



# Sustainability-related Website Disclosure

BlackRock Future Generations Private Equity Opportunities ELTIF

Effective Date: 20 April 2023

**This website disclosure provides sustainability-related information about the Fund pursuant to Article 10. of the EU Sustainable Finance Disclosure Regulation (EU) 2019/2088 (“SFDR”).**

**A. Summary**

The Fund promotes environmental or social characteristics, but does not have as its objective sustainable investment. The Fund does not commit to holding sustainable investments, however, they may form part of the portfolio. Targeting the UN Sustainable Development Goals (“UN SDGs”), the Fund seeks to provide diversified exposure across one or more of the following five key investment themes (the “Investment Themes”): good health and well-being, climate, resources, education and financial inclusion.

Throughout the underwriting and diligence process, the Investment Manager assesses the expected environmental and social characteristics of each Direct Co-Investment based on proprietary Direct Co-Investment Outcome scorecards (“**Direct Co-Investment Outcome Scorecards**”) and identifies relevant KPIs. Each potential investment opportunity is assessed against each of the Impact Management Project 5 Dimensions<sup>1</sup> and the Global Impact Investing Network’s (“GIIN”) Impact Reporting and Investment Standards (“IRIS”)<sup>2</sup> metrics through the PEP proprietary Direct Investment Outcome Scorecards. If a company in screening does not fulfil all defined criteria for each dimension, the investment opportunity is ruled out of the sustainable investment process for this Fund. We have provided below additional details on the qualitative or quantitative consideration of each of the five dimensions. Through its ESG due diligence and monitoring process, the Fund considers and reports, based on assessment of available information, baseline screens on the following principal adverse impact (“PAI”) indicators:

- 1) Exposure to companies active in the fossil fuel sector (no. 4);
- 2) Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (no. 10); and
- 3) Exposure to controversial weapons (including, but not limited to, cluster bombs, landmines, depleted uranium, biological and chemical weapons, blinding laser weapons, non-detectable fragments and/or incendiary weapons) (no. 14)

This Fund will provide information on the relevant PAIs considered through the ESG due diligence and monitoring process and based on the assessment of available information in its annual report.

A minimum of 80% of the Fund’s total assets will be invested in investments that are aligned with the environmental and/or social characteristics. The Fund may invest up to 20% of its total assets in other investment. The Fund does not currently commit to investing more than 0% of its assets in sustainable investments with an environmental objective aligned with the EU Taxonomy, however, these investments may form part of the portfolio. The Fund does not currently commit to invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy.

BlackRock will partner with each investment and, where required, third-party consultants and/or vendors to collate a range of key ESG performance indicators at the investment level across the Fund.

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<sup>1</sup> The IMP is a forum for building global consensus on how to measure and manage outcomes. The IMP found that understanding outcomes requires collecting data across five dimensions: What, Who, How much, Contribution and Risk. The What dimension helps to understand the outcomes that the company is contributing to. The Who dimension helps understanding which stakeholders are experiencing the effect and how underserved they are. The How Much dimension helps understanding how many stakeholders are experiencing the outcome and what degree of change is experienced. The Contribution dimension assesses whether company and/or the manager’s efforts result in outcomes that are likely better than what would have occurred otherwise. The Risk dimension assesses the likelihood that impact will be different than expected.

<sup>2</sup> The GIIN is a non-profit organization dedicated to increasing the scale and effectiveness of outcome investing around the world. The GIIN builds critical market infrastructure and supports activities, education, and research that help accelerate the development of a coherent outcome investing industry. The IRIS provides a common set of environmental and social metrics and definitions for reporting the performance of outcome investments. It allows investors and managers to collect, compare and analyse data to inform investment decisions. IRIS is a free, publicly available resources managed by the GIIN.

ESG considerations are regularly monitored and reviewed by the investment team as part of the ongoing diligence and management of all investments.

BlackRock's portfolio managers have access to research, data, tools, and analytics to integrate ESG insights into their investment process. At BlackRock, our internal processes are focused on delivering high-quality data to be used by investment professionals and for transparency and reporting purposes. BlackRock strives to capture as much reported data from investments directly or via 3rd party data providers as practicable, however, industry standards around disclosure frameworks are still evolving, particularly with respect to forward looking indicators.

BlackRock continues to monitor developments in the EU's ongoing implementation of its framework for sustainable investing and its investment methodologies seeking to ensure alignment as the regulatory environment changes. ESG data sets are constantly changing and improving as disclosure standards, regulatory frameworks and industry practice evolve. BlackRock continues to work with a broad range of market participants to improve data quality. Sustainable investing and understanding of sustainability is also evolving along with the data environment. Industry participants face challenges in identifying a single metric or set of standardized metrics to provide a complete view on a company or an investment.

BlackRock applies a high standard of due diligence in the selection and ongoing monitoring of investments made by the Fund for the purpose of compliance with the investment, liquidity and risk guidelines of the Fund, as well as the sustainability risk and ESG criteria and general performance.

Engagement with companies in which we invest our clients' assets occurs at multiple levels within BlackRock. Where investment teams choose to leverage engagement, this can take a variety of forms but, in essence, the portfolio management team would seek to have regular and continuing dialogue with executives, board directors or sponsors of engaged investee companies. Where possible, PEP actively seeks to negotiate seats in the board of directors or board observer seats for Direct Co-Investments. Strong ongoing relationships and engagement allow to advance sound governance and sustainable business practices targeted at the identified ESG characteristics and PAI indicators, as well as to understand the effectiveness of the company's management and oversight of activities designed to address the identified ESG issues. Engagement may also allow the portfolio management team to provide feedback on company practices and disclosures.

There is no specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes.

## B. No sustainable investment objective

This Fund promotes environmental or social characteristics, but will not make any sustainable investments, however, they may form part of the portfolio. Please refer to the 'Section D – Investment Strategy' below, which describes how the Fund considers PAI indicators on sustainability factors.

## C. Environmental or social characteristics of the financial product

The Fund seeks to invest in alignment with certain of the UN SDGs and to provide diversified exposure across one or more of the following Investment Themes:

### Good Health & Wellbeing:

- SDG 1: End poverty in all its forms everywhere;
- SDG 3: Ensure healthy lives and promote well-being for all at all ages; and
- SDG 10: Reduce inequality within and among countries.

### Climate:

- SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all;
- SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation;
- SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable; and
- SDG 12: Ensure sustainable consumption and production patterns.

### Resources:

- SDG 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture;
- SDG 6: Ensure availability and sustainable management of water and sanitation for all;
- SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation;
- SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable;
- SDG 12: Ensure sustainable consumption and production patterns;
- SDG 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development; and
- SDG 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

### Education:

- SDG 1: End poverty in all its forms everywhere;
- SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all;
- SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all; and
- SDG 10: Reduce inequality within and among countries.

### Financial Inclusion:

- SDG 1: End poverty in all its forms everywhere;
- SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all;
- SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation;
- SDG 10: Reduce inequality within and among countries; and

- SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable.

#### D. Investment strategy

Throughout the underwriting and diligence process, the Investment Manager assesses the expected environmental and social characteristics of each Direct Co-Investment based on Direct Co-Investment Outcome Scorecards and identifies relevant KPIs.

The Investment Manager's approach to Direct Co-Investments is to seek to invest in alignment with certain of the UN SDGs in a manner that is intentional, material, additional and measurable. The Investment Manager's investment philosophy for investing with environmental and social characteristics is driven by the following principles:

- **Intentional:** Any investment thesis must include a demonstrated intent to achieve an environmental and/or social outcome.
- **Material:** In order to achieve an outcome, a company's driver of financial return must be aligned to the environmental and social characteristics of the company, and aligned to one or more of the UN SDGs.
- **Additional:** The company will benefit from BlackRock's capital, network, expertise and brand as strategic investor.
- **Measurable:** Throughout the investment's lifecycle, the outcome generated by the investment must be measured through a robust process from underwriting to exit and reported to investors.

Please refer to the Schedule for further information on the investment strategy of the Fund.

Each potential investment opportunity is assessed against each of the IMP 5 Dimensions through the PEP proprietary Direct Investment Outcome Scorecards. If a company in screening does not fulfil all defined criteria for each dimension, the investment opportunity is ruled out of the sustainable investment process for this Fund. We have provided below details on the qualitative or quantitative consideration of each of the five dimensions.

- **What:** Identification of appropriate business type<sup>3</sup>, reflecting the core business of the target company. Based on the business type of a company, the minimum materiality threshold has been defined to ensure that the driver of financial return is aligned to the environmental and social characteristics of the company. The materiality thresholds are defined below for each Investment Theme:
  - **Climate:**
    - The assessed company must generate **>70% of direct revenues** from energy efficiency products, services, tech and projects, from renewable energy products or services or from sustainable infrastructure;
    - Or, the assessed company must have  $\geq 10\%$  of total R&D investments made in energy efficiency technologies annually, or in green building technology;
    - Or, the assessed company must generate  $\geq 20\%$  of revenues from renewable energy distribution or transmission (utility companies only).
  - **Resources:**
    - The assessed company must generate **>70% of direct revenues** from waste management, from water products, services, tech or projects, or  **$\geq 15\%$  of direct revenues** from sustainable agriculture products, services or projects;

<sup>3</sup> As defined in the United Nations Principles for Responsible Investment ("UN PRI") Impact Investing Market Map. The UN PRI Impact Investing Market Map provides criteria to help investors linking the UN SDGs into their investment decisions. Its goal is to bring more clarity in the process of identifying outcome investing companies and thematic investments so that investors and managers can better assess opportunities in the market. In particular, the UN PRI Impact Investing Market Map provides: (1) a common definition of a thematic investment; (2) basic criteria that explain a theme in practical terms, including thematic and financial conditions to identify specific businesses and investments aligned with the definition provided; and (3) An initial list of key performance indicators that can be used to track and assess the environmental and social performance of a specific company

- Or, the assessed company must **have  $\geq 10\%$  of total R&D investments** made in waste technologies annually, or in water technology, or in agriculture and food technology.
- **Good Health & Wellbeing:**
  - The assessed company must generate  **$>50\%$  of direct revenues** from health operations, technologies, products or services, or generate  **$\geq 30\%$  of direct revenues** from health technologies;
  - Or, if the assessed company invests in general health R&D,  **$\geq 1\%$  of total R&D investments** must be made in targeted diseases;
  - Or, if the assessed company is active in the generics, healthcare technology or services,  **$\geq 20\%$  decrease in the cost/price of drug/treatment/service** versus comparable offerings in the market.
- **Education:**
  - The assessed company must generate  **$\geq 50\%$  of direct revenues from** educational projects, facilities, technologies or services;
  - Or, if the assessed company generates revenues from educational technologies, it must generate  **$\geq 20\%$  of direct revenues** from educational services;
  - Or, the assessed company must have  $\geq 10\%$  of total R&D investments made in education technologies.
- **Financial Inclusion:**
  - The assessed company must generate  **$\geq 50\%$  of total AUM or  $75\%$  of revenue** from affordable housing and/or inclusive finance;
  - Or, for financing small and medium-sized enterprise (“SME”), the assessed company must have  **$20\%$  of AUM or  $100\%$  of revenue** coming from SME financial services and/or products
- **How much:**
  - **Identification of metrics:** For each investment with environmental and social contributions, the deal team identifies the relevant KPIs directly related to the core business of the company. BlackRock has pre-identified the KPIs that are typically most relevant for the respective business type, and, where applicable, assigned the respective GII IRIS code to allow for standardization and comparison.
  - **Definition of outcome expectations:** For each identified KPI, the deal team defines ex ante expectation for outcome development over the expected holding period of the investment.
- **Who:** Assessment of what outcome the company is contributing to, what stakeholders will benefit from that outcome and how important the outcome is to clients and other stakeholders. Focus is set on following aspects:
  - How underserved are the affected stakeholders in relation to the product or service offered?
  - How important is the outcome to the affected stakeholders?
- **Contribution:** Qualitative description of the dual contributions that must be achieved both at the company and manager levels, i.e., the contribution that the company is providing to environment and society, and the contribution that BlackRock is delivering to the investment.
- **Risk:** Identification of risks and potential negative externalities associated with the products or services delivered by the company. For each risk identified, mitigant actions are formulated as part of the due diligence process on the company.

#### Consideration of principal adverse impact PAI indicators on sustainability factors

Through its ESG screening process as well as review of direct investments for significant net zero transition-related risks to be escalated for heightened scrutiny and periodic review over time, the Fund considers and reports on the following PAIs:

- 1) Exposure to companies active in the fossil fuel sector (no. 4);
- 2) Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (no. 10); and

- 3) Exposure to controversial weapons (including, but not limited to, cluster bombs, landmines, depleted uranium, biological and chemical weapons, blinding laser weapons, non-detectable fragments and/or incendiary weapons) (no. 14).

This Fund will provide information on the relevant PAIs considered through the ESG due diligence and monitoring process and based on the assessment of available information in its annual report.

#### Good governance policy

For each investment, BlackRock completes a comprehensive investment ESG questionnaire, which includes questions on key governance criteria including, but not limited to, sound management structures, employee relations and remuneration of staff. In addition, BlackRock ensures tax compliance by conducting tax due diligence as part of the underwriting for which the investment teams leverage in-house experts as well as external advisors. With respect to good governance, BlackRock takes into consideration certain of the UN Global Compact principles and OECD Guidelines for Multinational Enterprises.

### **E. Proportion of investments**

A minimum of 80% of the Fund's total assets will be invested in investments that are aligned with the environmental and/or social characteristics.

#### Sustainable Investments

The Fund does not currently commit to investing more than 0% of its assets in sustainable investments with an environmental objective aligned with the EU Taxonomy, however, these investments may form part of the portfolio. The Fund does not currently commit to invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy.

The Fund does not commit to investing in sustainable investments with an environmental objective, however, these investments may form part of the portfolio.

The Fund does not currently commit to investing more than 0% of its assets in socially sustainable investments, however, these investments may form part of the portfolio.

#### Other Holdings

The Fund may invest up to 20% of its total assets in other investments.

The Fund may on an ancillary basis invest in liquid instruments (such as cash, deposits or money market instruments) and the Fund may use derivatives for purposes of hedging. For the avoidance of doubt, the liquid instruments and derivatives will not be aligned with environmental and social characteristics outlined above.

The Fund will not use derivatives to attain the environmental or social characteristics being promoted. For the avoidance of doubt, the derivatives themselves will not be aligned with environmental and social characteristics outlined above.

### **F. Monitoring of environmental or social characteristics**

BlackRock will collate a range of ESG performance indicators for each investment and, where required, will do so in partnership with third-party consultants and/or vendors. The portfolio management team will review these ESG performance indicators as part of investment monitoring, including conducting periodic portfolio review meetings.

Disclosure of these key performance indicators, together with progress towards any KPI-linked objectives and targets, will be disclosed to investors on a periodic basis within existing investor reporting processes.

## G. Methodologies

The following sustainability indicators are used to measure the attainment of the environmental or social characteristics being promoted by the Fund. Where possible and appropriate, these indicators will be obtained at the point of investment, and indicators will continue to be monitored throughout the investment period.

We have provided in the table below an overview of the pre-identified KPIs for each Investment Theme. Deal teams can add additional KPIs in case the most appropriate KPIs are not included in the pre-identified list. The agreement to report KPIs via legal agreements is a pre-condition for the inclusion of a Direct Co-Investment in the Funds.

Climate		
IRIS ID	KPI	Definition
PI7623 PD4927	Energy savings from products/services sold	Amount of energy savings for those products/services that were sold by the organization during the reporting period
PI5376	Greenhouse gas reductions due to products sold or distributed	Amount of reductions in greenhouse gas (GHG) emissions during the reporting period
PI1263	Number of electric vehicles sold/components produced	Number of electric vehicles sold/components produced during the reporting period
PD2713	Energy capacity of product distributed	Amount of energy distributed during the reporting period
N/A	R&D investments made in energy efficiency technologies	Capital invested in energy efficiency technologies during the reporting period
PD2713	Renewable energy capacity	Amount of potential energy generation over the lifetime of the product based on the planned operation of the product/system.
PI5842	Renewable energy generated for sale	Amount of renewable energy generated and sold during the reporting period
OI2496	Renewable energy generated for use	Amount of renewable energy produced and used by the organization during the reporting period
PD4927 PI7623	Renewable energy products, components, and services produced	Amount of renewable energy products, components, and services produced during the reporting period
PI5683 PI6504	Public transportation and sustainable logistics capacity	Increase in public transportation and sustainable logistics capacity during the reporting period
PI1748	Cost/price savings from public transportation and sustainable logistics	Amount of cost/price savings from public transportation and sustainable logistics during the reporting period
PI2491	Number of housing units constructed/improved	Number of housing units constructed/improved by the organization during the reporting period
N/A	R&D investments made in green building technologies	Capital invested in green building technologies during the reporting period
Resources		
IRIS ID	KPI	Definition
OI6192	Waste managed/processed/disposed	Amount of waste managed/processed/disposed by the organization during the reporting period
OI7920	Waste reduced	Amount of waste reduced thanks to those products/services that were sold by the organization during the reporting period
OI4328	Recycled products/material	Amount of products/material recycled for re-use during the reporting period
N/A	R&D investments made in waste management technologies	Capital invested in waste management technologies during the reporting period
OI9412	Wastewater treated	Volume of wastewater treated by the organisation during the reporting period
PD5786	Water savings from products/services sold	Volume of water savings during the reporting period due to the organization's products/services sold
PI9468	Water provided for sale	Volume of water provided and delivered during the reporting period
N/A	R&D investments made in water technologies	Capital invested in water technologies during the reporting period
OI6912 PI6796 PI7170	Land directly and indirectly controlled, and surface area of freshwater bodies present: Sustainably managed	Area of land directly and indirectly controlled by the organization, as well as freshwater bodies, under sustainable cultivation or sustainable stewardship. Report directly controlled land and water area sustainably managed during the reporting period
PD1620 PD4686	Crop/livestock/fish	Number of crop/livestock/fishes produced by the organization during the reporting period
OI7920	Savings in the sustainable management and efficient use of natural resources	Amount of natural resources saved by sustainable management and efficient use by the organization during the reporting period
N/A	R&D investments made in agriculture and food technologies	Capital invested in agriculture and food technologies during the reporting period



Good Health & Wellbeing		
IRIS ID	KPI	Definition
PI1263	Drugs/medicinal treatments sold	Number of drugs/medicinal treatments sold to patients during the reporting period
PI1263	Medical devices sold	Number of medical devices sold to patients during the reporting period
PI4060	Client individuals	Number of unique individuals who were clients of the organisation during the reporting period
PI1263	Caregivers employed	Number of caregivers with current licenses, certifications, or trainings based on local requirements, employed by the organization as of the end of the reporting period
PI1263	Healthcare equipment and services sold	Number of healthcare equipment and amount of services sold by the organization during the reporting period
N/A	R&D investments made in health technologies	Capital invested in health technologies during the reporting period
PI1017	Investments in healthcare infrastructure	Capital invested with the goal of improving infrastructure of healthcare institutions during the reporting period
Education		
IRIS ID	KPI	Definition
PI2389	School enrolment: Total	Number of students enrolled as of the end of the reporting period, both full time and part time, where each discrete student is counted regardless of number of courses
PI1081	School enrolment: Female	Number of female students enrolled as of the end of the reporting period, both full time and part time, where each discrete student is counted regardless of number of courses
PI2173	School enrolment: Low income	Number of low income students enrolled as of the end of the reporting period, both full time and part time, where each discrete student is counted regardless of number of courses
OI5896	Teachers employed	Number of full time and part time teachers employed by the organisation as of the end of the reporting period
PI3499 PI4509	Students provided scholarships	Number of students receiving scholarships during the reporting period
N/A	R&D investments made in education technologies	Capital invested in education technologies during the reporting period
PI4554	Value of New Education Facility Materials	Value of new educational facility materials provided to students by the organization during the reporting period.
PI5736	Value of New Education Instructional Materials	Value of new educational instructional materials provided to students by the organization during the reporting period.
PI7268	Classroom Space New/Improved	Area of classroom space that was built, converted, or expanded for use within educational facilities. Report only space completed during the reporting period.
Financial Inclusion		
IRIS ID	KPI	Definition
PI4060	Client individuals: Total	Number of individuals who were clients of the organisation during the reporting period
PI8330	Client individuals: Women	Number of women who were clients of the organisation during the reporting period
PI7098	Client individuals: Low income	Number of low income individuals who were clients of the organisation during the reporting period
PI6058	Number of housing units improved	Number of housing units improved by the organisation during the reporting period
PI2491	Number of housing units constructed	Number of housing units constructed by the organisation during the reporting period
PI4060	Client individuals: Total	Number of individuals who were clients of the organisation during the reporting period
PI8330	Client individuals: Women	Number of women who were clients of the organisation during the reporting period
PI7098	Client individuals: Low income	Number of unique low income individuals who were clients of the organisation during the reporting period
PI4940	Client organisations: SME	Number of small-to-medium enterprises (SMEs) that were clients of the organisation during the reporting period
PI5691	Jobs maintained at directly supported/financed enterprises: Total	Number of full-time equivalent employees working for enterprises financed by the organization at the beginning of the reporting period who remain at the organization as of the end of the reporting period
PI3687	Jobs created at directly supported/financed enterprises: Total	Net number of new full-time equivalent employees working for enterprises financed by the organization between the beginning and end of the reporting period
PI9409	Income growth: Low income	Increase in personal income for low income individuals generated by the organization between the beginning and end of the reporting period
N/A	Access to affordable transport systems	Number of unique individuals obtaining access to affordable and sustainable transport systems during the reporting period
N/A	R&D investments made in financial inclusion technologies	Capital invested in financial inclusion technologies during the reporting period

For Primary Investments, PEP requires fund managers to collect comparable sets of KPIs as the ones listed above to measure the extent of the contribution and the attainment of the targeted SDGs. The agreement to report KPIs via legal agreements is a pre-condition for the inclusion of a Primary Investment in the Funds.

## H. Data sources & processing

### Data Sources

BlackRock's portfolio managers have access to research, data, tools, and analytics to integrate ESG insights into their investment process.

ESG datasets are sourced directly from portfolio companies, from the private equity sponsors invested in the portfolio companies, or from external third-party data providers. These datasets may include headline ESG data, carbon emissions data, business involvement metrics or controversies and are available to portfolio managers and employed in BlackRock investment strategies. Such tools support

the full investment process, from research, to portfolio construction and modelling, to monitoring and reporting.

### Measures taken to ensure Data Quality

BlackRock applies a comprehensive due diligence process to evaluate provider offerings with highly targeted methodology reviews and coverage assessments based on the investment strategy (and the environmental and social characteristics or sustainable objective) of the product. Our process entails both qualitative and quantitative analysis to assess the suitability of data products in line with regulatory standards as applicable.

PEP adopts a direct engagement approach to ensure data quality by obtaining KPIs directly either from portfolio companies, from the private equity sponsors invested in the portfolio companies, or from external third-party data providers. Data is validated and reviewed as part of investment monitoring, including conducting quarterly periodic portfolio review meetings.

### How data is processed

At BlackRock, our internal processes are focused on delivering high-quality data to be used by investment professionals and for transparency and reporting purposes. Data, including ESG data, received through various interfaces, and then processed through a series of quality control and completeness checks which seeks to ensure that data is of a high-quality before being made available for use downstream within BlackRock systems and applications.

The PEP team uses eFront as a centralized database, which provides real time updates on deal-flow, investor reporting, portfolio management and investment monitoring related activities. Strategy-related attributes such as the Investment Theme and targeted UN SDGs are implemented within the investments' classification and the KPIs are tracked for each Direct Co-investment within the eFront platform for monitoring and reporting purposes.

### Use of Estimated Data

BlackRock strives to capture as much reported data from investments directly or via 3rd party data providers as practicable, however, industry standards around disclosure frameworks are still evolving, particularly with respect to forward looking indicators. As a result, in certain cases we rely on estimated or proxy measures from data providers. Due to current challenges in the data landscape, while BlackRock may rely on material amount of estimated data across our investments, the levels of which may vary from data set to data set, we seek to ensure that use of estimates is in line with regulatory guidance and that we have necessary documentation and transparency from data providers on their methodologies. BlackRock recognizes the importance in improving its data quality and data coverage and continues to evolve the data sets available to its investment professionals and other teams. Where required by local country-level regulations, funds may state explicit data coverage levels.

## **I. Limitations to methodologies and data**

### Limitations to methodologies

Sustainable investing is an evolving space, both in terms of industry understanding but also the regulatory frameworks on both a regional and global basis. BlackRock continues to monitor developments in the EU's ongoing implementation of its framework for sustainable investing and is seeking to evolve its investment methodologies to ensure alignment as the regulatory environment changes. As a result, BlackRock may update these disclosures, and the methodologies and sources of data used, at any time in the future as market practice evolves or further regulatory guidance becomes available.

The UN Sustainable Development Goals and sub-targets are used by BlackRock as a list of environmental and/or social objectives. Any assessment will be undertaken strictly in accordance with the methodology set out in the PPM. Assumptions associated with the conventional use of the SDGs are not considered as part of the assessment including but not limited to applicable geographical limitations and those commitments that may be limited by time or scope, such as goals that may be applicable only to governments.

### Limitations to data

ESG data sets are constantly changing and improving as disclosure standards, regulatory frameworks and industry practice evolve. BlackRock continues to work with a broad range of market participants to improve data quality.

Whilst each ESG metric may come with its own individual limitations, data limitations may broadly be considered to include, but not be limited to:

- Lack of availability of certain ESG metrics due to differing reporting and disclosure standards impacting private markets issuers, geographies or sectors
- Nascent statutory corporate reporting standards regarding sustainability leading to differences in the extent to which companies themselves are required to report against regulatory criteria and therefore some metric coverage levels may be low. This may be particularly relevant in private markets where investee companies may not be in scope for such standards.
- Estimated data by its nature may vary from realized figures due to the assumptions or hypothesis employed by data providers.
- Most corporate ESG reporting and disclosure takes place on an annual basis and takes significant time to produce meaning that this data is produced on a lag relative to financial data. There may also be inconsistent data refresh frequencies across different data providers or underlying assets.
- Coverage and applicability of data across asset classes and indicators may vary.
- Forward looking data, such as climate related targets may vary significantly from historic and current point in time metrics.
- BlackRock may be reliant on the private equity managers and sponsors for the collection and reporting of ESG related data which may vary from each other in terms of frequency, coverage and methodologies.

### **J. Due diligence**

BlackRock applies a high standard of due diligence in the selection and ongoing monitoring of investments made by the Fund for the purpose of compliance with the investment, liquidity and risk guidelines of the Fund, as well as the sustainability risk and ESG criteria and general performance. The investment process includes pre and post investment controls within the investment platform where the funds promote environmental or social characteristics, in a binding manner or have a sustainable investment objective.

The investment team includes environmental, social and governance considerations in the initial screening, sourcing and due diligence phases of the investment process. This may include the use of internal ESG due diligence templates to identify, analyze and document key ESG risks associated with any specific investment opportunity. Where appropriate, identified ESG risks are highlighted in Investment Committee materials and discussed at relevant Investment Committee meetings.

The investment team also considers environmental, social and governance criteria during post-investment monitoring as part of its periodic portfolio reviews between the investment team and BlackRock's Risk and Quantitative Analysis group. These reviews include discussion of the performance of the asset as well as of portfolio exposure to material ESG risks, where appropriate.

The investment team is also subject to BlackRock's investment oversight framework and BlackRock's central risk management function which also provides independent reviews of sustainability risks. The Fund's compliance team also provides further oversight and monitors the ESG requirements relevant to the Fund and any investment restrictions. The Fund manager also complies with related EMEA

policies, including Investment Due Diligence policies which have been updated to integrate sustainability risk and consideration of PAIs. BlackRock has implemented a framework to ensure that the relevant policies and procedures are adopted and complied with by all relevant employees, including the investment team.

In addition, BlackRock makes data relating to PAIs to the extent that it is available to all portfolio managers. Please note that at present PAI data coverage varies in respect of markets, asset class and sectors. BlackRock continues to work closely with data providers and investment teams to ensure that robust and reliable data is considered during the investment due diligence processes and is made available where possible. Due to industry wide limitations in respect of PAI data coverage for private markets, this work is ongoing taking into account the nature of underlying investee companies, markets and reporting frameworks and therefore will be on a best efforts basis whilst the data and reporting landscape continues to evolve.

#### **K. Engagement policies**

The Fund does not use direct engagement as a means of meeting its binding commitments to environmental or social characteristics or sustainable investment objectives.

Engagement may form part of the Due Diligence carried out by the investment team for select investments to assess how the investment manages ESG risks and opportunities and may continue post-investment during the holding period. Where applicable, the investment team may use engagement to discuss concerns, understand opportunities and share constructive feedback, based on the view that material ESG issues are intractably tied to a business' long-term strategy and fundamental value. The amount and level of engagement the investment team conducts on our investments varies depending on the deal structure and objectives.

BlackRock may exercise engagement on environmental and social characteristics through its investment ownership and through different channels, either directly by engaging with board or company management, or with the respective sponsor for each investment. Where possible, PEP actively seeks to negotiate seats in the board of directors or board observer seats for Direct Co-Investments. Strong ongoing relationships and engagement allow to advance sound governance and sustainable business practices targeted at the identified ESG characteristics and PAIs, as well as to understand the effectiveness of the company's or fund's management and oversight of activities designed to address the identified ESG issues. Engagement may also allow the portfolio management team to provide feedback on company or fund practices and disclosures.

#### **L. Designated reference benchmark**

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