

BlackRock Life Limited

Strategic Report for the Year Ended 31 December 2023

Section 172 (1) statement

Under section 172 (1) of the Companies Act 2006 ("s172"), the directors of the Company must act in the way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, they should have regard to other factors, including but not limited to:

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

As part of their induction process and on an ongoing basis, the directors receive training on directors' duties and responsibilities.

The Board has had regard to each of the above requirements of s172 during the year ended 31 December 2023 as follows*:

a) The likely consequences of any decision in the long term

The Company operates as an integrated part of an investment management group and corporate strategy is developed and reviewed at a global level. The Board is responsible for overseeing the implementation of the Company's long-term strategic objectives and receives regular updates from Europe Middle East and Africa ("EMEA") senior leaders on the delivery of corporate strategy, regional and industry trends, in Board meetings and informal briefing sessions. In considering actions and decisions of the Company, the Board expressly reserves to itself the duty to consider the balance of interests among the parent as a sole shareholder, customers, members of any pension scheme that has invested in a BLL policy or a policy linked to a BLL reinsurance contract, group employees providing services to the Company, and the community. This consideration, together with the matters set out under section 172(1)(a)-(f) of the Companies Act, are not exhaustive and directors may consider other factors in their decision making. Directors are mindful of the Company's various stakeholders and the need to consider any potential conflicts of interest and adhere to BlackRock's policies and procedures to ensure that potential conflicts, and associated safeguards, are identified and considered when making decisions. Considering stakeholder perspectives is a standing agenda item at Board meetings, helping to ensure that the directors include stakeholder interests as a key consideration in their short- and long-term decision making, and operation of the business.

BLL's governance arrangements are designed to ensure that longer term consequences of decision are considered. The CEO of the Company, together with the Board, is ultimately responsible for the long-term conduct of BLL's business and escalates to the BlackRock Group Limited ("BGL") Board where appropriate (BGL being the Company's ultimate parent company in the EMEA region). The CEO of the Company takes the management lead on activities on behalf of the Company's Board as directed, securing access to resources, and overseeing activities as required. The CEO acts as the Chair of the Life Management Executive ("LIME") Committee, which is the main executive management and oversight committee for the Company and provides a quarterly report to the Board. In addition to other duties, the LIME is responsible for the ongoing oversight of outsourcing arrangements through regular reporting from Senior Managers or Key Function Holders. The Board has also established the BlackRock Life Investment Policy Committee ("IPC") to assist the Board in setting the short- and long-term investment objectives and policies of the Company's unit-linked funds and overseeing and monitoring compliance through the receipt of management information.

* Many of the examples within this section are applicable to several of the stakeholders, but they are included only once.

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Key examples of ways in which the Board has considered the likely consequences of decisions in the long term during the year ended 31 December 2023 include:

- undertaking a robust ORSA process, which includes five-year projections, and regularly reviewing the profitability and capital position of the Company. BLL does not have profit targets, but the directors seek to ensure that it will continue to meet its regulatory capital requirements. Non-policyholder assets are therefore invested in a manner that is designed to protect capital rather than achieve growth. The directors consider the payment of a dividend to the shareholder annually following consideration of the levels of actual and projected surplus capital as part of the ORSA process, as well as other practical and regulatory constraints.
- monitoring corporate liquidity through management accounts and annual stress testing.
- approving Senior Manager appointments. This is explained further under b) below.
- reviewing the impact of Larry Fink's BlackRock, Inc CEO letters on strategy.
- reviewing risks as a result of the PRA and FCA's "Dear CEO" and "Dear CFO" letters. This is explained further under c) below.
- oversight of third-party providers to ensure requirements are being met.
- reviewing the implementation of the new Consumer Duty regulations. This is explained further under c) below.
- consideration of the liquidity of funds.

b) The interests of the Company's employees

The Company does not have any employees, however individuals employed by other group companies who undertake functional activities on behalf of BLL are subject to high standards of compliance and conduct training, in line with BlackRock's global and regional standard requirements. BlackRock's Code of Conduct requires all employees to comply with the FCA's individual conduct rules. It is BlackRock's policy (and therefore also the Company's policy) that there should be effective communication with all employees who, subject to practical and commercial considerations, should be consulted on and involved in decisions that affect their current and future job prospects and working environment.

BlackRock employees have access to a Business Integrity Hotline and Reporting Website for reporting concerns relating to business integrity through established whistleblowing processes. The BLL Whistleblowers' Champion, a role undertaken by one of the independent non-executive directors, reviews the operation of the whistleblowing processes and the BLL Audit Committee received relevant updates during the year. Throughout 2023, the Board was kept informed of BlackRock's approach to Return to Office which provides employees with the flexibility to work remotely for one day a week. Prioritising the health, safety and wellbeing of BlackRock's employees remains a key focus.

LIME assists in the operation of BLL and is made up of representatives from a number of functions across the BlackRock group, most of whom are Senior Managers or Key Function Holders. The Board engages with employees of group companies through scheduled functional updates and updates from wider BlackRock group business leads at Board meetings.

As part of its compliance with the Senior Managers and Certification Regime ("SMCR"), which is designed to improve culture, governance and accountability in financial service firms, BLL maintains a Management Responsibility Map which provides a collective view of the allocation of responsibilities across BLL and identifies the names and responsibilities of the BLL Senior Managers and Key Function Holders. The Board reviews this document regularly. The Board formally appoints BLL Senior Managers in conjunction with regulatory approval of the appointment(s).

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Diversity, equity and inclusion (“DEI”) are critical to developing world-class talent and delivering for clients in a rapidly changing world. The One BlackRock principle recognises a diverse workforce as indispensable to success and that an inclusive and connected culture makes BlackRock thrive. BlackRock is committed to DEI across every aspect of the business and culture and its purpose of helping more and more people experience financial wellbeing reflects the impact BlackRock aspires to make within its workplace. Throughout the year, the Board received updates on the FCA/PRA published CP23/20 and CP18/23 respectively, on Diversity and Inclusion Framework in the Financial Sector.

The Board was kept informed by BlackRock's EMEA Chief Operating Officer about the results of BlackRock's regular Employee Opinion Surveys (“EOS”). Feedback through the EOS is a valuable way for BlackRock to learn about employees' experiences and to identify opportunities to continually improve. The survey gives BlackRock a greater understanding of how it can further strengthen the workplace, where every employee is empowered to succeed and feels a sense of pride and connection to BlackRock's culture.

The BLL Chair has an important role in embedding BlackRock's culture in the Company's activities and relations with stakeholders. To promote the long-term success of the Company to this extent, the Chair has a robust understanding of the BlackRock EMEA culture framework, policies and procedures, as well as the processes around performance management/rewards. The Chair and CEO have key roles in escalating concerns expressed by group employees providing services to BLL.

c) The need to foster the Company's business relationships with suppliers, customers and others

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

The directors ensure that there is appropriate oversight of outsource service providers. BLL's Outsourcing & Control Policy and Outsourcing Oversight Protocol are reviewed, challenged and approved by the BLL Board on an annual basis. The Board has engaged with its suppliers during the year. It has received updates at meetings and interacted with key suppliers and service providers, both internal (BlackRock) and external, including the custodian to the BLL funds, Bank of New York Mellon (“BNYM”). In addition, the BLL Audit Committee receives regular updates from its external auditor, Deloitte, in respect of the audit planning process and key matters identified throughout the year. Should be procedures

The Board considered the long-term viability of its service providers during this year's ORSA process. It also considered operational resilience and the ability of BLL to prevent, adapt, respond to, recover and learn from operational disruptions.

BlackRock Voting Choice is BlackRock's solution to enable more clients in certain eligible funds to vote their shares where they can legally and operationally do so. BlackRock has been working with industry partners to develop new technology that will allow significantly more voting options for more clients. Since 2022, policyholders have had the ability to exercise proxy voting in relation to the underlying securities of certain BLL funds.

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Regulatory compliance is fundamental to the promotion of the long-term success of the Company, and to ensure future compliance, regulatory developments are closely monitored by the Board. A comprehensive control framework exists across Risk, Compliance and Internal Audit functions in order to oversee the Company's business operations, with regular reporting provided to the Board on regulatory matters, including current and upcoming regulatory changes. Regulatory matters that the Board considered during the year included:

- UK Consumer Duty
- Operational and Technology Resilience
- Financial Resilience
- UK Sustainability Disclosures Regulation
- Shareholder Rights Directive
- Consumer Protection
- Economic Crime and Corporate Transparency Act 2023
- UK Money Laundering Regulations 2022
- PRA CP 12/23 Review of Solvency II

In July 2023, the FCA implemented a new business principle: the Consumer Duty. This duty requires firms to consider outcomes for customers in respect of:

- products and services: being fit for purpose, targeted and protecting clients from potential harm;
- price and value: delivering fair value for all services and products;
- consumer understanding: clear, understood communications enabling properly informed decisions; and
- consumer support: supporting customers without undue hindrance or unreasonable costs.

Board members have attended presentations about the changes in the FCA Handbook, including those facilitated by external consultants, to understand the intent of the FCA's new Consumer Duty. A Consumer Duty Champion has been appointed from the non executive directors, to ensure Consumer Duty is considered where relevant.

The IPC has for some years considered transaction costs and value to clients of BLL's funds. While the IPC is the forum for most Consumer Duty matters, the obligation to consider outcomes for consumers remains with the Board. The new Consumer Duty has resulted in more detailed Board discussions at the fund design stage, using the consumer outcomes above as a framework. Moreover, Consumer Duty as a subject is and will remain on the Board meeting agenda.

Whilst BLL is not required to assess the value for money of its funds in the same way as authorised UK fund managers (i.e. through Assessment of Value), the IPC considers transaction costs and charges and other items related to value for money for its customers. In 2023, the Board considered the BLL Pricing Review and BLL Price & Value Assessment for its in-scope funds, to meet its obligations in respect of the Price and Value outcome of the Consumer Duty. During the year, the IPC received and considered investment performance reporting for BLL funds.

The Board challenged and compared the pricing of funds to understand the rationale for different pricing approaches. The Board also scrutinised whether pricing points for funds and feeder funds were appropriate, in context of tax implications. Price and value is discussed on an ongoing basis at meetings and the IPC and Board will continue to discuss how it has implemented Consumer Duty and continues to meet the FCA's obligations.

The Board oversees any securities lending activity in BLL to ensure it is in the best interests of clients. In particular, the Board has an important role in assessing the quality and value of the services provided to policyholders through BlackRock's Securities Lending Program. Directors actively participate in updates on this topic from BlackRock's Securities Lending team and from independent third-party providers.

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BLL reclaims withholding tax, where possible, on behalf of policyholders to maximise the tax efficient value of the funds, despite potential additional corporation tax charges for BLL as a company.

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

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

- Make sustainable investing BlackRock's standard, providing sustainability-integrated portfolios and making sustainability integral to the way BlackRock manages risk, deepening the integration of sustainability factors into risk management and investment processes, and putting sustainability analysis at the centre of BlackRock's technology platform.
- Act as responsible steward of BlackRock's client assets by engaging with companies to understand how they are managing and disclosing sustainability-related risks and encouraging companies to adopt corporate governance and business practices consistent with delivering sustainable long-term financial returns.

The FCA set out its intentions in CP22/20 Sustainability Disclosure Requirements ("SDR") and investment labels. BlackRock was pleased to have the opportunity to respond to the FCA's consultation paper on SDR and investment labels in January 2023, observing that a growing number of end-investors want to take sustainability considerations into account when investing. The final SDR rules were published in November 2023. From 31 July 2024 four labels will be available for voluntary use (i) Sustainability Focus; (ii) Sustainability Improvers; (iii) Sustainability Impact; and (iv) Sustainability Mixed Goals. The business continues to analyse the incoming rules, and the Board will continue to have oversight of any implementation of such labels for the applicable BLL funds. Updates on UK SDR, BlackRock's Sustainability strategy and climate related strategy have been made to the Board in 2023.

Climate change presents a number of threats and opportunities for BLL although, as explained in this Strategic Report, BLL's product range and operating model results in less risk than for more traditional insurance companies. BLL has been launching new sustainability funds or converting existing funds to sustainability status and the Board considered sustainability scenarios as part of its ORSA process. In 2023, the IPC requested and began to receive reporting on ESG scores relative to commitments in marketing materials and other literature.

In 2023, the Board received updates on the Task Force on Climate-related Financial Disclosures ("TCFD") and BLL published its first entity level TCFD report. TCFD is a global framework established by the Financial Stability Board in 2015 to improve the reporting and transparency of climate-related financial risks and opportunities. The TCFD framework provides guidance for companies to disclose information on their governance, strategy, risk management, metrics and targets in relation to climate related risks and opportunities. It is intended to help investors, lenders and other stakeholders make informed decisions by providing consistent and comparable information about a company's exposure to climate-related risks and opportunities. The FCA's TCFD reporting obligations for asset managers and asset owners is part of a broader strategic theme to improve transparency on climate change and sustainability along the value chain. The report contains details on BLL's compliance with TCFD rules and covers governance, strategy, risk management and metrics/targets all in a TCFD context. The full report can be found here:

<https://www.blackrock.com/institutions/en-gb/literature/public-disclosure/bll-fca-tcf-2023.pdf>.

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

BLL desires to maintain a reputation for high standards and business conduct.

BlackRock's culture helps to drive results and long-term growth. It unifies BlackRock and helps to reinforce ethical behaviour at all levels. BlackRock's approach to instilling, reinforcing and enhancing its culture is deliberate. The Board embeds BlackRock's culture of fiduciary commitment to serve clients and stay ahead of their needs.

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

BLL implemented the SMCR in December 2018. SMCR formalised the documentation of responsibilities, including the collective responsibility of all directors to oversee the management of BLL in accordance with the Companies Act and BLL's Articles of Association, and for acting in accordance with the duties of a director under the Companies Act. The regime also introduced the requirement for BLL to certify, on an annual basis, that staff falling within the Certification population are "fit and proper". The Board receive annual Senior Manager Conduct Rules and Reasonable Steps training. BlackRock staff receive mandatory SMCR compliance training and the BLL CEO is responsible for ensuring that the Company is compliant with SMCR rules. In addition to this, the Board was updated on the FCA Review of SMCR Framework.

The Board considered the PRA 2023 Mid-Point Review Letter for the Asset Management Peer Group which focused on, inter alia: PRA Firm re-categorisation exercise; Senior Manager Function applications and Operational Resilience. The Board received subsequent updates on, and considered, these topics during its meetings, in preparing key BLL documents, in contemplation of BLL's operations, product launches and changes, and has engaged with the regulator on relevant topics and items when required. A BlackRock working group was established to consider the PRA "Dear CEO" Letter Insurance Supervision: 2023 Priorities and updates were made to both LIME and the BLL Board on related work. Directors were also kept abreast of work being conducted by BLL in response to:

- FCA "Dear CEO" to Investment Managers letter (which included a section on UK Consumer Duty);
- The voluntary, joint PRA/FCA Outsourcing Survey (to which BLL responded);
- The PRA Incremental Information Request on Operational Resilience, to assist the PRA in benchmarking firms against each other, in respect of Operational Resilience;
- FCA's Review of Sanctions Systems and Controls (and the work of BlackRock Financial Crime Compliance to review BlackRock's internal controls against this); and
- Financial Reporting Council ("FRC") Consultation on Changes to the UK Corporate Governance Code.

Throughout 2023, the Board was invited to participate in several training/briefing sessions and attended an EMEA Bi-Annual Forum, which covered the following topics:

- Government Affairs and Public Policy/Regulatory themes/Regulatory reforms
- Corporate Governance and BlackRock's voting practices
- Internal Audit annual planning
- Business Continuity and Cyber Security
- EMEA Product strategy
- Service Provider Strategy
- Product Tax Update
- Pricing/Swinging/KIID Committee
- Fund Registration and listing
- Directors personal conflict training

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Members of the Board also participated in an EMEA BlackRock Boards Summit in December. The Summit provided an opportunity for Directors of group subsidiary boards to receive valuable insights and updates from BlackRock senior management on a range of topics from an industry, regulatory, product and firm perspective. The Summit was interactive and included updates on product strategy, DEI, corporate strategy, client and BlackRock talent perspective, investor perspective, geopolitics and policy updates, artificial intelligence and technology, and BlackRock resilience.

BLL Audit Committee confirms its external auditor remains suitably independent given the level of non-audit work it conducts across the entire firm and ensures compliance with updates to the International Ethics Standards Board (“IESB”) Code of Ethics for Professional Accountants applicable to Public Interest Entities (“PIEs”).

f) The need to act fairly between members of the Company

The Company is a wholly owned subsidiary of BlackRock International Limited and is part of the BlackRock, Inc. group of companies. The Board maintains an open relationship with BGL, where ideas and strategic objectives are exchanged and shared, ensuring Board members remain aligned with the strategic objectives and corporate values of its shareholder whenever appropriate. The Board has a standing quarterly agenda item to escalate significant issues to BGL.

The Company is a separate legal entity and is therefore making this statement as such, but in practical terms, the Company is part of a wider group and therefore the duties of the directors of the Company are exercised in a way that is most likely to promote the success of the Company and for BlackRock as a whole, while having regard to factors outlined in section 172(1) Companies Act 2006.

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

<https://www.blackrock.com/institutions/en-gb/compliance/blackrock-life-limited>

Approved by the Board on 26 March 2024 and signed on its behalf by:



D.C.M. Beattie
Director