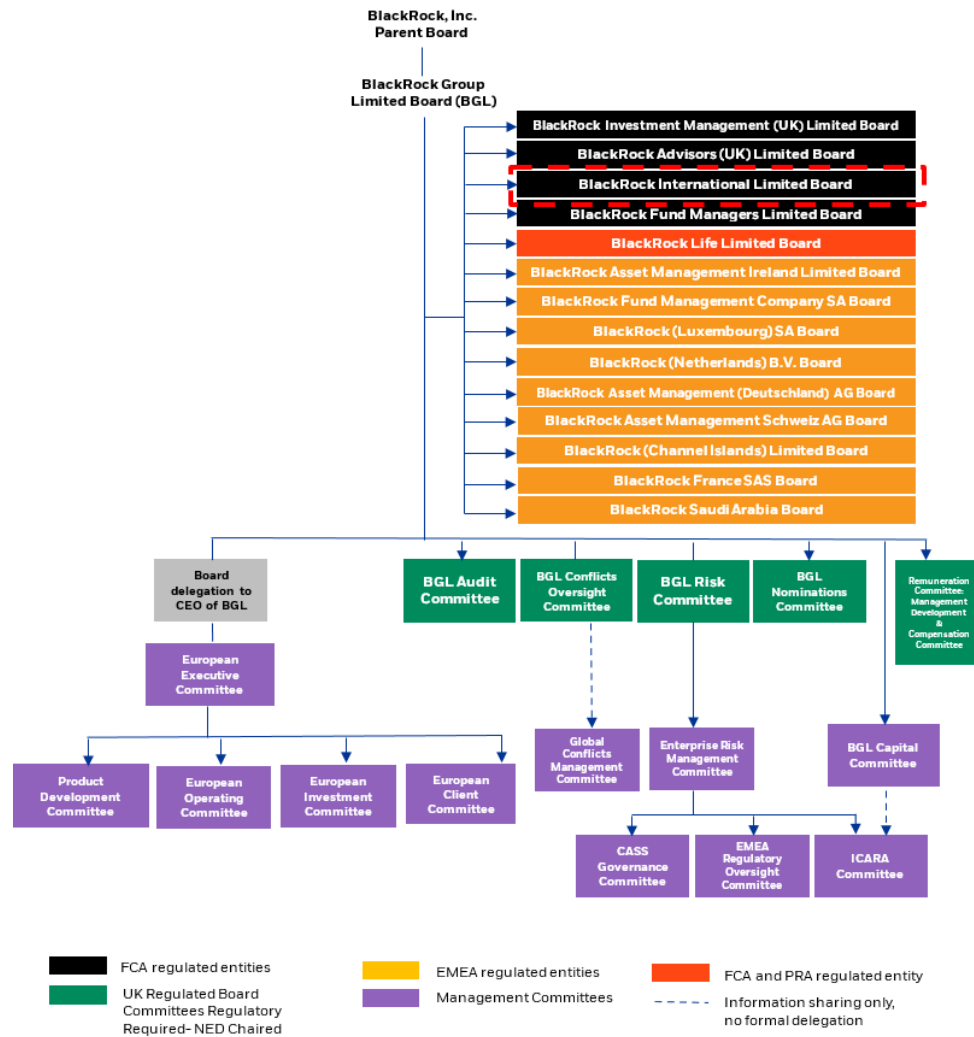
BlackRock's governance with respect to climate and sustainability-related⁶ matters reflects the firm's commitment to strong leadership and oversight of such matters at the senior management and Board levels. Sustainability issues are integrated into, and regularly form part of, BlackRock's Board-level 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) sets the strategic vision and priorities of BlackRock and drives accountability at all levels. [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.

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 Joint Board has visibility of, and can input into, this strategy by having the ability to make recommendations to ensure it complies with applicable local regulations. The Joint Board implements BlackRock's sustainability strategy via its oversight and scrutiny of investment services offered across the BGL Group and ensures that it meets local regulatory requirements.

The Joint Board has adopted a governance structure comprising Board and management committees to provide review, challenge, and oversight of the BGL Group's activities. The link between the Joint Board and its committees as at 31 December 2024 is shown in Figure 2.1.

⁶ References throughout this document to "sustainability" encompass climate-related matters, unless otherwise stated.

Figure 2.1 Governance structure of BGL and regulated subsidiaries*



*BGL is not a regulated entity but is the parent company of the regulated entities forming the BGL consolidation group.

2.1 Joint Board oversight

The Joint Board has responsibility for the approval of the BGL Group’s overall long-term strategic objectives and risk appetite. In addition, the Joint Board has oversight of the overall leadership of the BGL Group and responsibility for reviewing the group’s performance relative to its strategy, objectives, and business plan.

The Joint Board reviewed and discussed aspects of the BGL Group’s sustainability-related strategy throughout the year. Illustratively, the matters considered by the Joint Board included sustainability-related regulatory developments, climate-related regulatory disclosures, and sustainable investing strategy and product development. The Joint Board also received a recurring sustainable and transition investing business update throughout 2024. In addition, the BGL Group Non-Executive Directors (‘NED’s) also received a sustainability-related business update.

In addition to oversight by the Joint Board, the BGL Risk Committee and Audit Committee were updated on emerging sustainability-related disclosure requirements.

Joint Board and committee performance evaluation

The BGL Group Nominations Committee (comprised of four BGL Group NEDs, including the Chair of the Joint Board) conducts an annual assessment of the skills, experience, independence, knowledge, and diversity of the Joint Board members (both individually and collectively) as required to competently discharge their duties. The Nominations Committee also conducts an annual performance evaluation of the effectiveness of the Joint Board and its committees. This evaluation exercise considers sustainability related knowledge and experience.

The Nominations Committee is responsible for reporting conclusions and recommendations arising out of the evaluation exercise to the Joint Board, and for agreeing an action plan, if required, to address the results of the evaluation exercise. The Nominations Committee is also responsible for periodically reviewing progress against this plan. The results of the most recent evaluation exercise were presented in March 2025. As part of this evaluation exercise, the members of the Joint Board recognised an ongoing need for sustainability-related training / business updates.

2.2 BGL Group management oversight⁷

The Joint Board has delegated management of the day-to-day affairs and activities of the BGL Group to the Head of International⁸, who is also the Chief Executive Officer of the BGL Group, in conjunction with International functional leadership. The responsibilities of the Head of International includes:

- The formulation and implementation of the BGL Group strategic objectives.
- The development of business plans and operating strategies for the BGL Group.
- The oversight of BGL Group operations and business performance, including the review of regional business performance; the review and approval of new business initiatives; oversight of the product development governance process; and oversight of investment performance.
- Risk Management, including the implementation of approved Corporate Group policies.

As illustrated in Figure 2.1, the Head of International was assisted in the discharge of her responsibilities by the European Executive Committee, which acts in an advisory and information sharing capacity, and which has been delegated certain approval and decision-making powers by the Head of International. The European Executive Committee is supported by a number of sub-committees, including, illustratively, the European Operating Committee. Membership of the European Operating Committee includes the Global Head of BlackRock's Sustainable and Transition Solutions ('STS') function (an overview of which is provided in Figure 2.2).

The European Executive Committee considered sustainability-related matters relevant to the BGL Group throughout the year. The topics considered included sustainability-related matters in relation to client mandates and relevant products, sustainability-related regulatory developments, and BlackRock Investment Stewardship updates, including consideration of sustainability-related matters.

The European Operating Committee also considered sustainability-related matters. Illustratively, this included consideration of the products included on BlackRock's sustainable and transition investing platform, and sustainability-related regulatory and compliance matters.

⁷ This reflects the organisational structure in place as at 31 December 2024.

⁸ BlackRock International is comprised of BlackRock's businesses in Europe, the Middle East, India and Asia Pacific.

2.3 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 2.2 contains further information on the 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 Global Executive Committee, each function works with the local BGL Group / EMEA teams to deliver on client requirements.

Figure 2.2 Functional groups involved in sustainability-related matters⁹

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 Climate¹⁰) to support climate risk management and portfolio decarbonisation analysis. 	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 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 GEC member
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 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 mandatory reporting obligations. 	Global Controller reports into Chief Financial Officer (GEC member)

⁹ As of 31 December 2024.

¹⁰ Aladdin Climate provides a framework to measure climate-related risk and portfolio decarbonisation based on client inputs. It does not provide ratings or express any professional opinion or judgment on the suitability of any investment for inclusion or exclusion in a portfolio with respect to climate transition objectives.

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	<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
Investment Divisions	<ul style="list-style-type: none"> BlackRock investment divisions include BlackRock Global Markets and Index Investments, Portfolio Management Group, Global Trading and Transition Management, Infrastructure 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 GEC and GEC Investment Sub-Committee
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 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 the firm to evaluate environmental, social and/or governance-related data, models, methodologies and/or analytics. 	Chief Risk Officer is a member of GEC and GEC Investment Sub-Committee

2.4 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).

The BGL Group has a remuneration policy in place, the responsibility for which rests with the Joint 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 NEDs of BlackRock, also acts as the independent remuneration committee for the BGL Group. It therefore supports the Joint 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 the firm's strategy.

Climate risk and the economic opportunities arising from the low-carbon transition are among the top priorities for many of BlackRock's clients. These clients ask BlackRock how to mitigate risk and capture opportunities associated with climate and the transition to a low-carbon economy. As a fiduciary, BlackRock considers relevant and material risks and opportunities that could impact portfolios, when consistent with investment guidelines. For clients interested in sustainability and the transition to a low-carbon economy, 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

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 analytics¹¹.

Where relevant and consistent with the fund's investment objectives, BlackRock incorporates financially material climate data or information, alongside other information, into firmwide processes, with the objective of enhancing the 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.

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'), MWh), 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. It informs the firm'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

¹¹ Please see [Our approach to sustainability](#).

value and how they could unfold over time. The transition to a low-carbon economy is one trend that the firm researches, because BlackRock sees it having implications on macroeconomic trends, company financial prospects and business models, and portfolios.

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 sustainable funds globally, covering a spectrum of sustainable and transition solutions, as well as customised solutions to meet clients’ objectives, and managed \$1 trillion globally of sustainable and transition investing AUM on behalf of 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 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 the transition to a low-carbon economy.

An overview of BlackRock’s sustainable product framework is provided in Figure 3.1.

Figure 3.1 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.

* As of 31 December 2024

Further information on BlackRock’s sustainable and transition investment strategies is available in the **Strategy** section of the [BlackRock 2024 Climate Report](#).

3.2 Investment stewardship¹²

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

BIS is a dedicated function within BlackRock, which is responsible for stewardship activities in relation to clients' assets invested in index equity strategies: engaging with companies, proxy voting on clients' behalf, contributing to industry dialogue on stewardship, and reporting on its activities.

As one of many minority shareholders, BlackRock does not direct a company's strategy or its implementation. Setting, executing, and overseeing strategy are the responsibilities of a company's management team and its board. BIS' role is to better understand how corporate leadership is managing material risks and capitalising on opportunities to help protect and enhance the company's ability to deliver long-term financial returns in order to better inform BlackRock's voting. BIS aims to take a globally consistent approach, while recognising the unique markets and sectors in which companies operate.

BIS' five Engagement Priorities are: board quality and effectiveness; strategy, purpose, and financial resilience; incentives aligned with financial value creation; climate and natural capital; and company impacts on people. The BIS engagement priorities reflect the themes on which the team most frequently engages companies, where they are relevant, as these can be a source of material business risk or opportunity. The BIS priorities and related engagement commentaries are published on the [BIS website](#).

BIS' benchmark policies and Voting choice

Most of BlackRock's clients are investing to meet long-term goals, such as retirement. To that end, BIS takes a long-term approach to stewardship, focused solely on advancing clients' long-term financial interests. BIS' approach to stewardship is outlined in its Benchmark Policies, which are comprised of the BIS [Global Principles](#), [Regional Voting Guidelines](#), and [Engagement Priorities](#).

While many asset owners have authorised BlackRock's stewardship team to cast proxy votes on their behalf, others want the choice to participate more actively in the proxy voting process. In January 2022, BlackRock launched [BlackRock Voting Choice](#), a capability that gives eligible clients the option to engage more directly in proxy voting where legally and operationally viable.

In 2024, BlackRock expanded the BlackRock Voting Choice platform by adding Egan-Jones as a third voting policy provider, further building out the menu of third-party policies.

BlackRock also introduced a new stewardship option in July 2024 for clients focused on decarbonisation investment objectives. The climate and decarbonisation stewardship program applies only to funds that have explicit climate and decarbonisation objectives and that have been explicitly approved for inclusion in the program by the respective governing body of the fund. Separately managed account clients may also instruct BlackRock to apply the program to their holdings. BlackRock is committed to providing clients with a range of choices to support their individual investment needs and preferences.

¹² The information outlined in this section highlights BlackRock Investment Stewardship ("BIS") activities in 2024. BIS is responsible for stewardship activities in relation to clients' assets invested in index equity portfolio managers. Approximately 90% of BlackRock clients' public equity assets under management are held in index strategies, as of 31 December 2024. In October 2024, BlackRock announced the creation of BlackRock Active Investment Stewardship ("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. While the two teams operate independently, their general approach is grounded in widely recognised norms of corporate governance and shareholder rights and responsibilities. In December 2024, BIS published updated Global Principles and regional voting guidelines for 2025. Please refer to BlackRock's investment stewardship website to learn more:

<https://www.blackrock.com/corporate/insights/investment-stewardship>

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.

BIL'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.¹³ The assets that BIL manage belong to BIL's clients, not to BIL. BIL typically earns investment management fees as a percentage of AUM. BIL also earns performance fees on certain portfolios relative to an agreed-upon benchmark or return hurdle, as well as transition management fees.

Climate-related opportunities

BlackRock believes that its \$1 trillion¹⁴ in dedicated sustainable and transition investment strategies 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 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 BIL's business strategy, together with an indication of the primary anticipated financial impact arising from each of these risks on BIL's strategy.

Figure 3.2 Summary of key climate-related risks¹⁵

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 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
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

The impact of climate-related risks, together with other relevant risks, on the BGL Group strategy and financial performance is considered in the BGL Group internal capital adequacy and risk assessment ('ICARA') process and, specifically, through the ICARA stress testing. BIL is included within the scope of the BGL Group ICARA.

¹³ As a corporate entity, BIL 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 BIL's TCFD in-scope activities (in line with requirement contained in ESG 1.1.3 of the ESG sourcebook).

¹⁴ This reflects the value of assets under management globally in the sustainable and transition investment platform as at 31 December 2024.

¹⁵ 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.

Climate scenario analysis & stress testing

Climate scenario analysis 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 meant to predict the future, it allows organisations to explore possible outcomes, the assumptions these outcomes depend upon, and the courses of action and/or events that could bring these outcomes about. The risks of climate change can be considered in two categories: transition and physical risks.

BlackRock performs climate-related scenario analysis, leveraging Aladdin Climate analytics and data from a third-party vendor, to understand the potential implications of climate-related transition and physical risk under a variety of emission scenarios to BlackRock's business strategy and operations over the short-, medium- and long-term. BlackRock's firmwide climate scenario analysis included consideration of the impact of climate-related transition and physical risks on BlackRock's AUM including the assets managed by BIL. BlackRock has leveraged scenarios from the Network for Greening the Financial System ('NGFS') and from 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.

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 and operations.

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 as it adapts to the impacts of both transition and physical climate-related risks. 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 the 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 global 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 [BlackRock's 2024 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.

For the BGL Group, including BIL, 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 all relevant current and future risks to which the BGL Group may be exposed, given its business activities and operating model.

The 2025 BGL Group ICARA includes a sustainability-related stress test, which considers the product, regulatory and reputational risks associated with sustainability and transition investing. Specifically, the stress test considers risks associated with a breach of sustainability-related regulatory requirements due to operational implementation issues from diverging sustainability policies and distribution labels across jurisdictions, as well as a lack of reliable third-party data. 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 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,¹⁶ 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.¹⁷

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.

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.

Participation in these groups helps the firm 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.¹⁸

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.

Public policy

In BlackRock's view, companies, investors, and others can benefit from greater transparency and consistency in publishing financially material sustainability-related data and information. Since sustainability-related material investment risk is a global issue and many investors allocate funds globally, BlackRock supports a coordinated approach by regulators and standard-setting bodies across jurisdictions, to facilitate high quality, comparable disclosures. BlackRock acknowledges the significant contributions already made in this area by initiatives, such as the TCFD, the Sustainability Accounting Standards Board (both of which have been merged into the International Sustainability Standards Board), the Global Reporting Initiative and the SBTi, amongst others which bring together public entities and private sector firms, and believes that coordinated regulatory action is required across markets to ensure a level playing field for companies and investors.

¹⁶ Please see additional information on BlackRock Public Policy ViewPoints, at:

<https://www.blackrock.com/corporate/insights/public-policy/viewpoints-letters-consultations>

¹⁷ 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>

¹⁸ 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. This section discusses BlackRock's approach to risk management, including the risk identification, assessment and monitoring processes adopted by BlackRock.

BGL is the holding company for certain of BlackRock's regulated business in EMEA, including BIL. As referred to in section 2, risk management in BIL is governed by the Joint Board. BIL follows the BGL Group's policy and control frameworks. The elements of the risk management framework described in this section are applied at the BGL Group level.

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, 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 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 framework, which includes oversight of sustainability-related investment risks. 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.

4.2 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 data or information.

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 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

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. Assessment of these 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.

4.3 Climate risk – monitoring and response

As set out in section 4.1, BlackRock's investment teams and business management are the primary risk owners, or the first line of defence. RQA is responsible for BlackRock's Investment and Enterprise risk management frameworks and serves as a key part of the second line of defence along with BlackRock L&C. RQA evaluates investment risks, including financially material climate risks, on an ongoing basis as part of regular 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, complementing the first-line monitoring.

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, BIL 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, Scope 2 and Scope 3 emissions associated with investments in corporate securities.¹⁹
- Estimated absolute Scope 3 emissions associated with investments in corporate securities.
- Carbon footprint²⁰ and weighted average carbon intensity for investments in corporate securities.
- Estimated emissions intensity metrics for investments in sovereign debt assets.²¹

BIL does not set climate-related targets for the assets it invests on behalf of clients. BIL 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 overarching factors: (i) client preferences (which Products clients choose to invest in) and (ii) market conditions (affecting the assets held in, and weightings of assets within, those Products). For additional details 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

BIL referenced the Partnership for Carbon Accounting Financials (“PCAF”) developed Global Greenhouse Gas (“GHG”) Accounting & Reporting Standard for the Financial Industry, as a starting point for estimating the absolute emissions disclosed in this section. Please refer to the **Metrics and Targets** section of the [BlackRock 2024 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.

Further clarity is provided below in respect of the treatment of derivatives and non-corporate fixed income assets as they relate to BIL’s TCFD in-scope business.

- Derivatives that are not linked to a corporate issuer are not included due to a lack of methodological consensus across the industry on the measurement of emissions associated with derivatives.
- Derivatives linked to corporate issuers have been included in the metrics disclosed in this section. This approach has a minimal impact on absolute emissions and carbon footprint estimates for BIL given that the majority of BIL’s AUM is held in long-only portfolios where short positions and derivatives are not a significant component of the investment strategy.
- Additional asset classes that are excluded from this instance of reporting include non-corporate fixed income²², commodities, alternatives (including real estate). There are gaps in respect of the data available for these asset classes that are widely recognised by the market as an area for improvement in data coverage and methodological standardisation.

¹⁹ Corporate securities relate to listed equities, corporate bonds, and associated derivatives. In-scope derivatives are derivatives with corporate issuer underliers.

²⁰ The term “carbon footprint” in this report refers to absolute emissions associated with the assets managed by BIL, on behalf of BIL’s clients divided by the value of assets for which BIL has been able to obtain emissions data.

²¹ 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 BIL’s emissions metrics.

²² Although GHG emissions are not reported in respect of non-corporate fixed income assets, emissions intensity metrics are reported in respect of sovereign debt assets. This is considered further below.

Figure 5.1: Scope of Emissions Reported per Asset Class²³

Asset Classes Included	Scope 1 Emissions	Scope 2 Emissions	Scope 3 Emissions	Data source
Listed equities, corporate bonds, associated derivatives	✓	✓	✓	MSCI
Sovereigns	✓			MSCI

In the absence of explicit regulatory guidance on the calculation methodology to be adopted for intensity metrics, BIL has elected to reflect in the calculation denominator only those assets for which BIL has been able to collect emissions data. This approach aligns the scope of assets reflected in the numerator of the intensity metrics calculation with the scope of assets reflected in the corresponding denominator.

Results: Corporate Securities

Figure 5.2 provides estimates of absolute emissions for BIL's AUM in corporate securities (to the extent data was available).

Figure 5.2: GHG emissions associated with BIL's AUM²⁴

Metric	2024 ²⁵	2023
Absolute Emissions (million tCO ₂ e) Scope 1 & 2	1.18	1.66
Absolute Emissions (million tCO ₂ e) Scope 3	7.78	10.51
Carbon Footprint (tCO ₂ e/\$m invested AUM) Scope 1 & 2	60.41	86.37
Carbon Footprint (tCO ₂ e/\$m invested AUM) Scope 3	455.31	528.00
Weighted Average Carbon Intensity (tCO ₂ e/\$m Revenue) Scope 1 & 2	136.09	145.92
Weighted Average Carbon Intensity (tCO ₂ e/\$m Revenue) Scope 3	947.74	1,014.66
Data Coverage Breakdown	2024	2023
Scope 1 & 2 reported emissions coverage	53.37%	59.23%
Scope 1 & 2 estimated emissions coverage	7.76%	10.36%
Scope 1 & 2 total emissions coverage	61.13%	69.59%
Scope 3 estimated emissions coverage	61.23%	69.39%

²³ It should be noted that the following asset classes are excluded from BIL's disclosure of emissions associated with investments managed on behalf of clients: non-corporate fixed income, commodities, alternatives (including real estate) and derivatives not linked to corporate issuers.

²⁴ All metrics in this table include corporate securities (listed equity, corporate bonds, associated derivatives) 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 Breakdown" section of Figure 5.2, and denotes the percentage of BIL's AUM for which emissions data was available.

²⁵ Holdings value analysis dates are as of 31 December 2024 and 29 December 2023, 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.

Data above represents unaudited estimates based on the portion of BIL'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.

Absolute emissions and carbon footprint metrics are sensitive to fluctuations in asset values particularly, though not exclusively, due to changes in EVIC²⁶ from one period to the next. Market volatility can, therefore, reduce the comparability of absolute emissions and carbon footprint metrics from one year to the next. 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.

5.1 Sovereigns

BIL is reporting emissions intensity metrics for sovereign debt assets, subject to data availability. While there is not yet consensus on which intensity metrics to use when determining emissions intensity for sovereign assets, BlackRock believes it is important to provide a view to support the firm's commitment to transparency. BIL 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 in BIL's AUM. The metrics were derived from an analysis of sovereign assets as a portion of BIL's AUM.

Figure 5.3: GHG emissions intensity metrics for Sovereigns included in BIL's AUM²⁷

Metric	2024 ²⁸	2023
GHG intensity (tons/USD million nominal GDP)	264.03	309.33
GHG per capita (tons)	8.78	9.73

The data above represents unaudited estimates based on the portion of BIL's AUM for which emissions data is available.

5.2 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 investee companies. 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 yet begun or are still early in their emissions reporting journey. Recognising that deferring measurement and reporting until 100% reported data is available would impede the progress BlackRock could make in the near-term in providing transparency to stakeholders, estimates were used to fill data gaps, when necessary and appropriate. Estimated data reduces the reliability of the metrics since estimated emissions may not accurately reflect the actual emissions of any given company.

²⁶ "EVIC" refers to Enterprise value including cash

²⁷ GHG emissions intensity and GHG per capita include sovereign debt assets and excludes all other AUM.

²⁸ Holdings value analysis dates are as of 31 December 2024 and 29 December 2023 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.

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. While BlackRock sought to mitigate the impact of lagged data on the estimates by varying the holdings analysis date and the emissions data collection date, emissions data included in the analysis for a 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

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 2024 Climate report](#), which should be considered in conjunction with the disclosure provided above.

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